

# Oshkosh Corporation

Third Quarter Fiscal 2020

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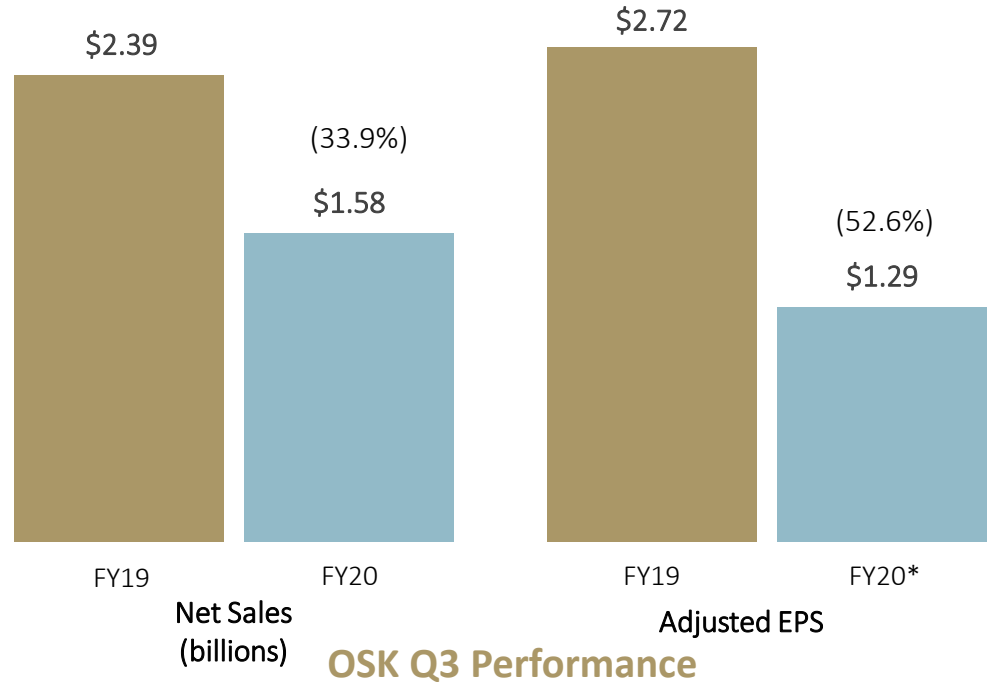
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# Forward-looking statements

This presentation contains statements that the Company believes to be “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact, including, without limitation, statements regarding the Company’s future financial position, business strategy, targets, projected sales, costs, earnings, capital expenditures, debt levels and cash flows, and plans and objectives of management for future operations, are forward-looking statements. When used in this presentation, words such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “should,” “project” or “plan” or the negative thereof or variations thereon or similar terminology are generally intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, assumptions and other factors, some of which are beyond the Company’s control, which could cause actual results to differ materially from those expressed or implied by such forward-looking statements. These factors include the overall impact of the COVID-19 pandemic on the Company’s business, results of operations and financial condition; the duration and severity of the COVID-19 pandemic; actions that may be taken by governmental authorities and others to address or otherwise mitigate the impact of the COVID-19 pandemic; the potential negative impacts of the COVID-19 pandemic on global economies and the Company’s customers, suppliers and employees; the cyclical nature of the Company’s access equipment, commercial and fire & emergency markets, which are particularly impacted by the strength of U.S. and European economies and construction seasons; the Company’s estimates of access equipment demand which, among other factors, is influenced by customer historical buying patterns and rental company fleet replacement strategies; the strength of the U.S. dollar and its impact on Company exports, translation of foreign sales and the cost of purchased materials; the expected level and timing of U.S. Department of Defense (DoD) and international defense customer procurement of products and services and acceptance of and funding or payments for such products and services; the Company’s ability to predict the level and timing of orders for indefinite delivery/indefinite quantity contracts with the U.S. federal government; risks related to reductions in government expenditures in light of U.S. defense budget pressures and an uncertain DoD tactical wheeled vehicle strategy; the impact of any DoD solicitation for competition for future contracts to produce military vehicles; risks related to facilities expansion, consolidation and alignment, including the amounts of related costs and charges and that anticipated cost savings may not be achieved; projected adoption rates of work at height machinery in emerging markets; the impact of severe weather, natural disasters or pandemics that may affect the Company, its suppliers or its customers; performance issues with suppliers or subcontractors; risks related to the collectability of receivables, particularly for those businesses with exposure to construction markets; the cost of any warranty campaigns related to the Company’s products; risks associated with international operations and sales, including compliance with the Foreign Corrupt Practices Act; risks that a trade war and related tariffs could reduce the competitiveness of the Company’s products; the Company’s ability to comply with complex laws and regulations applicable to U.S. government contractors; cybersecurity risks and costs of defending against, mitigating and responding to data security threats and breaches; the Company’s ability to successfully identify, complete and integrate acquisitions and to realize the anticipated benefits associated with the same; and risks related to the Company’s ability to successfully execute on its strategic road map and meet its long-term financial goals. Additional information concerning these and other factors is contained in the Company’s filings with the Securities and Exchange Commission, including the Form 8-K filed today. All forward-looking statements speak only as of the date of this presentation. The Company assumes no obligation, and disclaims any obligation, to update information contained in this presentation. Investors should be aware that the Company may not update such information until the Company’s next quarterly earnings conference call, if at all.

