

---

# WABASH NATIONAL CORPORATION

## 2020 Q3 EARNINGS RELEASE



**WNC**  

---

**LISTED**  

---

**NYSE**

# SAFE HARBOR STATEMENT & NON-GAAP FINANCIAL MEASURES

This presentation contains certain forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. Forward-looking statements convey Wabash National Corporation's (the "Company") current expectations or forecasts of future events. All statements contained in this presentation other than statements of historical fact are forward-looking statements. These forward-looking statements include, among other things, all statements regarding the Company's outlook for trailer and truck body shipments, backlog, expectations regarding demand levels for trailers, truck bodies, non-trailer equipment and our other diversified product offerings, pricing, profitability and earnings, cash flow and liquidity, opportunity to capture higher margin sales, new product innovations, our growth and diversification strategies, our expectations for improved financial performance during the course of the year and our expectations with regards to capital allocation. These and the Company's other forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those implied by the forward-looking statements. Without limitation, these risks and uncertainties include a continued or prolonged shutdown or reduction of our operations, substantially reduced customer orders or sales volumes and supply disruptions due to the coronavirus (COVID-19) outbreak, the continued integration of Supreme into the Company's business, adverse reactions to the transaction by customers, suppliers or strategic partners, uncertain economic conditions including the possibility that customer demand may not meet our expectations, increased competition, reliance on certain customers and corporate partnerships, risks of customer pick-up delays, shortages and costs of raw materials including the impact of tariffs or other international trade developments, risks in implementing and sustaining improvements in the Company's manufacturing operations and cost containment, dependence on industry trends and timing, supplier constraints, labor costs and availability, customer acceptance of and reactions to pricing changes and costs of indebtedness. Readers should review and consider the various disclosures made by the Company in this presentation and in the Company's reports to its stockholders and periodic reports on Forms 10-K and 10-Q.

We cannot give assurance that the expectations reflected in our forward-looking statements will prove to be correct. Our actual results could differ materially from those anticipated in these forward-looking statements. All written and oral forward-looking statements attributable to us are expressly qualified in their entirety by the factors we disclose that could cause our actual results to differ materially from our expectations.

In addition to disclosing financial results calculated in accordance with United States generally accepted accounting principles (GAAP), the financial information included in this presentation contains non-GAAP financial measures, including operating EBITDA, adjusted operating income (loss), adjusted net income (loss), adjusted earnings per share, adjusted segment EBITDA, and adjusted segment EBITDA margin. These non-GAAP measures should not be considered a substitute for, or superior to, financial measures and results calculated in accordance with GAAP, including net (loss) income, and reconciliations to GAAP financial statements should be carefully evaluated.

Operating EBITDA is defined as earnings before interest, taxes, depreciation, amortization, stock-based compensation, debt issuance costs expensed within *General & administrative expenses* related to the closing of the New Term Loan Credit Agreement, impairment and other, net, and other non-operating income and expense (which includes loss on debt extinguishment charges). Management believes providing operating EBITDA is useful for investors to understand the Company's performance and results of operations period to period with the exclusion of the items identified above. Management believes the presentation of operating EBITDA, when combined with the GAAP presentations of operating income (loss) and net income (loss), is beneficial to an investor's understanding of the Company's operating performance. A reconciliation of operating EBITDA to net income (loss) is included in the appendix to this presentation.

Free cash flow is defined as net cash provided by operating activities minus capital expenditures. Management believes providing free cash flow is useful for investors to understand the Company's performance and results of cash generation period to period with the exclusion of the item identified above. Management believes the presentation of free cash flow, when combined with the GAAP presentations of cash provided by operating activities, is beneficial to an investor's understanding of the Company's operating performance. A reconciliation of free cash flow to cash provided by operating activities is included in the appendix to this presentation.

Adjusted operating income (loss), a non-GAAP financial measure, excludes certain costs, expenses, other charges, gains or income that are included in the determination of operating income (loss) under U.S. GAAP, but that management would not consider important in evaluating the quality of the Company's operating results as they are not indicative of the Company's core operating results or may obscure trends useful in evaluating the Company's continuing activities. Accordingly, the Company presents adjusted operating income (loss) excluding these special items to help investors evaluate our operating performance and trends in our business consistent with how management evaluates such performance and trends. Further, the Company presents adjusted operating income (loss) to provide investors with a better understanding of the Company's view of our results as compared to prior periods. A reconciliation of adjusted operating income (loss) to operating income (loss), the most comparable GAAP financial measure, is included in the appendix to this presentation.

