

MOVING THE WORLD AT WORK



Oshkosh Corporation

(NYSE:OSK)

Second Quarter Fiscal 2019

April 30, 2019

Wilson R. Jones
President and Chief Executive Officer

David M. Sagehorn
Executive Vice President
and Chief Financial Officer

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Forward-Looking Statements

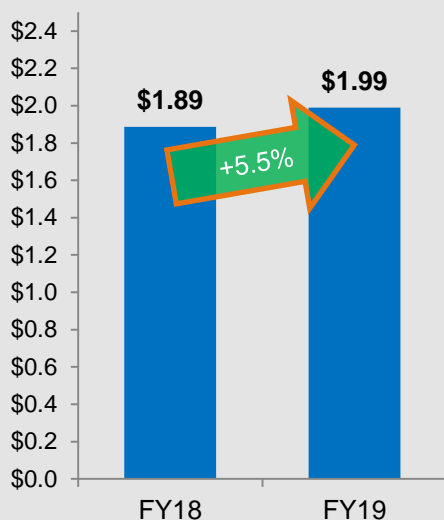
This presentation contains statements that the Company believes to be “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact, including, without limitation, statements regarding the Company’s future 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 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 ability to increase prices or impose surcharges to raise margins or to offset higher input costs, including increased commodity, raw material, labor and freight costs; 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, sequestration 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 or natural disasters that may affect the Company, its suppliers or its customers; performance issues with key 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 an escalating 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.



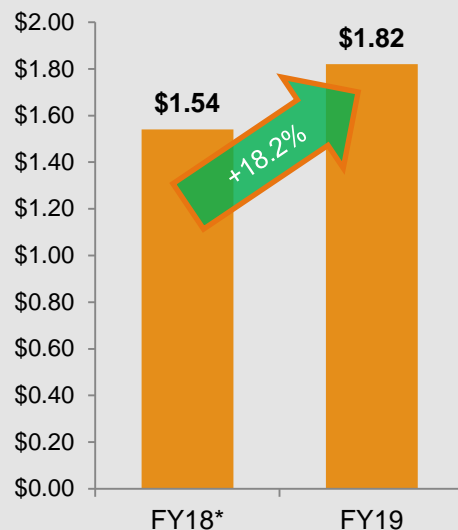
Q2: Another Strong Quarter

OSK Fiscal Q2 Performance

Net Sales
(billions)



Adjusted EPS



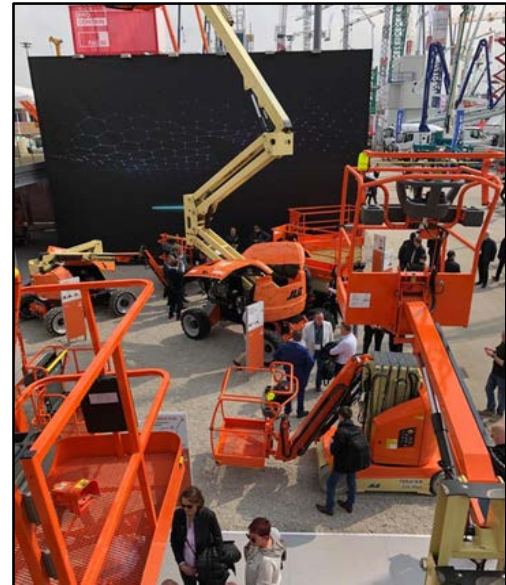
- 18% adjusted EPS* growth
 - Sales up in 3 of 4 segments
 - 100 bp increase in access equipment operating income margin
- Strong execution broadly across company despite weather impact
 - Demonstrates benefits of different integrated global industrial
- Well positioned for FY19
 - Backlogs and market indicators support solid outlook
- Raising FY19 adjusted EPS* expectations range to \$7.50 - \$7.80
- Strengthened leadership team with John Pfeifer joining as new COO



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

Access Equipment

- Sales growth in all regions in Q2
 - Pacific Rim growth driven by continued product adoption in China
- ARA Rental and BAUMA trade shows highlighted strong customer sentiment
- Industry metrics remain solid
- Lower but still solid Q2 orders and backlog
 - Both measures support increased full year outlook
- Significant operational improvements
 - Supply chain more stable
 - Team members gaining experience



Defense



- Continued ramp up of JLTV program
 - Government evaluating units with user-requested modifications
 - Working toward FRP milestone
 - FY20 President’s Budget request supports production into FY22
 - DoD 5-year defense plan implies orders >25,000 units thru FY23
- Launched ambulance TWV in March
- Strong visibility on other major U.S. programs
- Continuing development work on FMTV A2 program



Fire & Emergency



- Record quarter for orders leading to record backlog >\$1 billion
- Remain confident in outlook for North American fire truck market
- FDIC showcased Pierce leadership and innovations in fire truck market
 - Pierce Situational Awareness System by Fotokite
- Recent administrative bottlenecks to international sales are easing