# Q3 results driven by strong execution

- Delivered solid performance despite pandemic challenges
  - Disciplined execution throughout the company
  - Benefited from Oshkosh culture
  - Aided by temporary cost reductions
- Remain focused on execution for long-term success – *“controlling what we can control”*
- Recently announced permanent cost reduction actions
- Maintained quarterly dividend at \$0.30 per share



\*Non-GAAP results. See appendix for reconciliation to GAAP results

# Access Equipment

- Swift actions supported solid Q3 performance despite impact of COVID-19
- Extending temporary manufacturing shutdowns in North America and Europe through Q4
- Announced permanent cost reductions
  - Shifting some European production to U.S., Mexico and China
  - Modest workforce reduction in U.S.
- Most markets remain low, difficult to forecast in near-term; encouraged over long-term
  - JLG staying agile and responsive to customer requirements
  - Fleet age expected to be a future tailwind
- Demand in China is returning



# Defense

- Another solid quarter highlighted by ongoing JLTV ramp up
  - Provides sound foundation and multi-year visibility
  - Received order for JLTV trailers
  - International interest levels remain high
- Robust backlog extends into FY22
- Announced JV in the Kingdom of Saudi Arabia in May
- New collective bargaining agreement for Wisconsin production team members through FY27



# Fire & Emergency

- Returned to strong double-digit operating income margin in Q3
  - Successfully resolved Q2 supplier quality issue
  - Improved customer travel and inspection flow
- As expected, lower fire truck orders in Q3 following an all-time record in Q2
  - Backlog remains solid
- Potential for lower municipal spending in the future



# Commercial

- Customer demand has slowed as a result of COVID-19 pandemic
  - Solid execution enabled strong Q3 performance
- Simplifying business with recent announcements
  - Relocating concrete mixer production from Dodge Center to other North American facilities
  - Sold Con-E-Co batch plant business
- Redesigned S-series 2.0 front discharge concrete mixer production ramping up



# Consolidated results

Dollars in millions, except per share amounts

Third Quarter	2020	2019
Net Sales	\$ 1,580.8	\$ 2,392.7
% Change	(33.9)%	10.0%
Adjusted operating income*	\$ 128.8	\$ 257.8
% Change	(50.1)%	12.0%
% Margin	8.1%	10.8%
Adjusted EPS*	\$ 1.29	\$ 2.72
% Change	(52.6)%	23.6%

## Q3 comments

- Sales impacted by:
  - Lower access equipment segment sales
- Adjusted EPS\* impacted by:
  - Lower sales volume
  - Adverse sales mix
  - + Favorable price/cost
  - + Lower incentive compensation
  - + Temporary cost reductions