Adjusted net income and adjusted earnings per diluted share each reflect adjustments for non-cash impairment and debt transactions, and the related tax effects of these adjustments. Management believes providing adjusted measures and excluding certain items facilitates comparisons to the Company's prior year periods and, when combined with the GAAP presentation of net income (loss) and diluted net income (loss) per share, is beneficial to an investor's understanding of the Company's performance. A reconciliation of adjusted net income and adjusted earnings per diluted share to net income (loss) and net income (loss) per diluted share is included in the appendix to this presentation.

Adjusted segment EBITDA, a non-GAAP financial measure, is calculated by adding back segment depreciation and amortization expense to segment operating income (loss), and excludes certain costs, expenses, other charges, gains or income that are included in the determination of operating income (loss) under GAAP, but that management would not consider important in evaluating the quality of the Company's segment operating results as they are not indicative of each segment's core operating results or may obscure trends useful in evaluating the segment's continuing activities. Adjusted segment EBITDA Margin is calculated by dividing adjusted segment EBITDA by segment total net sales. A reconciliation of adjusted segment EBITDA to income (loss) from operations is included in the appendix to this presentation.



# CEO HIGHLIGHTS

## *2020 Perspective*

- Collaborative culture has allowed us to quickly adapt to necessary changes
- Trough financial performance clearly best in WNC history
- Taking steps to prepare to meet customer demand in 2021

## *Status of Operations, Supply Chain, Customers*

- Supply chain understands growth ahead, taking steps to ramp production
- Disparate experience among main customer groups during COVID
- Demand from both customer segments looks set for growth in 2021

## *Q3 Backlog & New Org Structure*

- Q3 backlog at \$1B, up 37% sequentially vs Q2 on strong freight market conditions
- New org structure prioritizes ease of doing business for purchasing across portfolio
- Completed \$20M in run-rate cost reductions associated with streamlined org structure

## *ESG Focus*

- WNC has been incentivized to help lessen customers' cost and environmental impact by light-weighting products
- ESG disclosure to be enhanced with WNC Sustainability report in December

# Q3 2020 CONSOLIDATED FINANCIAL PERFORMANCE

	<u>3Q20 Results</u>	<u>3Q19 Results</u>
<b>Revenue reflects lower 2020 demand trends</b>	<b>\$352M</b> Net Sales	<b>\$581M</b> Net Sales
<b>New Trailer Shipments consistent with prior quarters</b>	<b>8,450</b> New Trailer Shipments	<b>14,450</b> New Trailer Shipments
<b>Gross Margin shows relative manufacturing efficiency</b>	<b>12.3%</b> Gross Margin	<b>13.4%</b> Gross Margin
<b>Limited decline in op margins reflects 13% decrementals</b>	<b>2.7%</b> Adjusted Non-GAAP Operating Margin*	<b>6.6%</b> Operating Margin
<b>Positive Q3 EPS generation</b>	<b>\$0.09</b> Adjusted Non-GAAP Earnings Per Share**	<b>\$0.46</b> Earnings Per Share