Commercial

- Segment results and FY19 outlook impacted by extreme weather in Q2
 - Manufacturing facility partial roof collapse due to excessive snow accumulation
 - Strong rallying point for team as they work to mitigate impact of event
 - Reduced full year outlook
- RCV 3rd party chassis recovery plan on target
 - Q2 results negatively impacted (as expected)
- Waste Expo next week
 - Opportunity to strengthen existing relationships and begin new ones



Consolidated Results

(Dollars in millions, except per share amounts)

| | Second Quarter | |
|---------------------------|-----------------------|--------------------|
| | <u>2019</u> | <u>2018</u> |
| Net Sales | \$1,990.2 | \$1,886.4 |
| % Change | 5.5% | 16.6% |
| Adjusted Operating Income | \$175.6 | \$163.4* |
| % Change | 7.5% | 65.1% |
| % Margin | 8.8% | 8.7% |
| Adjusted EPS | \$1.82 | \$1.54* |
| % Change | 18.2% | 102.6% |

Q2 Comments

- Sales impacted by:
 - + Higher access equipment, defense and fire & emergency segment sales
 - Lower commercial segment sales
- Adjusted EPS* impacted by:
 - + Higher operating income in access equipment segment
 - + Share repurchases
 - Lower commercial segment results



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

Adoption of ASC 606 – Q2 FY19 and Expected FY19 Results

(Dollars in millions)

| | Second Quarter FY19 Results | | | Estimated Full Year FY19 Impact |
|-----------------------------|-----------------------------|-----------------------------|---------------------------------|---------------------------------|
| | As Reported | Without Adoption Of ASC 606 | Effect of Change Higher/(Lower) | |
| Access Equipment | | | | |
| Sales | \$ 987.6 | \$ 987.3 | \$ 0.3 | \$ - |
| Operating Income | 119.8 | 120.2 | (0.4) | - |
| Operating Income Margin | 12.1% | 12.2% | (10) bp | |
| Defense | | | | |
| Sales | \$ 486.7 | \$ 472.8 | \$ 13.9 | \$ (20.0) |
| Operating Income | 52.2 | 44.8 | 7.4 | 2.0 |
| Operating Income Margin | 10.7% | 9.5% | 120 bp | |
| Fire & Emergency | | | | |
| Sales | \$ 283.2 | \$ 286.1 | \$ (2.9) | \$ 45.0 |
| Operating Income | 36.6 | 38.0 | (1.4) | 8.0 |
| Operating Income Margin | 12.9% | 13.3% | (40) bp | |
| Commercial | | | | |
| Sales | \$ 237.9 | \$ 233.7 | \$ 4.2 | \$ - |
| Operating Income | 7.8 | 6.6 | 1.2 | - |
| Operating Income Margin | 3.3% | 2.8% | 50 bp | |
| Consolidated | | | | |
| Sales | \$ 1,990.2 | \$ 1,974.7 | \$ 15.5 | \$ 25.0 |
| Operating Income | 175.6 | 168.8 | 6.8 | 10.0 |
| Operating Income Margin | 8.8% | 8.5% | 30 bp | |



Updated Oshkosh FY19 Expectations

- Revenues of \$8.2 to \$8.3 billion
- Operating income of \$725 to \$755 million
- Adjusted EPS* of \$7.50 to \$7.80

| Segment information | | | | |
|-------------------------|------------------|--------------|------------------|--------------|
| Measure | Access Equipment | Defense | Fire & Emergency | Commercial |
| Sales (billions) | \$3.95 - \$4.05 | ~ \$2.0 | ~ \$1.225 | ~ \$1.025 |
| Operating Income Margin | 11.75% – 12.0% | 9.5% – 9.75% | 13.5% – 13.75% | 5.75% – 6.0% |

Additional expectations

- Corporate expenses of \$150 - \$155 million
- Adjusted tax rate* of ~21%
- CapEx of ~\$175 million
- Free Cash Flow* of ~\$450 million
- Assumes share count of ~71.0 million**

Q3 Expectations

- Higher sales vs. FY18
 - Growth in all segments except commercial
- Higher EPS vs. FY18

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

** Assumes ~\$350 million of share repurchases in FY19





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Appendix: Access Equipment

(Dollars in millions)

| | Second Quarter | | Q2 Comments |
|---------------------------|----------------|----------|---|
| | 2019 | 2018 | |
| Net Sales | \$987.6 | \$927.9 | <ul style="list-style-type: none"> ▪ Sales impacted by: <ul style="list-style-type: none"> + Higher volume, led by Pacific Rim + Improved pricing ▪ Adjusted operating income* impacted by: <ul style="list-style-type: none"> + Improved pricing + Higher sales volume + Operational efficiencies - Higher material costs - Deferred margin recognized in prior year ▪ Backlog down 13% vs. prior year to \$1.55 billion |
| % Change | 6.4% | 28.3% | |
| Adjusted Operating Income | \$119.8 | \$102.8* | |
| % Change | 16.5% | 73.4% | |
| % Margin | 12.1% | 11.1% | |
| | | | |