\*Non-GAAP results. See appendix for reconciliation to GAAP results



# Update on remainder of FY20

- Not providing quantitative expectations for FY20
- Expect to exceed temporary cost reduction target of \$80-100 million pre-tax savings through end of FY20
- Announced restructuring plans and cost reduction actions targeting \$30-35 million in annualized savings
- Balance sheet continues to be strong
- Liquidity remains solid at \$1.1 billion
- Continue to target mid-20% adjusted consolidated decremental margins\*



\*Change in adjusted operating income divided by change in sales

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# Appendix: Access Equipment

Dollars in millions

Third Quarter	2020	2019
Net Sales	\$ 488.0	\$ 1,249.1
% Change	(60.9)%	7.7%
Adjusted operating income*	\$ 41.1	\$ 189.9
% Change	(78.4)%	21.6%
% Margin	8.4%	15.2%

\*Non-GAAP results. See appendix for reconciliation to GAAP results

## Q3 comments

- Sales impacted by:
  - Effects of COVID-19 on global markets
- Adjusted operating income\* impacted by:
  - Lower sales volume
  - Adverse absorption
  - + Improved price/cost
  - + Lower incentive compensation
  - + Temporary cost reductions
  - + Lower intangible amortization
- Backlog down 34.8% vs. prior year to \$557 million

# Appendix: Defense

Dollars in millions

Third Quarter	2020	2019
Net Sales	\$ 547.5	\$ 511.1
% Change	7.1%	15.5%
Operating Income	\$ 40.0	\$ 29.5
% Change	35.6%	(38.8)%
% Margin	7.3%	5.8%

## Q3 comments

- Sales impacted by:
  - + Continued ramp up of JLTV production
  - + Higher AMPS sales
  - Lower FHTV program sales
- Operating income impacted by:
  - + Prior year negative cumulative contract adjustment
  - + Higher sales volume
  - + Temporary cost reductions
  - Higher warranty expense
- Backlog up 15.3% vs. prior year to \$3.28 billion

# Appendix: Fire & Emergency

Dollars in millions

Third Quarter	2020	2019
Net Sales	\$ 310.7	\$ 341.0
% Change	(8.9)%	20.2%
Adjusted operating income*	\$ 48.7	\$ 50.7
% Change	(3.9)%	38.9%
% Margin	15.7%	14.9%

\*Non-GAAP results. See appendix for reconciliation to GAAP results

## Q3 comments

- Sales impacted by:
  - Lower build rate as a result of COVID-19
  - + Catch up of fire truck deliveries
- Adjusted operating income\* impacted by:
  - Lower sales volume
  - Adverse sales mix
  - + Improved price realization
  - + Lower incentive compensation
  - + Temporary cost reductions
- Backlog up 21.0% vs. prior year to \$1.16 billion

# Appendix: Commercial

Dollars in millions

Third Quarter	2020	2019
Net Sales	\$ 247.7	\$ 296.1
% Change	(16.3)%	0.3%
Adjusted operating income*	\$ 25.3	\$ 21.5
% Change	17.7%	(14.3)%
% Margin	10.2%	7.3%

## Q3 comments

- Sales impacted by:
  - Lower demand due to COVID-19
- Adjusted operating income\* impacted by:
  - + Impact of partial roof collapse in prior year
  - + Improved price/cost
  - Lower sales volume
- Backlog down 14.2% vs. prior year to \$288 million

\*Non-GAAP results. See appendix for reconciliation to GAAP results

# Appendix: GAAP to Non-GAAP reconciliation

The table below presents a reconciliation of the Company's presented GAAP measures to the most directly comparable non-GAAP measures (in millions, except per share amounts):

	Three months ended June 30		Change from 2019 to 2020
	2020	2019	
• Consolidated operating income (GAAP)	\$ 118.6	\$ 257.8	
• Restructuring costs	<u>10.2</u>	<u>-</u>	
• Adjusted consolidated operating income (non-GAAP)	\$ 128.8	\$ 257.8	\$ (129.0)
• Earnings per share-diluted (GAAP)	\$ 1.17	\$ 2.72	
• Restructuring costs, net of tax	<u>0.12</u>	<u>-</u>	
• Adjusted earnings per share-diluted (non-GAAP)	\$ 1.29	\$ 2.72	\$ (1.43)