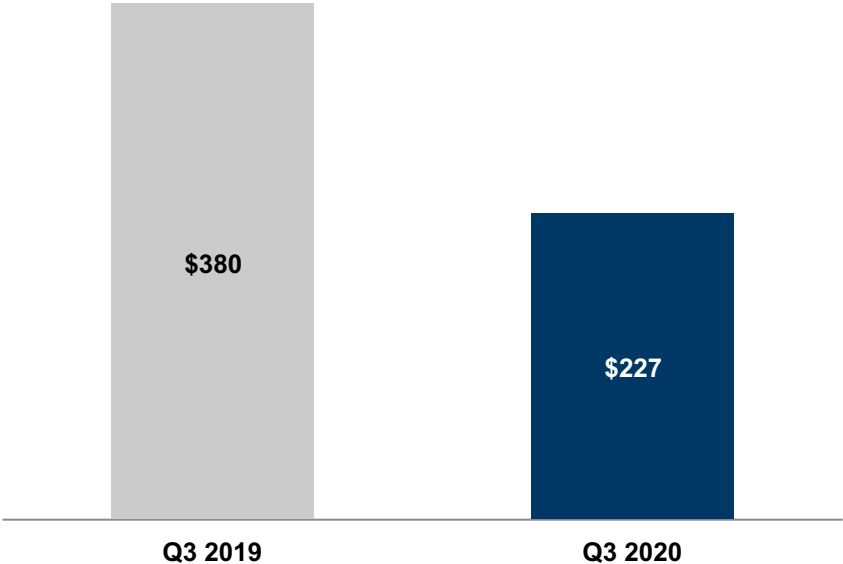


\*Adjusted operating income (loss), a non-GAAP financial measure, excludes certain costs, expenses, other charges, gains or income that are included in the determination of operating income (loss) under U.S. GAAP. Adjusted operating margin is calculated by dividing adjusted operating income (loss) by total net sales. A reconciliation of adjusted operating income (loss) to operating income (loss), the most comparable GAAP financial measure, is included in the appendix to this presentation.

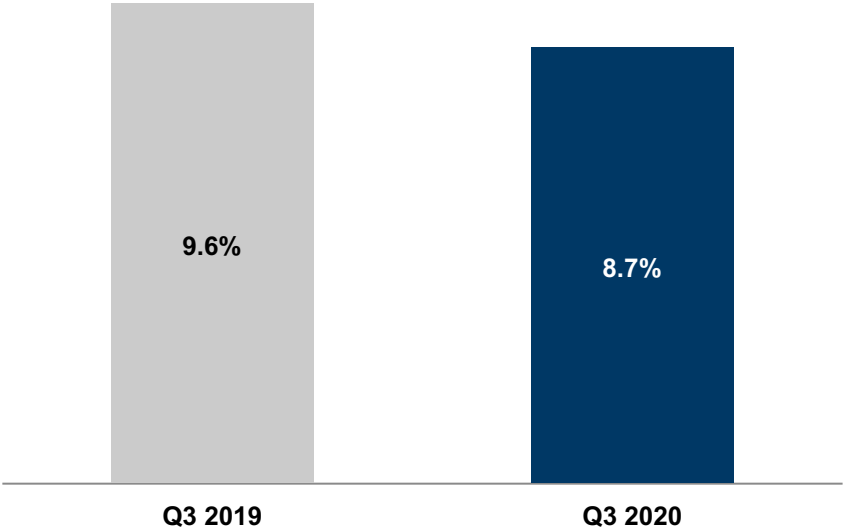
\*\*Adjusted net income and adjusted earnings per diluted share each reflect adjustments for non-cash impairment and debt transactions, and the related tax effects of these adjustments. A reconciliation of adjusted net income and adjusted earnings per diluted share to net income (loss) and net income (loss) per diluted share is included in the appendix to this presentation.