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

Appendix: Defense

(Dollars in millions)

| | Second Quarter | |
|------------------|-----------------------|--------------------|
| | <u>2019</u> | <u>2018</u> |
| Net Sales | \$486.7 | \$428.2 |
| % Change | 13.7% | (4.0)% |
| Operating Income | \$52.2 | \$48.4 |
| % Change | 7.9% | (2.0)% |
| % Margin | 10.7% | 11.3% |

Q2 Comments

- Sales impacted by:
 - + Ramp up of JLTV program
 - + Impact of ASC 606
- Operating income impacted by:
 - + Impact of ASC 606
 - + Higher sales volume
 - Adverse product mix
 - Facility startup costs
- Backlog up 82% vs. prior year to \$3.1 billion



Appendix: Fire & Emergency

(Dollars in millions)

| | Second Quarter | | Q2 Comments |
|------------------|----------------|-------------|---|
| | <u>2019</u> | <u>2018</u> | |
| Net Sales | \$283.2 | \$273.1 | <ul style="list-style-type: none"> ▪ Sales impacted by: <ul style="list-style-type: none"> + Higher content units + Improved pricing ▪ Operating income impacted by: <ul style="list-style-type: none"> + Improved pricing - Higher material costs ▪ Backlog up 6.4% vs. prior year to \$1.1 billion |
| % Change | 3.7% | 15.0% | |
| Operating Income | \$36.6 | \$36.0 | |
| % Change | 1.7% | 60.0% | |
| % Margin | 12.9% | 13.2% | |



Appendix: Commercial

(Dollars in millions)

| | Second Quarter | |
|---------------------------|-----------------------|--------------------|
| | <u>2019</u> | <u>2018</u> |
| Net Sales | \$237.9 | \$263.9 |
| % Change | (9.9)% | 22.2% |
| Adjusted Operating Income | \$7.8 | \$18.2* |
| % Change | (57.1)% | 203.3% |
| % Margin | 3.3% | 6.9% |

Q2 Comments

- Sales impacted by:
 - Lower deliveries due to weather-related production disruption
- Adjusted operating income* impacted by:
 - Lower sales volume and inefficiencies due to weather-related production disruption
- Backlog up 5.9% vs. prior year to \$449 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 | |
|---|--------------------|-----------------|
| | March 31, | |
| | 2019 | 2018 |
| Access equipment segment operating income (GAAP) | \$ 119.8 | \$ 97.6 |
| Costs and inefficiencies related to restructuring actions | - | 5.2 |
| Adjusted access equipment segment operating income (non-GAAP) | <u>\$ 119.8</u> | <u>\$ 102.8</u> |
| Commercial segment operating income (GAAP) | \$ 7.8 | \$ 16.4 |
| Restructuring costs | - | 1.8 |
| Adjusted commercial segment operating income (non-GAAP) | <u>\$ 7.8</u> | <u>\$ 18.2</u> |
| Consolidated operating income (GAAP) | \$ 175.6 | \$ 156.4 |
| Costs and inefficiencies related to restructuring actions | - | 7.0 |
| Adjusted consolidated operating income (non-GAAP) | <u>\$ 175.6</u> | <u>\$ 163.4</u> |
| Earnings per share-diluted (GAAP) | \$ 1.82 | \$ 1.47 |
| Costs and inefficiencies related to restructuring actions, net of tax | - | 0.07 |
| Adjusted earnings per share-diluted (non-GAAP) | <u>\$ 1.82</u> | <u>\$ 1.54</u> |



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):

| | Fiscal Year Ended | |
|---|---------------------------------|----------------|
| | September 30, 2019 Expectations | |
| | Low | High |
| Earnings per share-diluted (GAAP) | \$ 7.40 | \$ 7.70 |
| Repatriation tax adjustment | 0.10 | 0.10 |
| Adjusted earnings per share-diluted (non-GAAP) | <u>\$ 7.50</u> | <u>\$ 7.80</u> |
| | | |
| | Fiscal 2019 Expectations | |
| Effective income tax rate (GAAP) | 22.0% | |
| Repatriation tax adjustment | <u>(1.0%)</u> | |
| Adjusted effective income tax rate (non-GAAP) | <u>21.0%</u> | |
| | | |
| Net cash flows provided by operating activities | \$ 625.0 | |
| Additions to property, plant and equipment | <u>(175.0)</u> | |
| Free cash flow | <u>\$ 450.0</u> | |



Appendix: Commonly Used Acronyms

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

