REV GROUP, INC.

Financial Report
Fiscal Third Quarter 2019
Ended July 31, 2019

NYSE:REVG





September 5, 2019

Cautionary Statement & Non-GAAP Measures

Disclaimers

Note Regarding Non-GAAP Measures

REV Group reports its financial results in accordance with U.S. generally accepted accounting principles ("GAAP"). However, management believes that the evaluation of REV Group's 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 REV Group believes are not indicative of its underlying operating performance. Adjusted Net Income represents net income, as adjusted for certain items that we believe are not indicative of our ongoing operating performance. REV Group believes that the use of Adjusted EBITDA and Adjusted Net Income 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. See the Appendix to this presentation (and our other filings with the SEC) for reconciliations of Adjusted EBITDA and Adjusted Net Income to the most closely comparable financial measures calculated in accordance with GAAP.

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Third Quarter Fiscal 2019: Summary

Strong cash flow

Record cash flow from disciplined working capital management

Key personnel additions

New President of Commercial segment in place; hired new Ambulance Division President subsequent to quarter end

REV Production System
RPS executing within Commercial segment and introduced to Fire & Emergency

Fire production

Fire production ramp faced challenges of floorspace and tight labor market

Ambulance orders

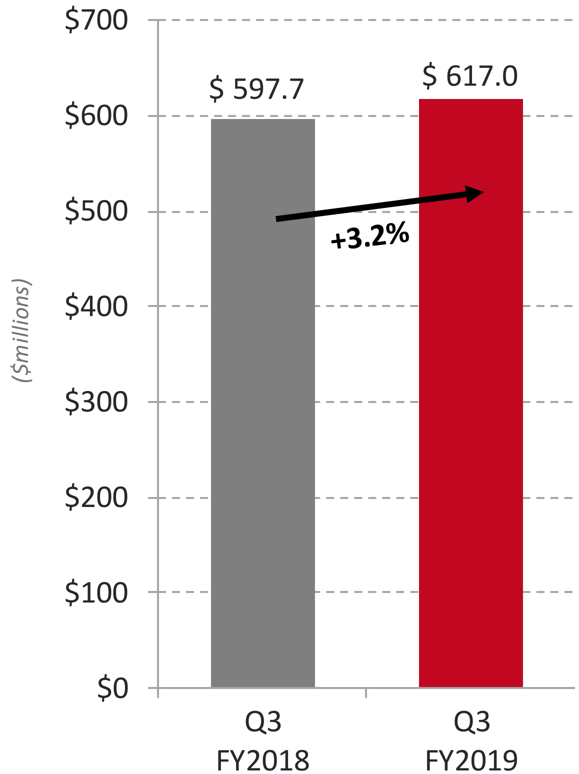
Periods of low order intake and buildable backlog

RV Market Conditions

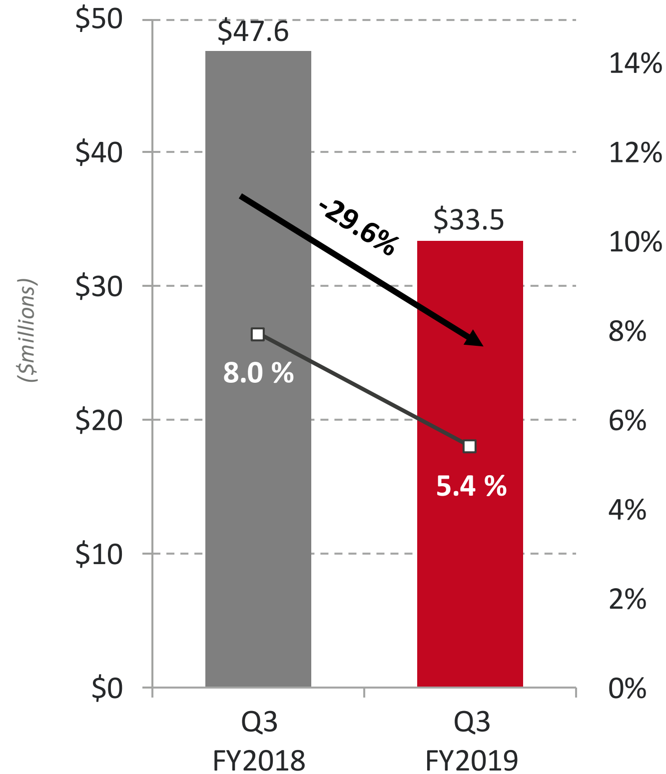
Decrease in sales of Class A motorhomes as well as lower pricing

