



REV GROUP, INC. REPORTS SECOND QUARTER RESULTS AND UPDATES FISCAL 2022 OUTLOOK

Jun. 7th, 2022

- Second quarter net sales of \$576.3 million compared to \$643.6 million in the prior year quarter
- Second quarter net loss of \$2.3 million compared to net income of \$20.6 million in the prior year quarter
- Second quarter Adjusted Net Income of \$25.7 million compared to Adjusted Net Income of \$25.7 million in the prior year quarter
- Second quarter Adjusted EBITDA of \$23.8 million compared to Adjusted EBITDA of \$45.5 million in the prior year quarter
- End of second quarter backlog of 10,500 units compared to 10,500 units at the end of the prior year quarter
- Repurchased approximately 1.1 million shares of common stock during the second quarter
- Updates full-year fiscal 2022 outlook with Adjusted Net Income of \$120 million and Adjusted EBITDA of \$100 million

BROOKFIELD, Wis.--(REV Group Inc. today announced its second quarter 2022 results. Consolidated net sales for the second quarter 2022 were \$576.3 million, compared to \$643.6 million for the second quarter 2021. The decrease in net sales was primarily due to lower contribution from the F&E and Commercial segments partially offset by an increase in the Recreation segment.

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The company's second quarter 2022 results reflected the impact of restructuring and related costs, including the impairment of equipment related to the restructuring. Consolidated net sales for the second quarter 2022 were \$576.3 million, or \$0.17 per diluted share, compared to Adjusted Net Income of \$25.7 million, or \$0.39 per diluted share, in the second quarter 2021. Adjusted EBITDA in the second quarter 2022 was \$23.8 million, compared to \$45.5 million in the second quarter 2021. The decrease in Adjusted EBITDA during the quarter was primarily due to lower contribution from the F&E and Commercial segments, partially offset by increased Recreation segment Adjusted EBITDA.

"Second quarter results reflect continuing shortages of key components and lower chassis supply that limited new starts, throughput, and completions," REV Group Inc. President and CEO Rod Rushing said. "We remain focused on delivering value for our shareholders and are committed to deploying the operational improvement initiatives under REV Drive. Within the quarter, we enacted additional pricing actions to align backlog and new orders with our current and future build costs. Backlog and demand for our vehicles remains strong, and we believe the actions we are taking position us for improved results."

REV Group Second Quarter Segment Highlights

Fire & Emergency Segment

F&E segment net sales were \$245.0 million in the second quarter 2022, a decrease of \$62.6 million, or 20.4%, from \$307.6 million in the second 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 an unfavorable mix of fire apparatus, 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 lower allocations and receipts of OEM supplied chassis. F&E segment backlog at the end of the second quarter 2022 was \$1,788.3 million, an increase of \$689.3 million compared to \$1,099.0 million at the end of the second quarter 2021. The increase was primarily the result of continued strong demand and order intake for fire apparatus and ambulance units, and lower shipments against backlog in the second quarter 2022.

F&E segment Adjusted EBITDA loss was \$2.2 million in the second quarter 2022, a decrease of \$23.9 million, or 110.1% from \$21.7 million in the second quarter 2021. Profitability within the segment was impacted by lower sales volume, an unfavorable mix of fire apparatus, inefficiencies related to supply chain disruption, and inflationary pressures, partially offset by price realization.

Commercial Segment

Commercial segment net sales were \$90.7 million in the second quarter 2022, a decrease of \$7.7 million, or 7.8%, from \$98.4 million in the second quarter 2021. The decrease in net sales compared to the prior year quarter was primarily due to lower shipments of municipal transit buses, partially offset by increased shipments of terminal trucks and street sweepers, and price realization. Lower shipments of municipal transit buses were primarily the result of shortages of key components, and a backlog at the end of the second quarter 2021. Commercial segment backlog at the end of the second quarter 2022 was \$1,099.0 million at the end of the second quarter 2021. The increase was primarily the result of continued strong demand and order intake for fire apparatus and ambulance units, and lower shipments against backlog in the second quarter 2022.

Commercial segment Adjusted EBITDA loss was \$2.2 million in the second quarter 2022, a decrease of \$23.9 million, or 110.1% from \$21.7 million in the second quarter 2021. Profitability within the segment was impacted by lower sales volume, an unfavorable mix of fire apparatus, inefficiencies related to supply chain disruption, and inflationary pressures, partially offset by price realization.

