REV GROUP, INC.

Financial Report
Fiscal First Quarter 2020

NYSE:REVG





March 5, 2020

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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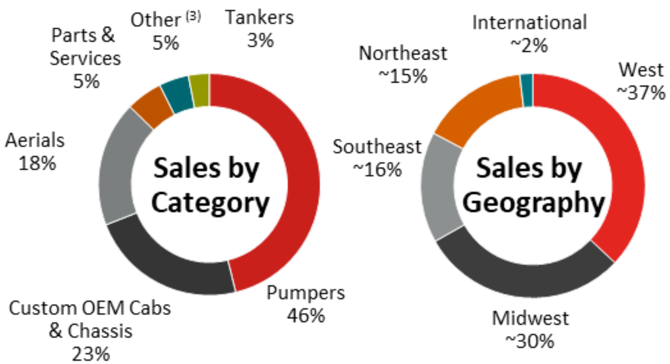
Fiscal First Quarter 2020 Highlights

- Shuttle bus profitability
- Ambulance recovery
- Fire production increase
- Municipal bus orders
- RV Orders
- Spartan ER Acquisition

Compelling Acquisition Rationale

ATTRACTIVE BUSINESS MIX (2)



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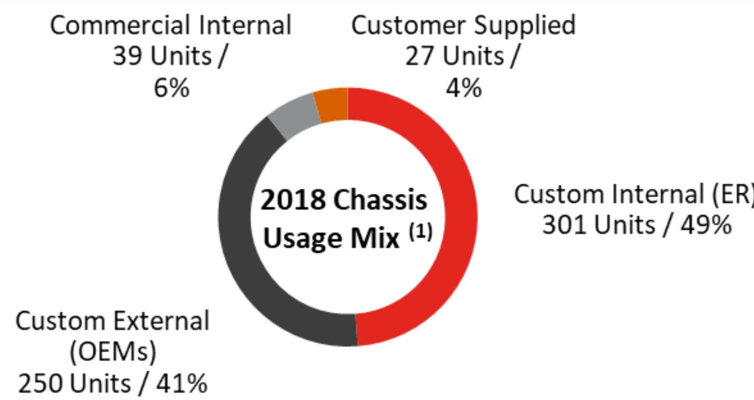
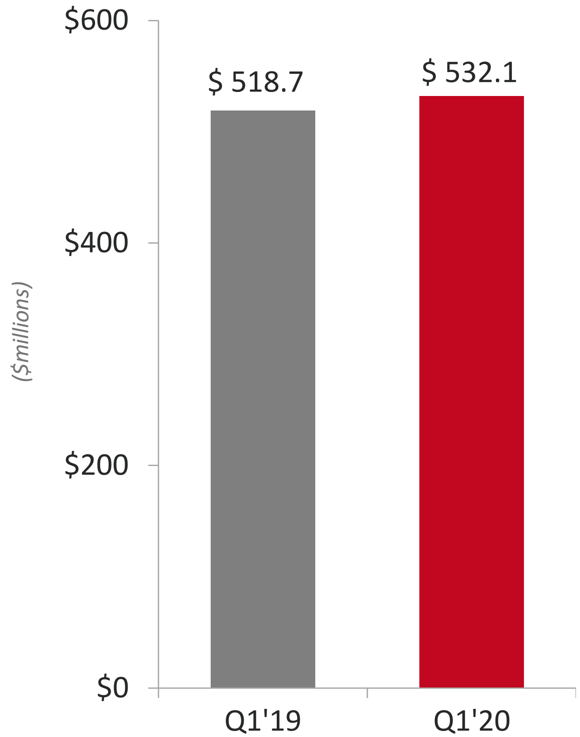


- New access to large municipalities, regional markets and certain international markets
- Increased market share in several key categories
- Savings opportunity from insourced aerial assemblies
- Savings opportunity from greater procurement scale, certain licensing and insurance opportunities