# COMMERCIAL TRAILER PRODUCTS

Revenue  
(40)%

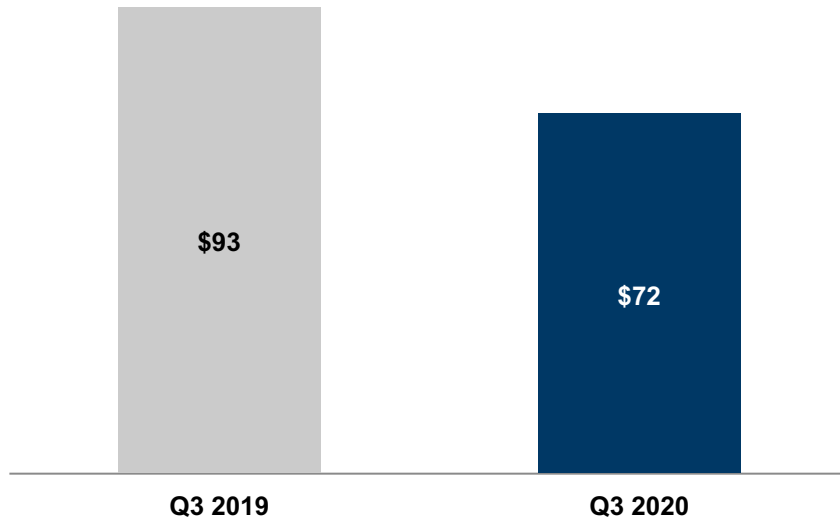


Operating Margin  
-90 bps

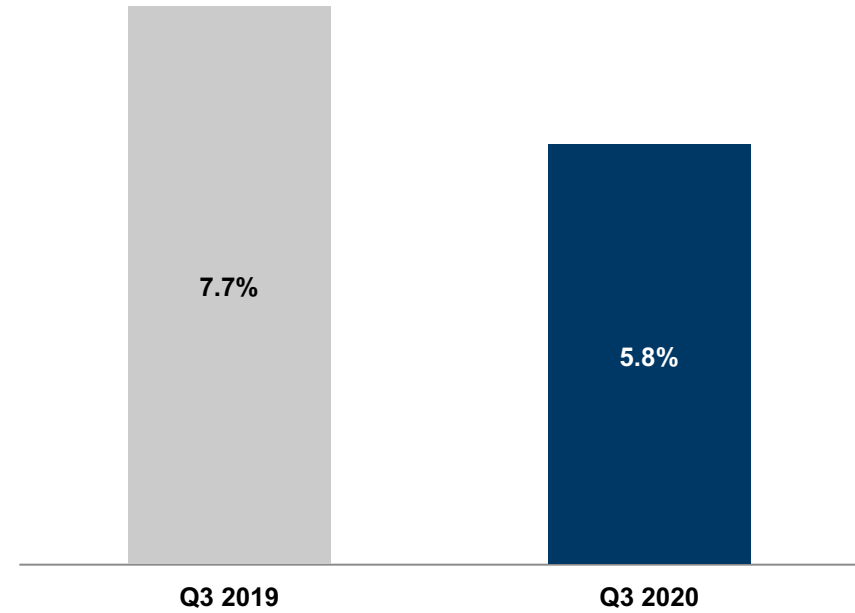


# DIVERSIFIED PRODUCTS GROUP

## Revenue (23)%

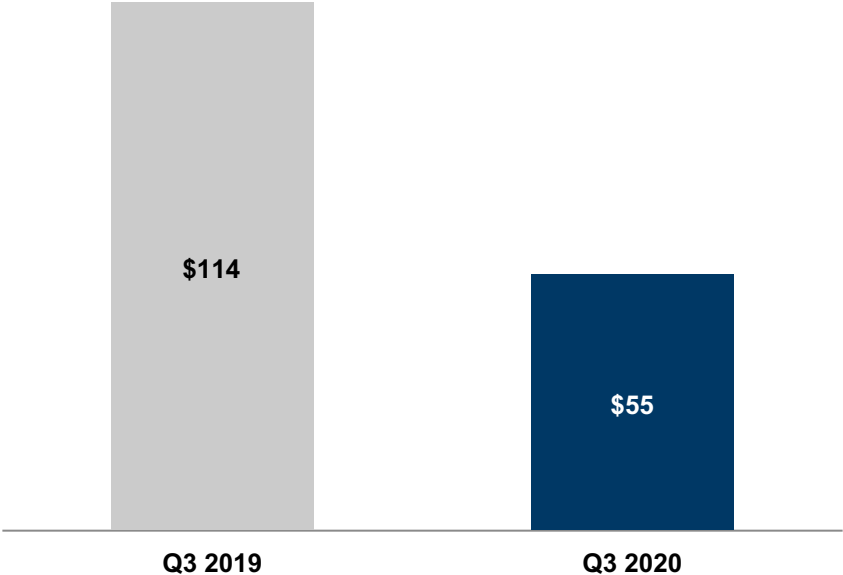


## Operating Margin -190 bps

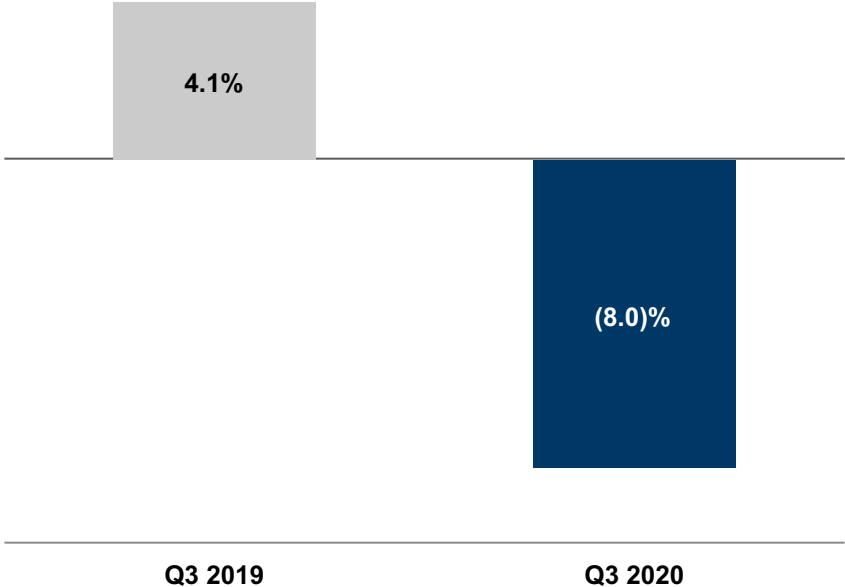


# FINAL MILE PRODUCTS

## Revenue (51)%



## Operating Margin -1,210 bps



# Cash Flow, Balance Sheet & Capital Allocation Summary

## YTD Cash Generation

- \$107M Operating Cash
- \$14M Capital Expenditure
- \$93M Free Cash Flow

## Balance Sheet

- \$216M Cash
- \$167M Revolver
- \$383M Total Liquidity

## Debt Structure

- New Term Loan \$150M
- No material financial covenants
- Pushes 2022 maturity to 2027

## Capital Allocation

### Q3 2020

- \$10M Debt Repayment
- \$2.8M Capital Expenditure
- \$4.3M Dividend

### Moving Forward

1. Maintain Dividend
2. Maintenance + Growth Capex
3. Evaluate Debt Reduction & Share Repurchase





# Q4 2020 GUIDANCE

Key Metrics	
<b>Sales</b> Similar to Q3	<b>Decremental Margin (Operating)</b> Mid-Teens
<b>EPS</b> Near Breakeven	<b>Other</b> SG&A: ~\$30M Intangibles Amortization: ~\$5.5M Interest Expense: ~\$6M CapEx: ~\$10M Tax Rate: 26-27%



---

# APPENDIX



# CONDENSED CONSOLIDATED BALANCE SHEETS

Unaudited - dollars in thousands	September 30, 2020	December 31, 2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 215,822	\$ 140,516
Accounts receivable, net	104,642	172,737
Inventories, net	201,510	186,914
Prepaid expenses and other	44,534	41,222
Total current assets	566,508	541,389
Property, plant, and equipment, net	214,900	221,346
Goodwill	204,351	311,026
Intangible assets, net	173,384	189,898
Other assets	36,939	40,932
Total assets	<u>\$ 1,196,082</u>	<u>\$ 1,304,591</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Current portion of long-term debt	\$ 1,500	\$ —
Current portion of finance lease obligations	342	327
Accounts payable	145,393	134,821
Other accrued liabilities	132,556	124,230
Total current liabilities	279,791	259,378
Long-term debt	457,222	455,386
Finance lease obligations	119	378
Deferred income taxes	36,080	37,576
Other non-current liabilities	25,505	30,885
Total liabilities	798,717	783,603
Total stockholders' equity	397,365	520,988
Total liabilities and stockholders' equity	<u>\$ 1,196,082</u>	<u>\$ 1,304,591</u>



# CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

Unaudited - dollars in thousands

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net sales	\$ 351,584	\$ 580,908	\$ 1,077,811	\$ 1,740,135
Cost of sales	308,390	503,173	963,553	1,506,060
Gross profit	43,194	77,735	114,258	234,075
General and administrative expenses	22,749	25,353	68,574	82,002
Selling expenses	6,510	8,998	19,394	25,715
Amortization of intangible assets	5,496	5,115	16,484	15,353
Impairment and other, net	31	—	105,455	—
Income (loss) from operations	8,408	38,269	(95,649)	111,005
Other income (expense):				
Interest expense	(5,749)	(6,713)	(17,903)	(20,823)
Other, net	(57)	1,333	348	2,245
Other expense, net	(5,806)	(5,380)	(17,555)	(18,578)
Income (loss) before income tax (benefit) expense	2,602	32,889	(113,204)	92,427
Income tax (benefit) expense	(1,285)	7,429	(10,298)	21,227
Net income (loss)	\$ 3,887	\$ 25,460	\$ (102,906)	\$ 71,200
Net income (loss) per share:				
Basic	\$ 0.07	\$ 0.47	\$ (1.94)	\$ 1.30
Diluted	\$ 0.07	\$ 0.46	\$ (1.94)	\$ 1.28
Weighted average common shares outstanding (in thousands):				
Basic	52,912	54,413	52,980	54,975
Diluted	53,380	55,019	52,980	55,502
Dividends declared per share	\$ 0.08	\$ 0.08	\$ 0.24	\$ 0.24



# CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited - dollars in thousands

	<b>Nine Months Ended September 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>		
Net (loss) income	\$ (102,906)	\$ 71,200
Adjustments to reconcile net (loss) income to net cash provided by operating activities		
Depreciation	18,656	16,258
Amortization of intangibles	16,484	15,353
Net (gain) loss on sale of property, plant and equipment	(1,669)	(40)
Loss on debt extinguishment	219	104
Deferred income taxes	(753)	(2,451)
Stock-based compensation	2,278	7,362
Impairment	107,114	—
Non-cash interest expense	807	783
Accounts receivable	68,095	9,671
Inventories	(14,596)	(89,869)
Prepaid expenses and other	(3,086)	(2,368)
Accounts payable and accrued liabilities	20,128	57,750
Other, net	(3,672)	(7,535)
Net cash provided by operating activities	<u>107,099</u>	<u>76,218</u>
<b>Cash flows from investing activities</b>		
Capital expenditures	(13,719)	(22,244)
Proceeds from the sale of property, plant, and equipment	2,726	785
Net cash used in investing activities	<u>(10,993)</u>	<u>(21,459)</u>
<b>Cash flows from financing activities</b>		
Net cash used in financing activities	<u>(20,800)</u>	<u>(66,576)</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash	75,306	(11,817)
Cash, cash equivalents and restricted cash at beginning of period	140,516	132,690
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 215,822</u>	<u>\$ 120,873</u>



# Q3 QTD SEGMENT INFORMATION

Unaudited - dollars in thousands

Three Months Ended September 30,	Commercial Trailer Products	Diversified Products	Final Mile Products	Corporate and Eliminations	Consolidated
<b>2020</b>					
New trailers shipped	7,975	475	—	—	8,450
Used trailers shipped	100	40	—	—	140
New trailers	\$ 215,609	\$ 37,455	\$ —	\$ —	\$ 253,064
Used trailers	522	1,439	—	—	1,961
Components, parts and service	9,371	16,607	3,103	(2,300)	26,781
Equipment and other	1,014	16,519	52,245	—	69,778
Total net sales	<u>\$ 226,516</u>	<u>\$ 72,020</u>	<u>\$ 55,348</u>	<u>\$ (2,300)</u>	<u>\$ 351,584</u>
Gross profit	\$ 25,934	\$ 13,853	\$ 4,854	\$ (1,447)	\$ 43,194
Income (loss) from operations	\$ 19,659	\$ 4,188	\$ (4,442)	\$ (10,997)	\$ 8,408
<b>2019</b>					
New trailers shipped	13,700	750	—	—	14,450
Used trailers shipped	25	10	—	—	35
New trailers	\$ 366,938	\$ 51,697	\$ —	\$ —	\$ 418,635
Used trailers	86	417	—	—	503
Components, parts and service	10,039	23,790	4,302	(5,960)	32,171
Equipment and other	3,281	17,277	109,202	(161)	129,599
Total net sales	<u>\$ 380,344</u>	<u>\$ 93,181</u>	<u>\$ 113,504</u>	<u>\$ (6,121)</u>	<u>\$ 580,908</u>
Gross profit	\$ 43,960	\$ 18,042	\$ 16,763	\$ (1,030)	\$ 77,735
Income (loss) from operations	\$ 36,503	\$ 7,183	\$ 4,628	\$ (10,045)	\$ 38,269