Recreation Segment

Recreation segment net sales were \$237.9 million in the second quarter 2022, an increase of \$3.1 million, or 1.3%, from \$237.9 million in the second quarter 2021. The increase was primarily the result of an increase in unit shipments of fire apparatus, partially offset by lower shipments of ambulances, and lower shipments of fire apparatus, partially offset by price realization. Recreation segment backlog at the end of the second quarter 2022 was \$1,099.0 million at the end of the second quarter 2021. The increase was primarily the result of continued strong demand and order intake for fire apparatus and ambulance units, and lower shipments against backlog in the second quarter 2022.

Recreation segment Adjusted EBITDA was \$28.7 million in the second quarter 2022, an increase of \$3.6 million, or 14.3%, from \$25.1 million in the second quarter 2021. The increase was primarily due to strong price realization, and favorable mix, partially offset by inefficiencies related to supply chain disruptions and labor constraints in certain businesses, and inflationary pressures.

Working Capital, Liquidity, and Capital Allocation

Cash and cash equivalents totaled \$5.9 million as of April 30, 2022. Net debt² was \$237.1 million, and the company had \$293.6 million available under its ABL revolving credit facility as of April 30, 2022, an increase of \$3.6 million as compared to the October 31, 2021 availability of \$290.0 million. During the second quarter 2022, the company repurchased approximately 1.7 million of its common shares for \$21.5 million at an average purchase price of \$12.84 per share. Trade working capital³ for the company as of April 30, 2022 was \$365.1 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 second quarter 2022 were \$4.0 million compared to \$5.7 million in the second quarter 2021.

Updated Fiscal Year 2022 Outlook

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“We expect the current supply chain challenges will continue into calendar year 2023 versus our prior expectation for a recovery in the second half of the current fiscal year,” REV Group, Inc. Chief Financial Officer Mark Skonieczny said. “Shortages of critical parts and chassis have negatively impacted performance, requiring us to update guidance.”

	Full Fiscal Year 2022			
	Updated Guidance		Prior Guidance	
(\$ in millions)	Low	High	Low	High
Net Sales	\$ 2,250	\$ 2,400	\$ 2,300	\$ 2,550
Net Income	\$ 14	\$ 35	\$ 45	\$ 73
Adjusted EBITDA	\$ 100	\$ 120	\$ 125	\$ 155
Adjusted Net Income	\$ 43	\$ 62	\$ 64	\$ 89
Free Cash Flow ⁴	\$ 58	\$ 70	\$ 58	\$ 80

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 July 15, 2022, to shareholders of record on June 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 results of the 2022, at 10:00 a.m. ET. The call will be webcast at <http://investors.revgrowth.com>. Please follow instructions for live streaming. The call will be available for 120 minutes.

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scheduled for June 7,
 investor relations website.
 go to
 or to the event and
 and answer session

About REV Group

REV Group (REV) covers a wide range of aftermarket parts and services across several segments: Fire & Emergency Services (including fire trucks, ambulances, and buses), commercial industrial vehicles (including dump trucks, garbage trucks, and other heavy-duty vehicles). Our diverse product lines include many recognizable names well known in the industry and date back more than 100 years.

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and related states, through three institutions for houses, and transit (recreational) many of the most product categories investors-REVG

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

The company believes that the use of Adjusted EBITDA, Adjusted Net Income and Free Cash Flow provide additional meaningful methods of evaluating certain aspects of its operating performance from period to period on a basis that may not be otherwise apparent under GAAP when used in addition to, and not in lieu of, GAAP measures. A reconciliation of Adjusted EBITDA 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 its forward-looking statements as a result of new information, future events or changes in assumptions.

¹ REV Group, Inc. Adjusted Earnings Before Interest and Taxes

nearest GAAP measure.

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

³ Trade Working Capital is defined as trade receivables, net, less trade payables, net, plus advances.

⁴ Free Cash Flow is defined as Adjusted Earnings Before Interest and Taxes less cash and cash equivalents.