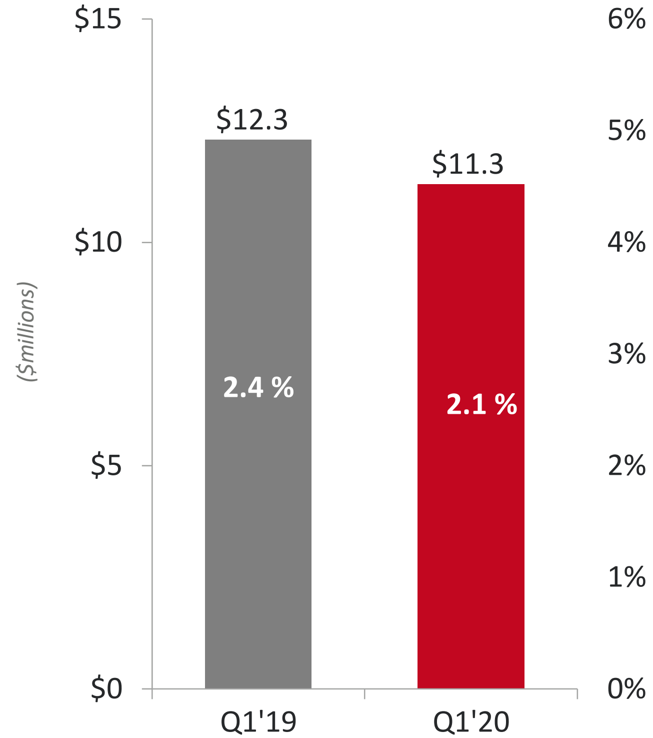
(1) Based on 617 chassis units shipped in 2018.
(2) Sales by Category & Geography are based on 2018 product sales excluding parts and services in ER's sales territory coverage.
(3) Other includes Rescues, Wildland Apparatus, Private Label, Refurbs and Miscellaneous.

First Quarter Fiscal 2020: Consolidated Results

Net Sales



Adjusted EBITDA[1]

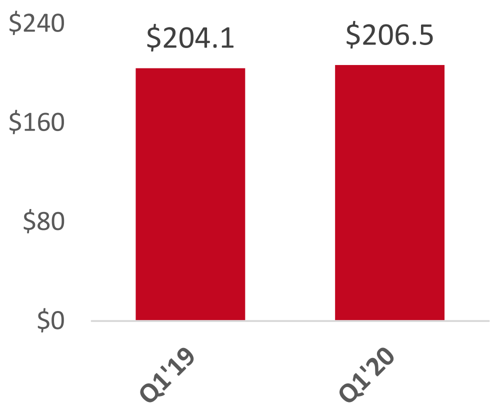


- Net sales of $532.1 million, increased 2.6% compared to prior year quarter
- Adjusted EBITDA[1] of $11.3 million, down 8.1% compared to prior year quarter
- Adjusted EBITDA margin of 2.1%, down 30 basis points compared to prior year quarter
- 1Q20 corporate Adj. EBITDA expense declined $2.0 million compared to prior year quarter

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

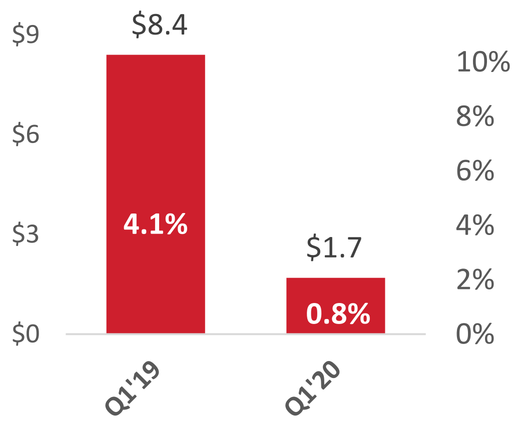
First Quarter Fiscal 2020: Fire & Emergency Segment

F&E Revenue
($millions)



- Unit production at a primary fire plant increased 21% year-over-year
- Timing of unit deliveries at another fire plant shifted revenue out of the quarter
- Ambulance unit production approximately flat year-over-year

F&E Adj. EBITDA[1]
($millions)



- 1Q20 Adjusted EBITDA of $1.7 million reflects impact from anticipated labor inefficiencies within the quarter
- Adjusted EBITDA margin of 0.8% versus 4.1% in the prior year period is expected to be a trough in margin percent and dollars
- Greater mix of commercial units vs. custom fire apparatus

