

# Oshkosh Corporation

Fourth Quarter Fiscal 2020

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WILSON JONES – CHIEF EXECUTIVE OFFICER

JOHN PFEIFER - PRESIDENT AND CHIEF OPERATING OFFICER

MIKE PACK – EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

PATRICK DAVIDSON – SENIOR VICE PRESIDENT, INVESTOR RELATIONS



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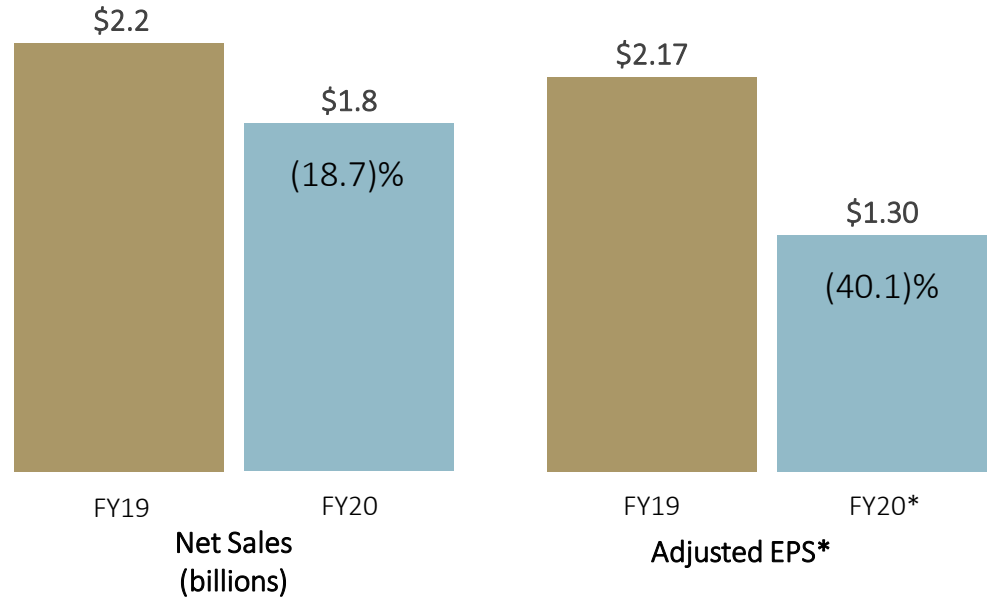
# Forward-looking statements

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 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.

# Solid Q4 performance in a challenging environment

- Strong results despite pandemic challenges
  - Grew adj. operating income\* in three of four segments
  - Oshkosh culture facilitated strong execution
  - Rapid response in lowering costs drove performance
- Disciplined focus on the “controllables”
- Access equipment industry demand remains soft
- Increased quarterly dividend by 10% to \$0.33 per share