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(Audited)
October 31,
2021

ASSETS

Current assets:

Cash and cash equivalents	\$	5.9	\$	13.3
Accounts receivable, net		222.2		213.3
Inventories, net		562.9		481.7
Other current assets		27.9		52.7
Assets held for sale		5.7		—
Total current assets		824.6		761.0
Property, plant and equipment, net		144.4		157.6
Goodwill		157.3		157.3
Intangible assets, net		121.9		126.3
Right of use assets		22.6		19.1
Other long-term assets		15.0		17.0
Total assets	\$	1,285.8	\$	1,238.3

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Accounts payable	\$	144.7	\$	116.2
Customer advances		275.3		210.6
Accrued warranty		21.2		22.3
Short-term lease obligations		7.7		7.1
Other current liabilities		68.3		80.8

Total current liabilities	517.2	437.0
Long-term debt	243.0	215.0
Deferred income taxes	23.4	21.4
Long-term lease obligations	15.7	12.8
Other long-term liabilities	23.0	33.3
Total liabilities	822.3	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; 61,447,894 and 64,584,291 shares issued and outstanding, respectively)	0.1	0.1
Additional paid-in capital	456.0	502.1
Retained earnings	7.3	16.7
Accumulated other comprehensive income (loss)	0.1	(0.1)
Total shareholders' equity	463.5	518.8
Total liabilities and shareholders' equity	\$ 1,285.8	\$ 1,238.3

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	x Months Ended April 30,			
	22	2021		
Net sales	113.3	\$ 1,197.6		
Cost of sales	000.4	1,048.5		
Gross profit	112.9	149.1		
Operating expenses:				
Selling, general and administrative	98.1	95.8		
Research and development	2.0	2.8		
Amortization of intangible assets	4.4	5.1		
Restructuring	6.6	1.0		
Total operating expenses	111.1	104.7		
Operating income	1.8	44.4		
Interest expense, net	6.9	11.0		
Loss on early extinguishment of debt	—	1.4		
Loss on sale of business	0.1	3.8		
Loss on acquisition of business, net of tax	—	—	—	0.4
(Loss) income before (benefit) provision for income taxes	(2.7)	27.8	(5.2)	27.8
(Benefit) provision for income taxes	(0.4)	7.2	(2.2)	7.2
Net (loss) income	\$ (2.3)	\$ 20.6	\$ (3.0)	\$ 20.6

Net (loss) income per common share:

Basic	\$ (0.04)	\$ 0.32	\$ (0.05)	\$ 0.32
Diluted	\$ (0.04)	\$ 0.31	\$ (0.05)	\$ 0.32
Dividends declared per common share	\$ 0.05	\$ —	\$ 0.10	\$ —

Adjusted net income per common share:

Basic	\$ 0.17	\$ 0.40	\$ 0.30	\$ 0.54
Diluted	\$ 0.17	\$ 0.39	\$ 0.30	\$ 0.53

Weighted Average Shares Outstanding:

Basic	61,667,009	64,024,379	62,244,817	63,730,382
Diluted	61,667,009	65,718,153	62,244,817	64,996,191

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

	Six Months Ended April 30,	
	2022	2021
Cash flows from operating activities:		
Net (loss) income	\$ (3.0)	\$ 20.6
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	18.3	16.7
Amortization of debt issuance costs	0.8	1.2
Stock-based compensation expense	4.5	3.4
Deferred income taxes	2.0	1.3
Loss on early extinguishment of debt	—	1.4
Gain on sale of assets	(0.3)	(1.7)
Loss on sale of business or business held for sale	0.1	3.8
Loss on acquisition of business	—	0.4
Changes in operating assets and liabilities, net	5.0	(10.0)
Net cash provided by operating activities	27.4	37.1
Cash flows from investing activities:		
Purchase of property and equipment	(3.5)	(8.6)
Proceeds from sale of property and equipment	2.6	11.9
Net cash (used in) investing activities	(0.9)	3.3
Cash flows from financing activities:		
Net proceeds from issuance of debt	28.0	266.0
Repayment of long-term debt	—	(303.4)
Payment of dividends	(3.4)	—
Payment of debt issuance costs	—	(7.0)
Repurchase and retirement of debt	(5.9)	—
Other financing activities	(4.6)	0.3
Net cash (used in) financing activities	(5.9)	(44.1)
Net decrease (increase) in cash and cash equivalents	(0.4)	(3.7)
Cash and cash equivalents at beginning of period	11.3	11.4
Cash and cash equivalents at end of period	\$ 7.7	\$ 7.7
Supplemental disclosures:		
Cash paid (received) for:		
Interest	\$ 5.6	\$ 9.5
Income taxes, net of refunds	\$ (15.5)	\$ (6.9)