Third Quarter Fiscal 2019: Consolidated 3Q'19 Results

Net Sales



Adjusted EBITDA[1]



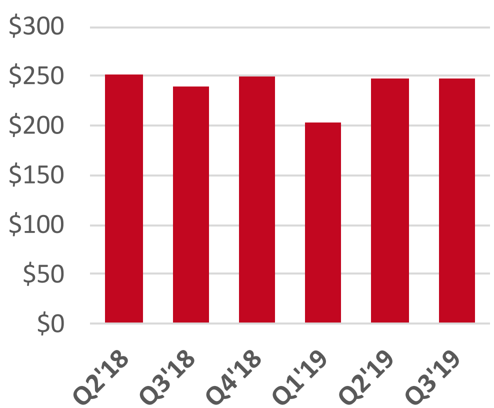
- Net sales of $617 million, increased 3.2% year-over-year
- Adjusted EBITDA[1] of $33.5 million, down 29.6% compared to prior year quarter
- Adjusted EBITDA margin of 5.4%, down versus 8% last year

[1] *For a reconciliation of net income (loss) to Adjusted Net Income and Adjusted EBITDA, see the Appendix to this presentation.*

Third Quarter Fiscal 2019: Fire & Emergency Segment

F&E Revenue

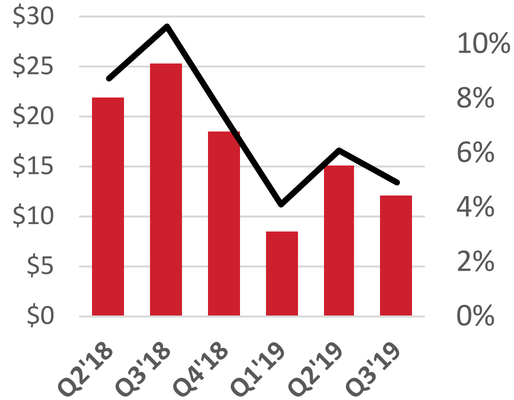
($millions)



- Self-inflicted execution issues limited fire truck production increase at one facility
- Timing of deliveries of larger municipal contract orders and customer ambulance remount activity negatively impacted shipments within the quarter

F&E Adj. EBITDA[1]

($millions)



- Adjusted EBITDA $12.1 million reflects labor inefficiency at one primary Fire facility and one Ambulance facility
- Adjusted EBITDA margin 4.9% versus 10.6% last year

Updated Outlook

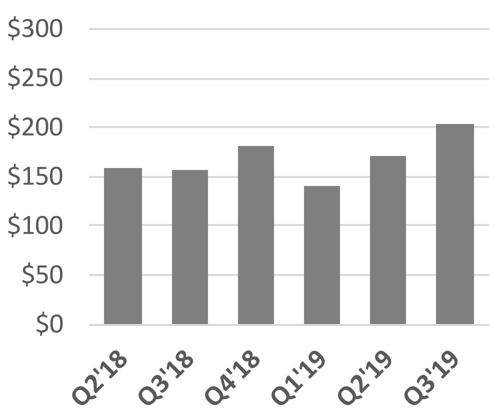
- Continued ramp up of Fire capacity by reconfiguring footprint and integration of new employees
- Large municipal Ambulance orders begin production in 4Q serving as base load
- Fire production & margin improvements now expected to occur in first half of fiscal 2020
- Additions of new Ambulance Division President and recent General Manager at largest Ambulance business add valuable operating, sales and dealer network experience to improve efficiencies & synergies between brands
- RPS being implemented across Fire & Emergency through the end of fiscal 2020

[1] *For a reconciliation of net income (loss) to Adjusted Net Income and Adjusted EBITDA, see the Appendix to this presentation.*

