



REV GROUP, INC. REPORTS FIRST QUARTER RESULTS AND REAFFIRMS FISCAL 2022 OUTLOOK

Mar. 9th, 2022

- First quarter net sales of \$537.0 million compared to \$554.0 million in the prior year quarter, a decrease of 3.1%
- First quarter net loss of \$0.7 million compared to \$0.0 million in the prior year quarter
- First quarter Adjusted Net Income of \$8.0 million compared to \$8.8 million in the prior year quarter
- First quarter Adjusted EBITDA of \$18.3 million compared to \$23.2 million in the prior year quarter
- End of first quarter sales backlog of \$1.1 billion compared to \$1.0 billion at the end of the prior year quarter
- Repurchased approximately \$10.0 million of common stock during the first quarter
- Reaffirms full-year fiscal 2022 outlook with Adjusted Net Income of \$30.0 million to \$35.0 million and Adjusted EBITDA of \$125 million to \$135 million

BROOKFIELD, Wis.--(REV)--(Company) specialty vehicles, today announced its first quarter 2022 results. Consolidated net sales for the first quarter 2022 were \$537.0 million, compared to \$554.0 million for the first quarter 2021. Net sales was primarily due to a decrease in net sales in the Commercial and Recreation segments.

The company's first quarter 2022 results reflected the impact of restructuring and restructuring charges. The company's first quarter 2022 results included \$4.4 million of restructuring charges, primarily related to the restructuring of buildings and equipment related to restructuring within the F&E segment. Adjusted Net Income for the first quarter 2022 was \$8.0 million, or \$0.13 per diluted share, compared to Adjusted Net Income of \$8.8 million, or \$0.14 per diluted share, in the first quarter 2021. Adjusted EBITDA in the first quarter 2022 was \$18.3 million, compared to \$23.2 million in the first quarter 2021. The decrease in Adjusted EBITDA during the quarter was primarily due to lower contribution from the F&E segment, partially offset by increased Commercial and Recreation segment Adjusted EBITDA.

"We began fiscal 2022 with strong demand, which combined with the execution of our Commercial Excellence program has led to a record backlog in each of our segments and positions us to continue to benefit from strong municipal budgets," REV Group Inc. President and CEO Rod Rushing said. "Despite having to navigate several external headwinds within the quarter, our consolidated results were largely in line with our expectations. We anticipate the external headwinds will continue in the near term and believe the actions we have taken, and an improved supply chain will improve performance in the second half of the fiscal year."

REV Group First Quarter Segment Highlights

Fire & Emergency Segment

F&E segment net sales were \$237.4 million in the first quarter 2022, a decrease of \$43.2 million, or 15.4%, from \$280.6 million in the first quarter 2021. The decrease in net sales compared to the prior year quarter was primarily

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due to decreased shipments of fire apparatus and ambulance units related to supply chain disruption and labor constraints, partially offset by price realization. F&E segment backlog at the end of the first quarter 2022 was \$1,655.1 million, an increase of \$637.2 million compared to \$1,017.9 million at the end of the first quarter 2021. The increase was primarily the result of continued strong demand and order intake for fire apparatus and ambulance units, and lower shipments in the first quarter 2022 mentioned above.

F&E segment Adjusted EBITDA was \$1.8 million in the first quarter 2022, a decrease of \$8.4 million, or 82.4%, from \$10.2 million in the first quarter 2021. Profitability within the segment was impacted by lower sales volume, inefficiencies related to supply chain disruption and labor constraints and inflationary pressures, partially offset by price realization.

Commercial Segment

Commercial segment net sales were \$97.5 million in the first quarter 2022, an increase of \$14.4 million, or 17.3%, from \$83.1 million in the first quarter 2021. The increase in net sales compared to the prior year quarter was primarily due to increased shipments of school buses, terminal trucks, and street sweepers, and price realization, partially offset by decreased shipments of municipal transit buses. Commercial segment backlog at the end of the first quarter 2022 was \$459.8 million, an increase of \$225.8 million compared to \$234.0 million at the end of the first quarter 2021. The increase was primarily the result of increased orders for school busses, terminal trucks and street sweepers, partially offset by a decline in orders for municipal transit buses.

Commercial segment Adjusted EBITDA was \$0.7 million, or 9.9%, from \$7.1 million in the first quarter 2021. Profitability within the segment was impacted by lower sales volume, unfavorable mix of school buses, terminal trucks and street sweepers, and inflationary pressures, partially offset by price realization.

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Commercial segment Adjusted EBITDA was \$0.7 million, or 9.9%, from \$7.1 million in the first quarter 2021. Profitability within the segment was impacted by lower sales volume, unfavorable mix of school buses, terminal trucks and street sweepers, and inflationary pressures, partially offset by price realization.

Recreation Segment

Recreation segment net sales were \$190.2 million in the first quarter 2022, an increase of \$14.4 million, or 6.5%, from \$190.2 million in the first quarter 2021. The increase was primarily due to strong demand and order intake for school buses, terminal trucks and street sweepers, and price realization, partially offset by decreased shipments of municipal transit buses.