Outlook

- Total fire apparatus unit production was up 10% year-over-year, primarily the result of increased throughput at our largest plant
- Fire's production cadence is expected to increase once again in the second quarter as available production days increase
- Spartan ER is expected to add $150 to $200 million of revenue and approximately $2.0 to $3.0 million of adjusted EBITDA to previous guidance
- 1Q20 backlog of $807.3 million was +9.4% vs. prior year quarter (excludes Spartan ER backlog acquired on February 1, 2020 and impact from Detroit FD order announced today)

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

First Quarter Fiscal 2020: Commercial Segment

Commercial Revenue

($millions)

- Sales of $158.2 million is up 12.4% vs. prior year period
- Sales benefited from an increase of municipal transit and shuttle bus sales partially offset by a decrease in terminal truck sales

Commercial Adj. EBITDA[1]

($millions)

- Adjusted EBITDA is up 116% year-over-year, to $10.8 million
- Adjusted EBITDA margin of 6.8% versus 3.6% in the prior year quarter
- Profitability of our combined shuttle bus businesses increased over 400 basis points year-over-year

Outlook

- Continued revenue and EBITDA growth expected in municipal and shuttle bus businesses
- Entering seasonally strong award and order quarters for school bus market with anticipated bookings and production increases
- Production beginning against a renewed, large national account order within the Specialty division
- Backlog of $455.6 million is up 6.6% and 1Q20 orders up over 50% vs. prior year quarter

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

First Quarter Fiscal 2020: Recreation Segment

Recreation Revenue
($millions)

- Soft towable unit sales and lower ASP within the Class A category was partially offset by higher Class B unit sales

Recreation Adj. EBITDA[1]
($millions)

- $7.0 million Adj. EBITDA reflects lower margin for the full segment, primarily due to lower production volume vs. 1Q19 and a mix shift to lower end units in multiple categories
- Adjusted EBITDA margin of 4.2% vs. 5.2% in the prior year quarter

Outlook

- Remaining 2020 model year units in dealer inventory are down significantly from this time last year
- Class A 2021 models are currently entering production ahead of schedule
- Class A dealer inventories remain near historic lows with backlog up over 30% vs. prior year quarter
- Class B backlog continues to grow, up 17% vs. prior year quarter
- Total segment backlog of $158.3 million is down approximately 30% year-over-year
- Orders within fiscal first quarter 2020 are up over 40% vs. the prior year quarter

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

Guidance update and modeling consideration

Spartan ER fiscal 2020 net sales impact expected to be $150 to $200 million.

ABL borrowing facility raised to $500 million from $450 million for purchase of Spartan ER.

Paid approximately $55 million in cash[1], resulting in $1 to $2 million added interest expense.

Spartan ER fiscal 2020 net cash provided by operating activities is expected to be approximately $15 million.

[1]Subject to a net working capital adjustment and certain liabilities of the business that were retained by Spartan Motors, Inc. post-closing.
Note: Purchase price represents a discount to net assets acquired.

Updated Full Year Fiscal 2020 Guidance

Updated Fiscal 2020 Guidance		
	Updated 2020 Guidance	Prior 2020 Guidance
Net Sales:	$2.6 to $2.8 billion	$2.45 to $2.6 billion
Adjusted EBITDA:	$107 to $123 million	$105 to $120 million
Net cash provided by operating activities:	$65 to $85 million	$50 to $70 million
Adjusted Net Income:	$30 to $50 million	$32 to $50 million
Net Income:	$9 to $30 million	$11 to $31 million

Modeling guidance: Capital expenditures of $23 to $28 million, interest expense of $29 to $33 million, effective tax rate of 27 percent to 29 percent.