Third Quarter Fiscal 2019: Commercial Segment

Commercial Revenue

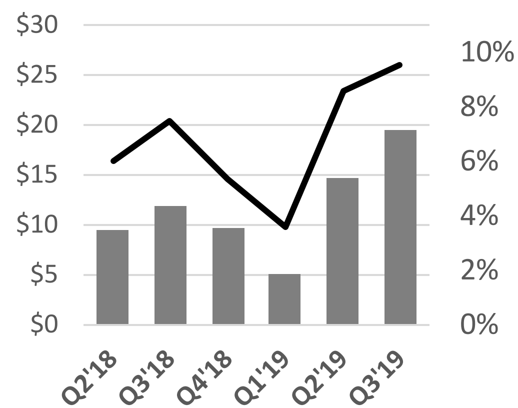
($millions)



- Solid execution within bus businesses and terminal trucks
- Strong end market and new products within Type A school bus well received

Commercial Adj. EBITDA[1]

($millions)



- Adjusted EBITDA up 64.4% year-over-year, to $19.4 million
- Adjusted EBITDA margin 9.5% versus 7.5% last year
- Improved mix, increased throughput and benefits from RPS implementation

Updated Outlook

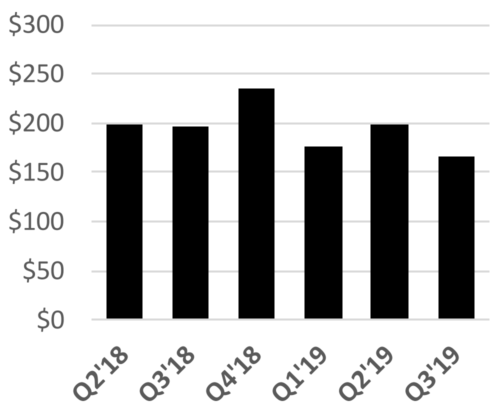
- Continue to execute on large municipal transit bus orders into fiscal 2020 with strong bidding pipeline
- Seasonal slow down in school bus anticipated with continued traction of new Type A products for municipal and contract customers in 2020
- New Segment President put in place to build upon recent successes and momentum of Commercial into 2020
- RPS benefits of improved predictability and accountability of throughput and margin profile expected to continue across businesses into 2020

[1] *For a reconciliation of net income (loss) to Adjusted Net Income and Adjusted EBITDA, see the Appendix to this presentation.*

Third Quarter Fiscal 2019: Recreation Segment

Recreation Revenue

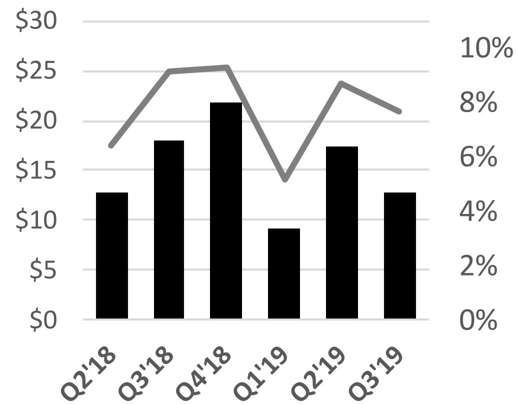
($millions)



- Softer Class A RV and camper markets resulted in lower pricing and decreased unit sales
- Dealers continued to reduce inventories leading to a decline in wholesale shipments
- Sales of Class B plus Super C increased slightly sequentially

Recreation Adj. EBITDA[1]

($millions)



- Adjusted EBITDA $12.8 million reflects lower Class A and camper sales
- Adjusted EBITDA margin 7.7% versus 9.1% last year
- Implemented additional cost reduction opportunities within Class A business

Updated outlook

- Updated outlook embeds continuation of recent market decline rate
- Solid lineup of 2020 models expected to be well received at September Open House
- Reduced Class A footprint and production capacity to reflect current market conditions with ability to respond to increased demand, should it occur
- Company specific opportunities to provide market outgrowth within Towables, Class B and Super C businesses

[1] *For a reconciliation of net income (loss) to Adjusted Net Income and Adjusted EBITDA, see the Appendix to this presentation.*

