

# MOVING THE WORLD AT WORK



## Oshkosh Corporation

(NYSE:OSK)

**Third Quarter Fiscal 2018**

July 31, 2018

**Wilson R. Jones**  
President and Chief Executive Officer

**David M. Sagehorn**  
Executive Vice President  
and Chief Financial Officer

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



# Forward-Looking Statements

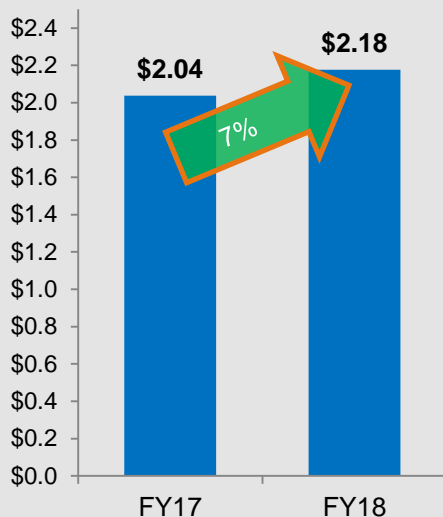
This presentation contains statements that the Company believes to be “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact, including, without limitation, statements regarding the Company’s future 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 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 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; 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; the Company’s ability to increase prices or impose surcharges to raise margins or offset higher input costs, including increasing commodity and other raw material costs due to a sustained economic recovery, tariffs or other factors; 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; 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; 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.



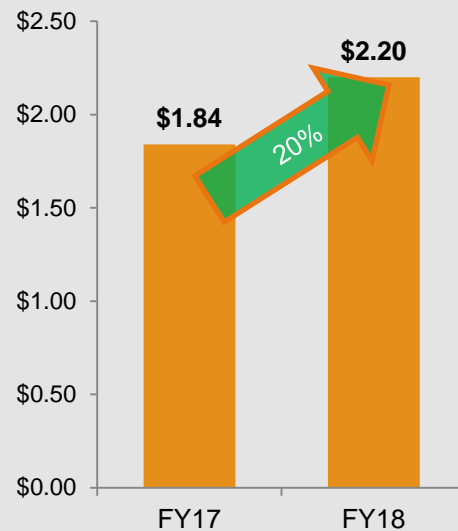
# Solid FY18 Q3 Performance

## OSK Fiscal Q3 Performance

Net Sales  
(billions)



Adjusted EPS\*



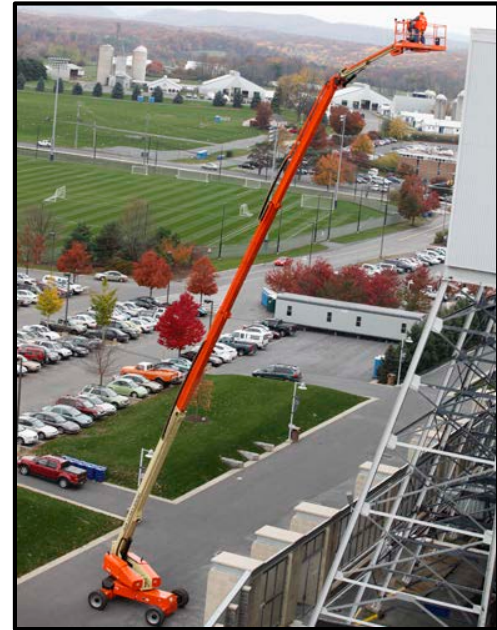
- Yr/Yr growth in Q3 - Net sales, adjusted operating income\* and adjusted EPS\*
  - Double digit percentage sales growth in access equipment segment
- Market drivers and backlogs strong, despite global trade uncertainty
- Executing actions to mitigate significant input cost inflation
- Increasing full year FY18 adjusted EPS\* estimate range to \$6.00 - \$6.10

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



# Access Equipment

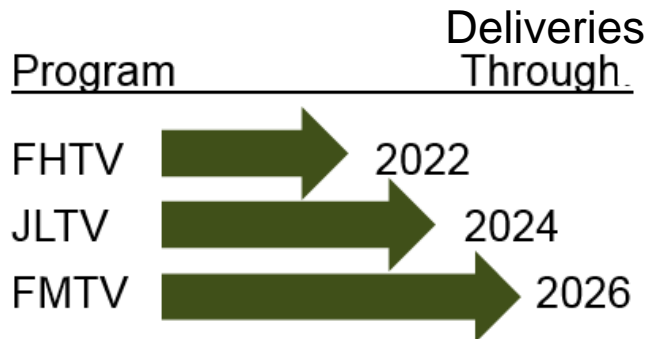
- Record quarterly sales
- Orders moderated after extremely strong first half
- North American rental market remains strong
- International demand continues to grow
- Making progress working through operations challenges
  - Efforts focused on supply chain and newer workforce
- Evaluating price increase levels for calendar 2019