Appendix

Reconciliation of Net Income (Loss) to Adjusted EBITDA by Segment

(Dollars in Millions)

	Three Months Ended January 31, 2020				
	Fire & Emergency	Commercial	Recreation	Corporate & Other	Total
Net income (loss)	$ (3.0)	$ 8.0	$ 3.2	$ (17.6)	$ (9.4)
Depreciation & amortization	3.5	1.9	3.5	1.9	10.8
Interest expense, net	1.2	0.3	0.1	5.7	7.3
Benefit for income taxes	—	—	—	(2.6)	(2.6)
EBITDA	1.7	10.2	6.8	(12.6)	6.1
Transaction expenses	—	—	—	1.1	1.1
Sponsor expense reimbursement	—	—	—	0.1	0.1
Restructuring costs	—	—	0.2	0.4	0.6
Stock-based compensation expense	—	—	—	2.6	2.6
Legal matters	—	—	—	0.1	0.1
Losses attributable to assets held for sale	—	0.6	—	—	0.6
Deferred purchase price payment	—	—	—	0.1	0.1
Adjusted EBITDA	$ 1.7	$ 10.8	$ 7.0	$ (8.2)	$ 11.3

	Three Months Ended January 31, 2019				
	Fire & Emergency	Commercial	Recreation	Corporate & Other	Total
Net income (loss)	$ 3.8	$ (2.3)	$ 4.0	$ (20.1)	$ (14.6)
Depreciation & amortization	3.4	2.5	4.0	2.3	12.2
Interest expense, net	0.9	0.5	0.1	6.3	7.8
Benefit for income taxes	—	—	—	(4.4)	(4.4)
EBITDA	8.1	0.7	8.1	(15.9)	1.0
Transaction expenses	0.1	—	—	0.1	0.2
Sponsor expense reimbursement	—	—	—	0.5	0.5
Restructuring costs	—	0.1	1.0	—	1.1
Stock-based compensation expense	—	—	—	1.4	1.4
Legal matters	—	—	—	2.1	2.1
Impairment charges	—	2.7	—	—	2.7
Losses attributable to assets held for sale	0.2	1.5	—	—	1.7
Deferred purchase price payment	—	—	—	1.6	1.6
Adjusted EBITDA	$ 8.4	$ 5.0	$ 9.1	$ (10.2)	$ 12.3

Reconciliation of Net Loss to Adjusted Net Loss

(Dollars in Millions)

	Three Months Ended January 31, 2020	Three Months Ended January 31, 2019
Net loss	$ (9.4)	$ (14.6)
Amortization of intangible assets	4.0	4.6
Transaction expenses	1.1	0.2
Sponsor expense reimbursement	0.1	0.5
Restructuring costs	0.6	1.1
Stock-based compensation expense	2.6	1.4
Legal matters	0.1	2.1
Impairment charges	—	2.7
Losses attributable to assets held for sale	0.6	1.7
Deferred purchase price payment	0.1	1.6
Income tax effect of adjustments	(2.5)	(4.2)
Adjusted Net Loss	$ (2.7)	$ (2.9)

FY2020 Adjusted EBITDA Outlook Reconciliation

(Dollars in Millions)

	Fiscal Year 2020	
	Low	High
Net Income	$ 9.3	$ 29.8
Depreciation and amortization	45.0	40.0
Interest expense, net	33.0	29.0
Income tax expense	3.5	12.0
EBITDA	90.8	110.8
Transaction expenses	1.0	0.5
Sponsor expense reimbursement	1.0	0.5
Restructuring costs	2.0	1.0
Stock-based compensation expense	8.0	7.0
Legal matters	3.5	2.5
Losses attributable to assets held for sale	0.6	0.6
Deferred purchase price payment	0.1	0.1
Adjusted EBITDA	$ 107.0	$ 123.0

FY2020 Adjusted Net Income Outlook Reconciliation

(Dollars in Millions)

	Fiscal Year 2020	
	Low	High
Net Income	$ 9.3	$ 29.8
Amortization of intangible assets	14.0	15.5
Transaction expenses	1.0	0.5
Sponsor expense reimbursement	1.0	0.5
Restructuring costs	2.0	1.0
Stock-based compensation expense	8.0	7.0
Legal matters	3.5	2.5
Losses attributable to assets held for sale	0.6	0.6
Deferred purchase price payment	0.1	0.1
Income tax effect of adjustments	(9.0)	(7.5)
Adjusted Net Income	$ 30.5	$ 50.0

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