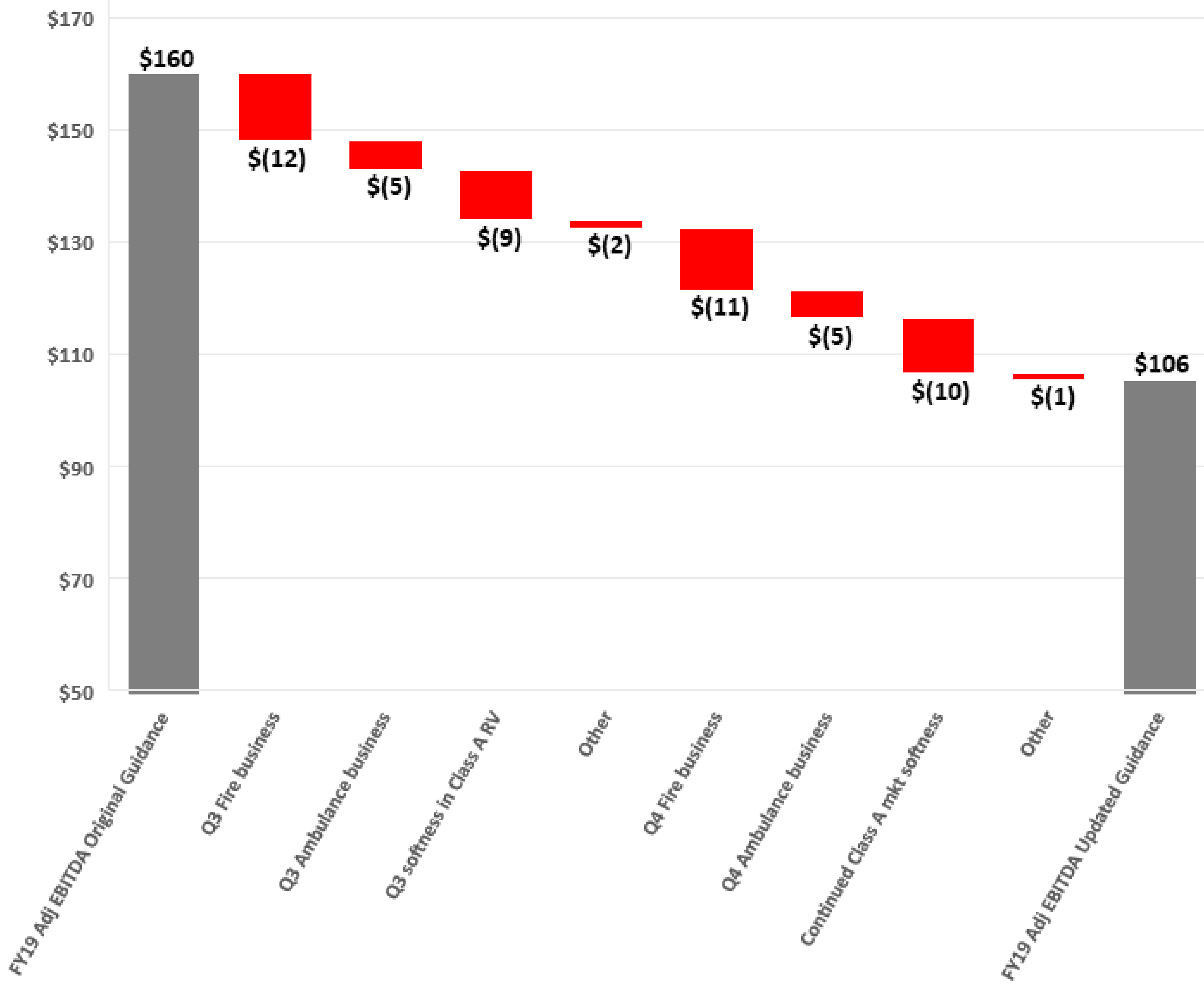
Full Year Fiscal 2019 Outlook Lowered

Updated Fiscal 2019 Guidance		
	Prior Guidance	**Revised Guidance**
Net Sales:	$2.4 to $2.6 billion	**$2.35 to $2.45 billion**
Adjusted EBITDA:	$150 to $170 million	**$100 to $110 million**
Net Cash provided by operating activities:	$110 to $130 million	**$70 to $80 million**
Adjusted Net Income:	$66 to $84 million	**$28 to $41 million**
Net Income:	$31 to $51 million	**$(8) to $5 million**