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

	Three Months Ended April 30,		Six Months Ended April 30,	
	2022	2021	2022	2021
Net Sales:				
Fire & Emergency	\$ 245.0	\$ 307.6	\$ 482.4	\$ 588.2
Commercial	90.7	98.4	188.3	181.5
Recreation	241.0	237.9	443.6	428.0
Corporate & Other	(0.4)	(0.3)	(1.0)	(0.1)
Total	\$ 576.3	\$ 643.6	\$ 1,113.3	\$ 1,197.6
Adjusted EBITDA:				
Fire & Emergency	\$ (2.2)	\$ 21.7	\$ (0.4)	\$ 31.5
Commercial	4.4	8.3	12.2	15.5

Recreation	28.7	25.1	45.8	40.2
Corporate & Other	(7.1)	(9.6)	(15.5)	(18.7)
Total	\$ 23.8	\$ 45.5	\$ 42.1	\$ 68.9

Adjusted EBITDA Margin:

Fire & Emergency	-0.9%	7.1%	-0.1%	5.4%
Commercial	4.9%	8.4%	6.5%	8.5%
Recreation	11.9%	10.6%	10.3%	9.4%
Total	4.1%	7.1%	3.8%	5.8%

	April 30, 2022	January 31, 2022	October 31, 2021	April 30, 2021
Period-End Backlog:				
Fire & Emergency	\$ 1,788.3	\$ 1,655.1	\$ 1,498.6	\$ 1,099.0
Commercial	531.1	459.8	394.7	303.1
Recreation	1,302.7	1,282.6	1,234.5	940.5
Total	\$ 3,622.1	\$ 3,397.5	\$ 3,127.8	\$ 2,342.6

REV GROUP, INC. AND SUBSIDIARIES

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Net (loss) income	
Depreciation and amortization	
Interest expense, net	
Benefit for income taxes	
EBITDA	
Transaction expenses	
Restructuring costs	
Restructuring related charges	
Stock-based compensation expense	
Legal matters	
Net loss on sale of business held for sale	
Adjusted EBITDA	

	2022	2021
Corporate & Other		
Total		
(12.7)	\$ (2.3)	
0.5	8.7	
1.8	3.5	
(0.4)	(0.4)	
(10.8)	9.5	
0.3	0.3	
0.1	2.9	
—	4.4	
2.2	2.2	
1.1	4.4	
—	0.1	
(7.1)	\$ 23.8	

Three Months Ended April 30, 2021

	Fire & Emergency	Commercial	Recreation	Corporate & Other	Total
Net income (loss)	\$ 16.5	\$ 7.3	\$ 21.6	\$ (24.8)	\$ 20.6
Depreciation and amortization	3.0	0.7	3.5	0.8	8.0
Interest expense, net	1.4	0.3	—	3.8	5.5
Loss on early extinguishment of debt	—	—	—	1.4	1.4
Benefit for income taxes	—	—	—	7.2	7.2
EBITDA	20.9	8.3	25.1	(11.6)	42.7
Transaction expenses	—	—	—	0.3	0.3
Restructuring related charges	0.3	—	—	—	0.3
Stock-based compensation expense	—	—	—	1.7	1.7
Losses attributable to assets held for sale	0.5	—	—	—	0.5
Adjusted EBITDA	\$ 21.7	\$ 8.3	\$ 25.1	\$ (9.6)	\$ 45.5

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



Six Months Ended April 30, 2022					
	Fire & Emergency	Commercial	Recreation	Corporate & Other	Total
Net (loss) income	\$ (27.0)	\$ 10.6	\$ 38.5	\$ (25.1)	\$ (3.0)
Depreciation & amortization	8.4	1.5	7.3	1.1	18.3
Interest expense, net	3.2	0.1	—	3.6	6.9
Benefit for income taxes	—	—	—	(2.2)	(2.2)
EBITDA	(15.4)	12.2	45.8	(22.6)	20.0
Transaction expenses	—	—	—	0.5	0.5
Sponsor expense reimbursement	—	—	—	0.1	0.1
Restructuring costs	6.5	—	—	0.1	6.6
Restructuring related charges	5.1	—	—	—	5.1
Stock-based compensation expense	—	—	—	4.5	4.5
Legal matters	3.3	—	—	1.9	5.2
Net loss on sale of assets and business held for sale	0.1	—	—	—	0.1
Adjusted EBITDA	\$ (0.4)	\$ 12.2	\$ 45.8	\$ (15.5)	\$ 42.1