## OSK Q4 Performance

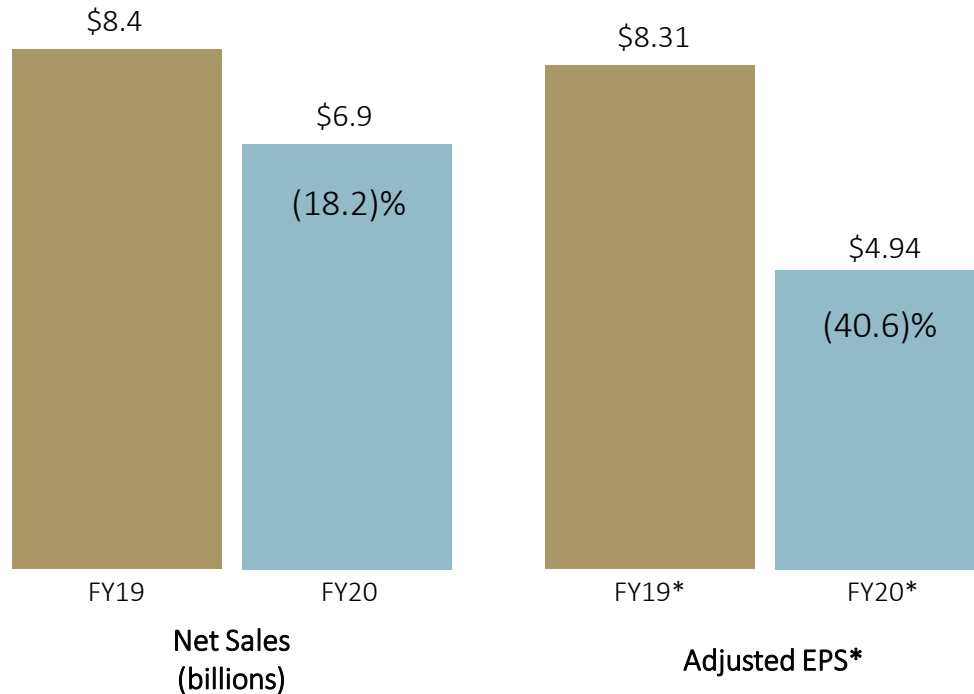


\*Non-GAAP results. See appendix for reconciliation to GAAP results

# Strength of Oshkosh culture evident despite adversity in FY20

- Strong execution drove impressive results despite pandemic/lower revenues
- Implemented temporary cost reductions for FY20 and permanent cost reductions for FY21
- Culture driving strong ESG metrics
  - Named to Dow Jones Sustainability World Index
  - 3<sup>rd</sup> straight year to be named to Barron's Top 100 Sustainable Companies
- Strong balance sheet provides future opportunities

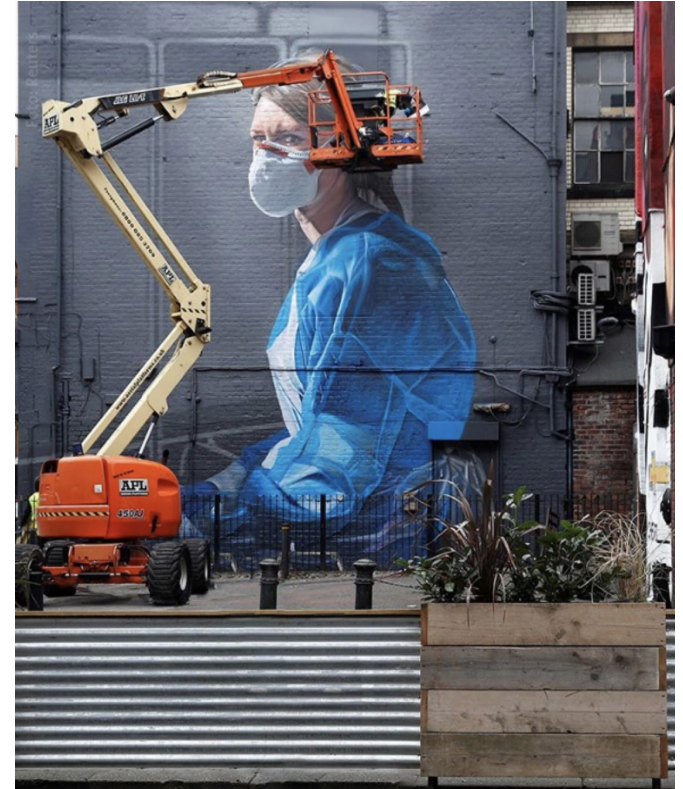
## OSK FY20 Performance



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

# Access Equipment

- Flexible approach during challenging period drove solid performance
- North America and Europe markets remain soft as rental customers limit investments in new equipment
  - JLG staying agile and responsive to customers
  - Fleet age continues to increase
  - Expect markets to recover
- Managing production facilities at reduced levels to align with demand during pandemic
- China continues to recover; remains a strong opportunity



# Defense

- Double-digit full year FY20 revenue growth during the pandemic provided stability
  - Ongoing ramp up of JLTV led to higher revenues
  - Facing staffing and production challenges due to elevated COVID-19 levels in Wisconsin
- Robust backlog provides good visibility
- Received contract in October for international JLTV sales to Belgium
  - Orders from four international customers to date, expect additional orders in FY21
- Expect no significant impact to key Oshkosh programs from U.S. government's recently enacted Continuing Resolution



# Fire & Emergency

- Strong execution led to record quarterly performance in Q4 on the heels of strong Q3
  - Simplification and innovation continue to drive impressive results
  - Overcame supplier, customer delivery and other challenges
- Achieved new record for fire truck orders in FY20
  - Lower fire truck orders in Q4 as expected
  - Backlog remains near record levels
- Strong sales outlook for FY21 but orders could soften as result of COVID-19 impacts
- Focused on new technologies