Capital expenditures of $20 to $25 million, interest expense of $30 to $32 million, effective tax rate of 25 percent to 27 percent, cash from other opportunities of greater than $25 million

Full Year Fiscal 2019 Revision Bridge

$ in millions



Key Takeaways for fourth quarter Fiscal 2019

- Full year guidance represents under-performance of REV's 3 largest businesses in the third quarter 2019 with financial expectation lowered for fourth quarter 2019
- Staff training, facility reconfiguring and capacity expansion at largest Fire business continues through fourth quarter 2019
- Large municipal Ambulance order not expected to positively impact production within fourth quarter 2019
- REV Production Systems training and implementation rollout within Fire & Emergency throughout the fiscal fourth quarter 2019 and into fiscal year 2020
- Remain focused on enhancing financial profile through:
  - Driving free cash flow and debt reduction
  - Strengthening balance sheet by targeting year end leverage ratio of <3.0x
  - Strategic review of portfolio against long-term profitability and strategic objectives

Appendix

Reconciliation of 3Q Net Income (Loss) to Adj. EBITDA by Segment

(Dollars in Millions)

	Three Months Ended July 31, 2019				
	Fire & Emergency	Commercial	Recreation	Corporate & Other	Total
Net income (loss)	$ 7.2	$ 15.9	$ 8.8	$ (26.3)	$ 5.6
Depreciation & amortization	3.6	2.0	3.6	1.7	10.9
Interest expense, net	0.9	0.5	0.1	6.9	8.4
Provision for income taxes	—	—	—	1.9	1.9
EBITDA	11.7	18.4	12.5	(15.8)	26.8
Transaction expenses	0.4	—	—	0.1	0.5
Restructuring costs	—	—	0.3	1.0	1.3
Stock-based compensation expense	—	—	—	2.5	2.5
Legal matters	—	—	—	0.8	0.8
Losses attributable to assets held for sale	—	1.0	—	—	1.0
Deferred purchase price payment	—	—	—	0.6	0.6
Adjusted EBITDA	$ 12.1	$ 19.4	$ 12.8	$ (10.8)	$ 33.5

	Three Months Ended July 31, 2018				
	Fire & Emergency	Commercial	Recreation	Corporate & Other	Total
Net income (loss)	$ 21.0	$ 9.3	$ 13.8	$ (25.8)	$ 18.3
Depreciation & amortization	3.3	1.9	3.6	2.9	11.7
Interest expense, net	0.9	0.6	—	5.3	6.8
Provision for income taxes	—	—	—	3.8	3.8
EBITDA	25.2	11.8	17.4	(13.8)	40.6
Sponsor expense reimbursement	—	—	—	0.2	0.2
Restructuring costs	0.1	—	—	0.8	0.9
Stock-based compensation expense	—	—	—	1.4	1.4
Non-cash purchase accounting expense	—	—	0.5	—	0.5
Legal matters	—	—	—	1.1	1.1
Deferred purchase price payment	—	—	—	1.9	1.9
First year public company costs	—	—	—	1.0	1.0
Adjusted EBITDA	$ 25.3	$ 11.8	$ 17.9	$ (7.4)	$ 47.6

Reconciliation of YTD Net Income (Loss) to Adj. EBITDA by Segment

(Dollars in Millions)

	Nine Months Ended July 31, 2019				
	Fire & Emergency	Commercial	Recreation	Corporate & Other	Total
Net income (loss)	$ 19.6	$ 25.4	$ 24.8	$ (73.1)	$ (3.3)
Depreciation & amortization	10.6	6.5	12.0	5.7	34.8
Interest expense, net	2.9	1.6	0.2	19.5	24.2
Provision for income taxes	—	—	—	—	—
EBITDA	33.1	33.5	37.0	(47.9)	55.7
Transaction expenses	0.4	—	—	0.3	0.7
Sponsor expense reimbursement	0.1	—	—	0.5	0.6
Restructuring costs	0.4	0.1	1.7	2.0	4.2
Stock-based compensation expense	—	—	—	7.3	7.3
Legal matters	1.8	—	0.7	2.8	5.3
Impairment charges	—	2.8	—	—	2.8
Losses attributable to assets held for sale	—	3.3	—	—	3.3
Deferred purchase price payment	—	—	—	2.8	2.8
Adjusted EBITDA	$ 35.8	$ 39.7	$ 39.4	$ (32.2)	$ 82.7