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Recreation segment net sales were \$190.2 million in the first quarter 2022, an increase of \$14.4 million, or 6.5%, from \$190.2 million in the first quarter 2021. The increase was primarily due to strong demand and order intake for school buses, terminal trucks and street sweepers, and price realization, partially offset by decreased shipments of municipal transit buses.

Recreation segment Adjusted EBITDA was \$2.0 million, or 13.2%, from \$15.1 million in the first quarter 2021. Profitability within the segment was impacted by lower sales volume, unfavorable mix, partially offset by price realization, and inflationary pressures.

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Recreation segment Adjusted EBITDA was \$2.0 million, or 13.2%, from \$15.1 million in the first quarter 2021. Profitability within the segment was impacted by lower sales volume, unfavorable mix, partially offset by price realization, and inflationary pressures.

Working Capital, Liquidity, and Capital Allocation

Cash and cash equivalents totaled \$13.9 million as of January 31, 2022. Net debt² was \$242.1 million, and the company had \$258.3 million available under its ABL revolving credit facility as of January 31, 2022, a decrease of \$31.7 million as compared to the October 31, 2021 availability of \$290.0 million. During the first quarter 2022, the company repurchased approximately 2.0 million of its common shares for \$24.4 million at an average purchase price of \$12.29 per share. Trade working capital³ for the company as of January 31, 2022 was \$387.6 million, compared to \$368.2 million as of October 31, 2021. The increase was primarily due to an increase in accounts receivable and inventory, partially offset by an increase in accounts payable and customer advances. Capital expenditures in the first quarter 2022 were \$4.5 million compared to \$2.9 million in the first quarter 2021.

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 April 15, 2022, to shareholders of record on March 31, 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 first quarter financial results is scheduled for March 9, 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 essential needs for public services (ambulances, fire apparatus, school buses, and transit buses), commercial infrastructure (terminal trucks and industrial sweepers) and consumer leisure (recreational vehicles). Our diverse portfolio is made up of well-established principal vehicle brands, including many of the most recognizable names within their industry. Several of our 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-

The company reports in accordance with GAAP. However, management's presentation of Adjusted EBITDA represents non-recurring items, which are not indicative of our performance for certain after-tax, non-recurring items underlying operating performance. Free Cash Flow is calculated in accordance with GAAP.

The company believes that the presentation of meaningful methods of calculation may not be otherwise reconcilable. The reconciliation of Adjusted EBITDA is calculated in accordance with GAAP.

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Cautionary Statement

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.

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

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

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

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

	January 31, 2022	(Audited) October 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 13.9	\$ 13.3
Accounts receivable, net	249.8	213.3
Inventories, net	7.6	481.7
Other current assets	5.6	52.7
Total current assets	376.9	761.0
Property, plant and equipment	14.9	157.6
Goodwill	7.3	157.3
Intangible assets, net	3.9	126.3
Right of use assets	2.4	19.1
Other long-term assets	6.9	17.0
Total assets	423.3	\$ 1,238.3
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	7.1	\$ 116.2
Customer advances	2.7	210.6
Accrued warranty	1.7	22.3
Short-term lease obligations	7.9	7.1
Other current liabilities	6.0	80.8
Total current liabilities	25.4	437.0
Long-term debt	6.0	215.0
Deferred income taxes	3.1	21.4
Long-term lease obligations	15.5	12.8
Other long-term liabilities	24.2	33.3
Total liabilities	804.2	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; 63,124,016 and 64,584,291 shares issued and outstanding, respectively)	0.1	0.1
Additional paid-in capital	475.3	502.1
Retained earnings	12.7	16.7
Accumulated other comprehensive loss	—	(0.1)
Total shareholders' equity	488.1	518.8
Total liabilities and shareholders' equity	\$ 1,292.3	\$ 1,238.3

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



	Three Months Ended January 31,	
	2022	2021
Net sales	\$ 537.0	\$ 554.0
Cost of sales	481.2	492.3
Gross profit	55.8	61.7
Operating expenses:		
Selling, general and administrative	47.6	47.1
Research and development costs	1.2	1.3
Amortization of intangible assets	2.4	2.6
Restructuring	3.7	1.0
Total operating expenses	54.9	52.0
Operating income	0.9	9.7
Interest expense, net	3.4	5.5
Loss on business held for sale	—	3.8
Loss on acquisition of business, net of tax	—	0.4
Loss before benefit for income taxes	(2.5)	—
Benefit for income taxes	(1.8)	—
Net loss	\$ (0.7)	\$ —

Net loss per common share

Basic	01)	\$ —
Diluted	01)	\$ —

Dividends declared per share

	05	\$ —
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Adjusted net income per share