Six Months Ended April 30, 2021					
	Fire & Emergency	Commercial	Recreation	Corporate & Other	Total
Net income (loss)	(44.9)	\$ 20.6			
Depreciation & amortization	2.0	16.7			
Interest expense, net	7.4	11.0			
Loss on early extinguishment of debt	1.4	1.4			
Provision for income taxes	7.2	7.2			
EBITDA	(26.9)	56.9			
Transaction expenses	2.7	2.7			
Sponsor expense reimbursement	0.2	0.2			
Restructuring costs	0.9	1.0			
Restructuring related charges	—	0.3			
Stock-based compensation expense	3.6	3.6			
Legal matters	0.4	0.4			
Net loss on sale of assets and business held for sale	—	2.7			
Loss on acquisition	0.4	0.4			
Loss attributable to noncontrolling interest	—	0.7			
Adjusted EBITDA	\$ 31.9	\$ 15.5	\$ 40.2	\$ (18.7)	\$ 68.9

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

	Three Months Ended April 30,		Six Months Ended April 30,	
	2022	2021	2022	2021
Net (loss) income	\$ (2.3)	\$ 20.6	\$ (3.0)	\$ 20.6
Amortization of intangible assets	2.0	2.5	4.4	5.1
Transaction expenses	0.3	0.3	0.5	2.7
Sponsor expense reimbursement	—	—	0.1	0.2
Restructuring costs	2.9	—	6.6	1.0
Restructuring related charges	4.4	0.3	5.1	0.3
Stock-based compensation expense	2.2	1.7	4.5	3.6
Legal matters	4.4	—	5.2	0.4
Net loss on sale of assets and business held for sale	0.1	—	0.1	2.7

Loss on acquisition of business	—	—	—	0.4
Losses attributable to assets held for sale	—	0.5	—	0.7
Accelerated depreciation on certain property, plant, and equipment	0.9	—	2.3	—
Loss on early extinguishment of debt	—	1.4	—	1.4
Income tax effect of adjustments	(4.3)	(1.6)	(7.2)	(4.5)
Adjusted Net Income	\$ 10.6	\$ 25.7	\$ 18.6	\$ 34.6

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

	Fiscal Year 2022	
	Low	High
Net income (1)	\$ 14.3	\$ 35.1
Depreciation and amortization	33.5	31.5
Interest expense, net	17.0	15.0
Provision for income taxes	4.8	10.5
EBITDA	69.6	92.1
Transaction expenses	0.5	0.5
Sponsor expense reimbursement	0.4	0.4
Restructuring costs	6.6	7.6
Restructuring related charges	1.1	5.6
Stock-based compensation expense	5.5	8.5
Legal matters	2.2	5.2
Net loss on sale of assets and business held for sale	0.1	0.1
Adjusted EBITDA	\$ 120.0	\$ 120.0

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	Year 2022	
	Low	High
Net income (1)	\$ 33.3	\$ 35.1
Amortization of intangible assets	7.1	7.1
Transaction expenses	0.5	0.5
Sponsor expense reimbursement	0.4	0.4
Restructuring costs	8.6	7.6
Restructuring related charges	6.1	5.6
Stock-based compensation expense	9.5	8.5
Legal matters	5.2	5.2
Net loss on sale of assets and business held for sale	0.1	0.1
Accelerated depreciation on certain property, plant, and equipment	2.3	2.3
Income tax effect of adjustments	(10.7)	(10.1)
Adjusted Net Income	\$ 43.4	\$ 62.3

¹ Does not include any non-recurring charges that may occur during the period shown other than those presented in this reconciliation. See “Cautionary Statement About Forward-Looking Statements” above



Drew Konop

VP, Investor Relations & Corporate Development

Email: investors@revgroup.com

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

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