# Appendix: GAAP to Non-GAAP reconciliation

The table below presents a reconciliation of the Company's presented GAAP measures to the most directly comparable non-GAAP measures (in millions):

	Three months ended June 30		Change from 2019 to 2020
	2020	2019	
• Access Equipment segment operating income (GAAP)	\$ 33.5	\$ 189.9	
• Restructuring costs	<u>7.6</u>	<u>-</u>	
• Adjusted Access Equipment segment operating income (non-GAAP)	\$ 41.1	\$ 189.9	\$ (148.8)
• Fire & Emergency segment operating income (GAAP)	\$ 47.6	\$ 50.7	
• Restructuring costs	<u>1.1</u>	<u>-</u>	
• Adjusted Fire & Emergency segment operating income (non-GAAP)	\$ 48.7	\$ 50.7	\$ (2.0)
• Commercial segment operating income (GAAP)	\$ 23.8	\$ 21.5	
• Restructuring costs	<u>1.5</u>	<u>-</u>	
• Adjusted Commercial segment operating income (non-GAAP)	\$ 25.3	\$ 21.5	\$ 3.8



# Appendix: Commonly used acronyms

ARFF	Aircraft Rescue and Firefighting	JUONS	Joint Urgent Operational Needs Statement
AWP	Aerial Work Platform	L-ATV	Light Combat Tactical All-Terrain Vehicle
AMPS	Aftermarket Parts & Service	LRIP	Low Rate Initial Production
APAC	Asia Pacific	LVSR	Logistic Vehicle System Replacement
ASC	Accounting Standards Codification	M-ATV	MRAP All-Terrain Vehicle
B&P	Bid & Proposal	MRAP	Mine Resistant Ambush Protected
CapEx	Capital Expenditures	MSVS	Medium Support Vehicle System (Canada)
CDC	Centers for Disease Control	NDAA	National Defense Authorization Act
CNG	Compressed Natural Gas	NOL	Net Operating Loss
DGE	Diesel Gallon Equivalent	NPD	New Product Development
DoD	Department of Defense	NRC	National Rental Company
EMD	Engineering & Manufacturing Development	OCO	Overseas Contingency Operations
EAME	Europe, Africa & Middle East	OH	Overhead
EPS	Diluted Earnings Per Share	OI	Operating Income
FAST Act	Fixing America's Surface Transportation Act	OPEB	Other Post-Employment Benefits
FDIC	Fire Department Instructors Conference	PLS	Palletized Load System
FHTV	Family of Heavy Tactical Vehicles	PUC	Pierce Ultimate Configuration
FMS	Foreign Military Sales	R&D	Research & Development
FMTV	Family of Medium Tactical Vehicles	RCV	Refuse Collection Vehicle
FRP	Full Rate Production	RFP	Request for Proposal
FYDP	Future Years Defense Program	ROW	Rest of World
GAAP	U.S. Generally Accepted Accounting Principles	SMP	Standard Military Pattern (Canadian MSVS)
GAO	Government Accountability Office	TACOM	Tank-automotive and Armaments Command
HEMTT	Heavy Expanded Mobility Tactical Truck	TDP	Technical Data Package
HET	Heavy Equipment Transporter	TPV	Tactical Protector Vehicle
HMMWV	High Mobility Multi-Purpose Wheeled Vehicle	TWV	Tactical Wheeled Vehicle
IRC	Independent Rental Company	UCA	Undefinitized Contract Action
IT	Information Technology	UIK	Underbody Improvement Kit (for M-ATV)
JLTV	Joint Light Tactical Vehicle	UK	United Kingdom
JPO	Joint Program Office	ZR	Zero Radius
JROC	Joint Requirements Oversight Council	3PL	Third Party Logistics