# Commercial

- Strong Q4 and full year FY20 adj. operating income margins\* despite challenges caused by the pandemic
- Front discharge concrete mixers ramping up
- Recent restructuring/simplification actions on track
  - RCV business builds on strong foundation in Dodge Center, Minnesota
  - Rear discharge concrete mixer business consolidates in London, Ontario
- Continuing to invest in electrification as future alternative for customers seeking lower emissions



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



# Consolidated results

Dollars in millions, except per share amounts

Fourth Quarter	2020	2019
Net Sales	\$ 1,784.2	\$ 2,195.7
% Change	(18.7)%	6.7%
Adjusted operating income	\$ 124.1*	\$ 203.1
% Change	(38.9)%	12.5%
% Margin	7.0%	9.2%
Adjusted EPS	\$ 1.30*	\$ 2.17
% Change	(40.1)%	20.6%

## Q4 comments

- Sales impacted by:
  - Lower access equipment segment sales
- Adjusted EPS\* impacted by:
  - Lower sales volume
  - Adverse product mix
  - + Temporary cost reductions

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

# Comments on FY21

- Not providing quantitative expectations for FY21
  - Uncertainty in Access Equipment and Commercial segment demand
  - Strong backlogs provide visibility in the Defense and Fire & Emergency segments
  - Increased COVID-19 cases challenging production in Wisconsin
  - Maintain positive long-term outlook
- Update on cost reductions
  - FY20 temporary cost reductions of \$120 million largely return to expense run rate
  - Expect to achieve ~\$20 million in FY21 as a result of previously announced permanent actions; expect total benefit of \$30-35 million in FY22
  - Recently implemented additional permanent expense reductions of ~\$15 million for FY21
  - Expect total benefit from permanent cost reductions of ~\$35 million in FY21 and \$45-50 million in FY22



# Contacts:

**Patrick N. Davidson**  
**Senior Vice President, Investor Relations**

[pdavidson@oshkoshcorp.com](mailto:pdavidson@oshkoshcorp.com)

920-502-3266

**Jeffrey D. Watt**  
**Director, Investor Relations**

[jwatt@oshkoshcorp.com](mailto:jwatt@oshkoshcorp.com)

920-502-3024



# Appendix: Access Equipment

Dollars in millions

Fourth Quarter	2020	2019
Net Sales	\$ 616.2	\$ 1,016.5
% Change	(39.4)%	(4.2)%
Adjusted operating income	\$ 32.8*	\$ 126.5
% Change	(74.1)%	(1.3)%
% Margin	5.3%	12.4%

## Q4 comments

- Sales impacted by:
  - Effects of COVID-19 on global markets
- Adjusted operating income\* impacted by:
  - Lower sales volume
  - Adverse absorption
  - + Temporary cost reductions
- Backlog down 6.0% vs. prior year to \$367 million

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

# Appendix: Defense

Dollars in millions

Fourth Quarter	2020	2019
Net Sales	\$ 606.6	\$ 570.2
% Change	6.4%	22.7%
Adjusted operating Income	\$ 53.5*	\$ 50.5
% Change	5.9%	14.8%
% Margin	8.8%	8.9%

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

## Q4 comments

- Sales impacted by:
  - + Higher international truck volume
  - + Higher AMPS sales
- Adjusted operating income\* impacted by:
  - + Improved product mix
  - + Higher sales volume
  - Prior year cumulative contract adjustment
  - Higher engineering & proposal spending
- Backlog up 12.9% vs. prior year to \$2.81 billion

# Appendix: Fire & Emergency

Dollars in millions

Fourth Quarter	2020	2019
Net Sales	\$ 318.4	\$ 346.4
% Change	(8.1)%	22.1%
Adjusted operating income	\$ 52.3*	\$ 49.3
% Change	6.1%	23.9%
% Margin	16.4%	14.2%

## Q4 comments

- Sales impacted by:
  - Large international sale in prior year
- Adjusted operating income\* impacted by:
  - + Improved price/cost dynamics
  - + Improved absorption
  - Lower sales volume
- Backlog up 15.2% vs. prior year to \$1.12 billion

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

# Appendix: Commercial

Dollars in millions

Fourth Quarter	2020	2019
Net Sales	\$ 249.2	\$ 266.0
% Change	(6.3)%	4.6%
Adjusted operating income	\$ 20.2*	\$ 18.8
% Change	7.4%	33.3%
% Margin	8.1%	7.1%