# Defense



*Strategic supplier for major  
TWV programs of record*



- Strong quarter despite lower international M-ATV sales
- Successfully executing JLTV program
  - Outstanding test results driving high levels of reliability
  - Large order for FY19 received in late June
- United Kingdom purchased two developmental JLTVs
- Favorable funding for Oshkosh programs in FY19 NDAA



# Fire & Emergency



- Another quarter of margin growth
- Focus on simplification continues
- Successful launch of new mid-mount Ascendant aerial
  - Strong response at customer demo events
- Significant contract wins for U.S. Air Force and Beijing airport
- Macroeconomic factors support stable fire apparatus market



# Commercial

- Meaningfully improved Q3 performance
  - RCV demand remains solid
  - Concrete mixer orders up over prior year
- Simplification activities gaining momentum
- North American construction markets and drivers remain positive
  - Demographics and building trends continue to be favorable
  - Fleet ages remain elevated



# Consolidated Results

(Dollars in millions, except per share amounts)

	<b>Third Quarter</b>	
	<b><u>2018</u></b>	<b><u>2017</u></b>
Net Sales	\$2,175.8	\$2,036.9
% Change	6.8%	16.6%
Adjusted Operating Income*	\$229.3	\$222.5
% Change	3.1%	51.6%
% Margin	10.5%	10.9%
Adjusted EPS*	\$2.20	\$1.84
% Change	19.6%	62.8%

## **Q3 Comments**

- Sales impacted by:
  - + Higher access equipment segment sales
  - Lower defense segment sales
- Adjusted EPS\* impacted by:
  - + Lower tax rate due to tax reform
  - + Higher non-defense segment adjusted operating income
  - Lower defense segment operating income



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



# Updated FY18 Expectations

- Revenues of \$7.60 to \$7.65 billion
- Adjusted operating income\* of \$630 to \$640 million
- Adjusted EPS\* of \$6.00 to \$6.10

Segment information				
Measure	Access Equipment	Defense	Fire & Emergency	Commercial
Sales (billions)	~\$3.7	~ \$1.825	~ \$1.1	~ \$1.025
Adj. Operating Income Margin	~10.5%*	~11.25%	~12.25%	~6.25%*

## Additional expectations

- Corporate expenses of ~\$160 million
- Adjusted tax rate\* of ~23%
- CapEx of ~\$100 million
- Free Cash Flow\* of ~\$200 million
- Assumes share count of ~75.1 million

## Q4 Expectations

- Flat sales vs. prior year
  - Access Equipment and Fire & Emergency increases offset by Defense and Commercial segment declines
- Modestly higher adjusted EPS vs. prior year



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



**For information  
contact:**

**Patrick N. Davidson**  
Senior Vice President,  
Investor Relations  
(920) 966-5939  
[pdavidson@oshkoshcorp.com](mailto:pdavidson@oshkoshcorp.com)

**Jeffrey D. Watt**  
Director, Investor Relations  
(920) 233-9406  
[jwatt@oshkoshcorp.com](mailto:jwatt@oshkoshcorp.com)



# Appendix: Access Equipment

(Dollars in millions)

	Third Quarter	
	<u>2018</u>	<u>2017</u>
Net Sales	\$1,160.1	\$980.2
% Change	18.4%	2.9%
Adjusted Operating Income*	\$156.2	\$140.8
% Change	10.9%	15.3%
% Margin	13.5%	14.4%

## Q3 Comments

- Sales impacted by:
  - + Higher telehandler and aerial work platform volume
- Adjusted operating income\* impacted by:
  - + Higher sales volume
  - + Improved pricing
  - Production ramp up challenges
  - Adverse customer & product mix
  - Higher freight costs
  - Unfavorable currency impact
- Backlog up 134% vs. prior year to \$1.23 billion



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

# Appendix: Defense

(Dollars in millions)

	Third Quarter	
	<u>2018</u>	<u>2017</u>
Net Sales	\$442.6	\$482.7
% Change	(8.3)%	82.6%
Operating Income	\$47.5	\$62.4
% Change	(23.9)%	226.7%
% Margin	10.7%	12.9%