Basic	13	\$ 0.14
Diluted	13	\$ 0.14

Weighted Average Shares Outstanding

Basic	84	63,445,973
Diluted	84	63,445,973

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	Three Months Ended January 31,	
	2022	2021
Cash flows from operating activities:		
Net loss	\$ (0.7)	\$ —
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	9.6	8.6
Amortization of debt issuance costs	0.4	0.6
Stock-based compensation expense	2.3	1.9
Deferred income taxes	1.7	1.3
Gain on sale of assets	(0.1)	(1.5)
Loss on business held for sale	—	3.8
Loss on acquisition of business	—	0.4
Changes in operating assets and liabilities, net	(16.9)	(13.2)
Net cash (used in) provided by operating activities	(3.7)	1.9
Cash flows from investing activities:		
Purchase of property, plant and equipment	(4.5)	(2.9)
Proceeds from sale of assets	0.1	10.0
Net cash (used in) provided by investing activities	(4.4)	7.1
Cash flows from financing activities:		

Net proceeds (repayments) from borrowings on revolving credit facility	41.0	(10.0)
Repayment of long-term debt	—	(0.4)
Payment of dividends	(3.3)	—
Repurchase and retirement of common stock	(24.4)	—
Other financing activities	(4.6)	(0.9)
Net cash provided by (used in) financing activities	8.7	(11.3)
Net increase (decrease) in cash and cash equivalents	0.6	(2.3)
Cash and cash equivalents, beginning of period	13.3	11.4
Cash and cash equivalents, end of period	\$ 13.9	\$ 9.1

Supplemental disclosures of cash flow information:

Cash paid (received) for:

Interest	\$ 2.8	\$ 4.7
Income taxes, net of refunds	\$ (16.3)	\$ (11.5)

REV GROUP, INC. AND SUBSIDIARIES
SEGMENT INFORMATION

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Net Sales:

Fire & Emergency
Commercial
Recreation
Corporate & Other
Total

Adjusted EBITDA:

Fire & Emergency
Commercial
Recreation
Corporate & Other
Total

Adjusted EBITDA Margin:

Fire & Emergency	8.0%	8.0%
Commercial	8.4%	7.9%
Recreation	8.4%	7.9%
Total	3.4%	4.2%

	January 31, 2022	October 31, 2021	January 31, 2021
Period-End Backlog:			
Fire & Emergency	\$ 1,655.1	\$ 1,498.6	\$ 1,017.9
Commercial	459.8	394.7	234.0
Recreation	1,282.6	1,234.5	754.3
Total	\$ 3,397.5	\$ 3,127.8	\$ 2,006.2

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

Three Months Ended January 31, 2022				
Fire & Emergency	Commercial	Recreation	Corporate & Other	Total

Net (loss) income	\$ (8.6)	\$ 7.0	\$ 13.2	\$ (12.3)	\$ (0.7)
Depreciation and amortization	4.4	0.8	3.9	0.5	9.6
Interest expense, net	1.6	—	—	1.8	3.4
Benefit for income taxes	—	—	—	(1.8)	(1.8)
EBITDA	(2.6)	7.8	17.1	(11.8)	10.5
Transaction expenses	—	—	—	0.2	0.2
Sponsor expense reimbursement	—	—	—	0.1	0.1
Restructuring costs	3.7	—	—	—	3.7
Restructuring related charges	0.7	—	—	—	0.7
Stock-based compensation expense	—	—	—	2.3	2.3
Legal matters	—	—	—	0.8	0.8
Adjusted EBITDA	\$ 1.8	\$ 7.8	\$ 17.1	\$ (8.4)	\$ 18.3

Three Months Ended January 31, 2021

	Fire & Emergency	Commercial	Recreation	Corporate & Other	Total
Net income (loss)	\$ 2.5	\$ 6.2	\$ 11.4	\$ (20.1)	\$ —
Depreciation and amortization	3.1	0.7	3.6	1.2	8.6
Interest expense, net	1.6	0.2	0.1	3.6	5.5
Benefit for income taxes	—	—	—	—	—
EBITDA				(15.3)	14.1
Transaction expenses				2.3	2.3
Sponsor expense reimbursement				0.2	0.2
Restructuring costs				0.9	1.0
Stock-based compensation expense				1.9	1.9
Legal matters				0.4	0.4
Net loss on sale of assets and business held for sale				—	2.7
Loss on acquisition of business				0.4	0.4
Losses attributable to assets held for sale				—	0.2
Adjusted EBITDA				(9.2)	\$ 23.2

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	2022	2021
Net loss	\$ (0.7)	\$ —
Amortization of intangible assets	2.4	2.6
Transaction expenses	0.2	2.3
Sponsor expense reimbursement	0.1	0.2
Restructuring costs	3.7	1.0
Restructuring related charges	0.7	—
Stock-based compensation expense	2.3	1.9
Legal matters	0.8	0.4
Net loss on sale of assets and business held for sale	—	2.7
Loss on acquisition of business	—	0.4
Losses attributable to assets held for sale	—	0.2
Accelerated depreciation on certain property, plant, and equipment	1.4	—
Income tax effect of adjustments	(2.9)	(2.9)
Adjusted Net Income	\$ 8.0	\$ 8.8



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Source: REV Group, Inc.



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