## Q4 comments

- Sales impacted by:
  - Lower RCV demand due to COVID-19
- Adjusted operating income\* impacted by:
  - + Temporary cost reductions
  - + Favorable material costs
  - Adverse product mix
  - Lower sales volume
- Backlog down 4.6% vs. prior year to \$283 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 September 30		Twelve months ended September 30	
	2020	2019	2020	2019
• Earnings per share-diluted (GAAP)	\$ 1.46	\$ 2.17	\$ 4.72	\$ 8.21
• Restructuring-related costs, net of tax	0.14	-	0.26	-
• Arbitration settlement, net of tax	(0.05)	-	(0.05)	-
• Insurance proceeds, net of tax	(0.21)	-	(0.21)	-
• Gain on sale of a business, net of tax	(0.04)	-	(0.04)	-
• Debt extinguishment costs, net of tax	-	-	0.10	-
• Revaluation of net deferred tax liabilities	-	-	0.16	-
• Repatriation tax	-	-	-	0.10
• Adjusted earnings per share-diluted (non-GAAP)	\$ 1.30	\$ 2.17	\$ 4.94	\$8.31



# 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 September 30		Change from 2019 to 2020
	2020	2019	
• Consolidated operating income (GAAP)	\$ 127.4	\$ 203.1	\$ (75.7)
• Restructuring-related costs	13.0	-	
• Arbitration settlement	(0.9)	-	
• Proceeds from business interruption insurance	(12.3)	-	
• Gain on sale of a business	<u>(3.1)</u>	<u>-</u>	
• Adjusted consolidated operating income (non-GAAP)	\$ 124.1	\$ 203.1	\$ (79.0)

	Fiscal year ended September 30, 2020
• Net cash flows provided by operating activities	\$ 327.3
• Additions to property, plant and equipment, net	(109.9)
• Additions to equipment held for rental, net	<u>20.9</u>
• Free cash flow	\$ 238.3

Decremental Margin - change in adjusted operating income divided by change in sales

# 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 September 30		Change from 2019 to 2020
	2020	2019	
• Access Equipment segment operating income (GAAP)	\$ 25.3	\$ 126.5	\$ (101.2)
• Restructuring-related costs	<u>7.5</u>	<u>-</u>	
• Adjusted Access Equipment segment operating income (non-GAAP)	\$ 32.8	\$ 126.5	\$ (93.7)
• Defense segment operating income (GAAP)	\$ 54.4	\$ 50.5	\$ 3.9
• Arbitration settlement	<u>(0.9)</u>	<u>-</u>	
• Adjusted Defense segment operating income (non-GAAP)	\$ 53.5	\$ 50.5	\$ 3.0
• Fire & Emergency segment operating income (GAAP)	\$ 52.0	\$ 49.3	\$ 2.7
• Restructuring costs	<u>0.3</u>	<u>-</u>	
• Adjusted Fire & Emergency segment operating income (non-GAAP)	\$ 52.3	\$ 49.3	\$ 3.0
• Commercial segment operating income (GAAP)	\$ 31.5	\$ 18.8	\$ 12.7
• Restructuring-related costs	4.1	-	
• Proceeds from business interruption insurance	(12.3)	-	
• Gain on sale of a business	<u>(3.1)</u>	<u>-</u>	
• Adjusted Commercial segment operating income (non-GAAP)	\$ 20.2	\$ 18.8	\$ 1.4

# 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):

	Twelve months ended September 30		Change from 2019 to 2020
	2020	2019	
• Access Equipment segment operating income (GAAP)	\$ 198.6	\$ 502.6	\$ (304.0)
• Restructuring-related costs	<u>15.1</u>	<u>-</u>	
• Adjusted Access Equipment segment operating income (non-GAAP)	\$ 213.7	\$ 502.6	\$ (288.9)
• Commercial segment operating income (GAAP)	\$ 81.2	\$ 66.8	\$ 14.4
• Restructuring-related costs	5.6	-	
• Proceeds from business interruption insurance	(12.3)	-	
• Gain on sale of a business	<u>(3.1)</u>	<u>-</u>	
• Adjusted Commercial segment operating income (non-GAAP)	\$ 71.4	\$ 66.8	\$ 4.6

# 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