## Q3 Comments

- Sales impacted by:
  - M-ATV international sales
  - + Ramp up of JLTV program
  - + Higher FMTV sales
- Operating income impacted by:
  - Adverse product mix
  - Lower sales volume
  - + Improved manufacturing performance
  - + Lower warranty costs
- Backlog up 18% vs. prior year to \$2.25 billion



# Appendix: Fire & Emergency

(Dollars in millions)

	<b>Third Quarter</b>	
	<b><u>2018</u></b>	<b><u>2017</u></b>
Net Sales	\$283.8	\$282.9
% Change	0.3%	13.8%
Operating Income	\$36.4	\$30.8
% Change	18.2%	56.3%
% Margin	12.8%	10.9%

## **Q3 Comments**

- Sales impacted by:
  - + Improved pricing
  - International sales timing
- Operating income impacted by:
  - + Improved pricing
  - Higher SG&A costs
- Backlog up 8% vs. prior year to \$967 million



# Appendix: Commercial

(Dollars in millions)

	<b>Third Quarter</b>	
	<b><u>2018</u></b>	<b><u>2017</u></b>
Net Sales	\$295.2	\$295.2
% Change	0.0%	2.5%
Operating Income	\$25.1	\$21.6
% Change	16.2%	(9.2)%
% Margin	8.5%	7.3%

## **Q3 Comments**

- Sales impacted by:
  - + Higher RCV volume
  - Lower concrete mixer volume
- Operating income impacted by:
  - + Improved product mix
  - + Lower operating expenses
  - Higher material costs
- Backlog up 15% vs. prior year to \$383 million



# 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,	
	2018	2017
Access equipment segment operating income (GAAP)	\$ 149.3	\$ 130.2
Costs and inefficiencies related to restructuring actions	6.9	10.6
Adjusted access equipment segment operating income (non-GAAP)	<u>\$ 156.2</u>	<u>\$ 140.8</u>
Consolidated operating income (GAAP)	\$ 222.4	\$ 211.9
Costs and inefficiencies related to restructuring actions	6.9	10.6
Adjusted consolidated operating income (non-GAAP)	<u>\$ 229.3</u>	<u>\$ 222.5</u>
Earnings per share-diluted (GAAP)	\$ 2.05	\$ 1.69
Costs and inefficiencies related to restructuring actions, net of tax	0.07	0.15
Debt extinguishment costs, net of tax	0.10	-
Revaluation of net deferred tax liabilities	(0.08)	-
Repatriation tax	0.06	-
Adjusted earnings per share-diluted (non-GAAP)	<u>\$ 2.20</u>	<u>\$ 1.84</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, 2018 Expectations	
	Low	High
Consolidated operating income (GAAP)	\$ 595	\$ 605
Costs and inefficiencies related to restructuring actions	35	35
Adjusted consolidated operating income (non-GAAP)	<u>\$ 630</u>	<u>\$ 640</u>
Earnings per share-diluted (GAAP)	\$ 5.65	\$ 5.75
Costs and inefficiencies related to restructuring actions, net of tax	0.35	0.35
Debt extinguishment costs, net of tax	0.10	0.10
Revaluation of net deferred tax liabilities	(0.39)	(0.39)
Repatriation tax	0.29	0.29
Adjusted earnings per share-diluted (non-GAAP)	<u>\$ 6.00</u>	<u>\$ 6.10</u>
Access equipment segment operating income margin (GAAP)		9.65%
Costs and inefficiencies related to restructuring actions		0.85%
Adjusted access equipment segment operating income margin (non-GAAP)		<u>10.50%</u>
Commercial segment operating income margin (GAAP)		5.85%
Restructuring costs		0.40%
Adjusted commercial segment operating income margin (non-GAAP)		<u>6.25%</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):

	<b>Fiscal 2018 Expectations</b>
	<u>                    </u>
<b>Net cash flows provided by operating activities</b>	<b>\$ 300.0</b>
<b>Additions to property, plant and equipment</b>	<b>(100.0)</b>
<b>Free cash flow</b>	<b><u>\$ 200.0</u></b>
	<b>Fiscal Year Ended September 30, 2018 Expectations</b>
	<u>                    </u>
<b>Effective income tax rate (GAAP)</b>	<b>21.5%</b>
<b>Revaluation of net deferred tax liabilities</b>	<b>5.1%</b>
<b>Repatriation tax</b>	<b>(3.6%)</b>
<b>Adjusted effective income tax rate (non-GAAP)</b>	<b><u>23.0%</u></b>



# Appendix: Commonly Used Acronyms

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