	Nine Months Ended July 31, 2018				
	Fire & Emergency	Commercial	Recreation	Corporate & Other	Total
Net income (loss)	$ 49.0	$ 15.5	$ 26.0	$ (55.4)	$ 35.1
Depreciation & amortization	11.9	7.4	9.5	5.1	33.9
Interest expense, net	2.9	2.0	0.3	13.1	18.3
Benefit for income taxes	—	—	—	(7.2)	(7.2)
EBITDA	63.8	24.9	35.8	(44.4)	80.1
Transaction expenses	0.2	—	—	1.9	2.1
Sponsor expense reimbursement	—	—	—	0.5	0.5
Restructuring costs	0.4	0.2	2.4	3.9	6.9
Stock-based compensation expense	—	—	—	5.1	5.1
Non-cash purchase accounting expense	0.4	0.3	0.5	—	1.2
Legal matters	0.7	0.3	—	1.8	2.8
Deferred purchase price payment	—	—	—	4.1	4.1
First year public company costs	—	—	—	1.5	1.5
Adjusted EBITDA	$ 65.5	$ 25.7	$ 38.7	$ (25.6)	$ 104.3

Reconciliation of YTD 3Q Net Income (Loss) to Adj. Net Income

(Dollars in Millions)

	Three Months Ended July 31, 2019	Three Months Ended July 31, 2018	Nine Months Ended July 31, 2019	Nine Months Ended July 31, 2018
Net income (loss)	$ 5.6	$ 18.3	$ (3.3)	$ 35.1
Amortization of intangible assets	4.1	4.6	13.3	13.7
Transaction expenses	0.5	—	0.7	2.1
Sponsor expense reimbursement	—	0.2	0.6	0.5
Restructuring costs	1.3	0.9	4.2	6.9
Stock-based compensation expense	2.5	1.4	7.3	5.1
Non-cash purchase accounting expense	—	0.5	—	1.2
Legal matters	0.8	1.1	5.3	2.8
Impairment charges	—	—	2.8	—
Losses attributable to assets held for sale	1.0	—	3.3	—
Deferred purchase price payment	0.6	1.9	2.8	4.1
Impact of tax rate change	—	(2.1)	—	(12.5)
Income tax effect of adjustments	(2.8)	(3.1)	(10.4)	(9.5)
First year public company costs	—	1.0	—	1.5
Adjusted Net Income	$ 13.6	$ 24.7	$ 26.6	$ 51.0

Adjusted EBITDA Outlook Reconciliation

(Dollars in Millions)

	Fiscal Year 2019	
	Low	High
Net (Loss) Income	$ (8.0)	$ 4.5
Depreciation and amortization	47.5	45.0
Interest expense, net	32.0	30.0
Income tax expense	(3.4)	1.5
EBITDA	68.1	81.0
Transaction expenses	0.7	0.7
Sponsor expense reimbursement	1.0	0.7
Restructuring costs	4.2	4.2
Stock-based compensation expense	9.5	8.5
Legal matters	6.0	5.3
Impairment charges	3.0	2.8
Losses attributable to assets held for sale	4.0	3.3
Deferred purchase price payment	3.5	3.5
Adjusted EBITDA	$ 100.0	$ 110.0

Adjusted Net Income Outlook Reconciliation

(Dollars in Millions)

	Fiscal Year 2019	
	Low	High
Net Income	$ (8.0)	$ 4.5
Amortization of intangible assets	19.0	19.0
Transaction expenses	0.7	0.7
Sponsor expense reimbursement	1.0	0.7
Restructuring costs	4.2	4.2
Stock-based compensation expense	9.5	8.5
Legal matters	6.0	5.3
Impairment charges	3.0	2.8
Losses attributable to assets held for sale	4.0	3.3
Deferred purchase price payment	3.5	3.5
Income tax effect of adjustments	(15.2)	(12.0)
Adjusted Net Income	$ 27.7	$ 40.5

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