# Q3 YTD SEGMENT INFORMATION

Unaudited - dollars in thousands

Nine Months Ended September 30,	Commercial Trailer Products	Diversified Products	Final Mile Products	Corporate and Eliminations	Consolidated
<b>2020</b>					
New trailers shipped	24,500	1,525	—	—	26,025
Used trailers shipped	320	110	—	—	430
New trailers	\$ 672,263	\$ 108,943	\$ —	\$ —	\$ 781,206
Used trailers	3,113	3,972	—	—	7,085
Components, parts and service	28,214	64,855	9,278	(17,284)	85,063
Equipment and other	6,155	41,159	157,172	(29)	204,457
Total net sales	\$ 709,745	\$ 218,929	\$ 166,450	\$ (17,313)	\$ 1,077,811
Gross profit	\$ 72,169	\$ 39,755	\$ 6,573	\$ (4,239)	\$ 114,258
Income (loss) from operations	\$ 54,129	\$ 360	\$ (119,052)	\$ (31,086)	\$ (95,649)
<b>2019</b>					
New trailers shipped	40,350	2,200	—	—	42,550
Used trailers shipped	50	60	—	—	110
New trailers	\$ 1,078,599	\$ 146,821	\$ —	\$ —	\$ 1,225,420
Used trailers	236	1,743	—	—	1,979
Components, parts and service	30,994	88,681	12,165	(20,455)	111,385
Equipment and other	12,424	52,610	337,005	(688)	401,351
Total net sales	\$ 1,122,253	\$ 289,855	\$ 349,170	\$ (21,143)	\$ 1,740,135
Gross profit	\$ 126,806	\$ 58,264	\$ 51,576	\$ (2,571)	\$ 234,075
Income (loss) from operations	\$ 102,742	\$ 24,138	\$ 15,718	\$ (31,593)	\$ 111,005



# RECONCILIATION OF ADJUSTED SEGMENT AND OPERATING INCOME

Unaudited - dollars in thousands	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
<b>Commercial Trailer Products</b>				
Income from operations	\$ 19,659	\$ 36,503	\$ 54,129	\$ 102,742
Adjustments:				
Impairment	—	—	377	—
Adjusted operating income	19,659	36,503	54,506	102,742
<b>Diversified Products</b>				
Income from operations	4,188	7,183	360	24,138
Adjustments:				
Impairment	—	—	10,971	—
Adjusted operating income	4,188	7,183	11,331	24,138
<b>Final Mile Products</b>				
(Loss) income from operations	(4,442)	4,628	(119,052)	15,718
Adjustments:				
Impairment	—	—	95,766	—
Adjusted operating (loss) income	(4,442)	4,628	(23,286)	15,718
<b>Corporate</b>				
Loss from operations	(10,997)	(10,045)	(31,086)	(31,593)
Adjustments:				
Debt transactions	1,156	—	1,156	—
Adjusted operating loss	(9,841)	(10,045)	(29,930)	(31,593)
<b>Consolidated</b>				
Income (loss) from operations	8,408	38,269	(95,649)	111,005
Adjustments:				
Impairment	—	—	107,114	—
Debt transactions	1,156	—	1,156	—
Adjusted operating income	\$ 9,564	\$ 38,269	\$ 12,621	\$ 111,005





# RECONCILIATION OF ADJUSTED NET INCOME (LOSS) AND ADJUSTED EARNINGS PER SHARE

Unaudited - dollars in thousands

Adjusted Net Income <sup>1</sup> :	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net income (loss)	\$ 3,887	\$ 25,460	\$ (102,906)	\$ 71,200
Adjustments:				
Debt transactions <sup>2</sup>	1,375	—	1,375	—
Impairment	—	—	107,114	—
Tax effect of aforementioned items	(564)	—	(3,350)	—
Adjusted net income	<u>\$ 4,698</u>	<u>\$ 25,460</u>	<u>\$ 2,233</u>	<u>\$ 71,200</u>

Adjusted Diluted Earnings Per Share <sup>1</sup> :	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Diluted earnings per share	\$ 0.07	\$ 0.46	\$ (1.94)	\$ 1.28
Adjustments:				
Debt transactions <sup>2</sup>	0.03	—	0.03	—
Impairment	—	—	2.02	—
Tax effect of aforementioned items	(0.01)	—	(0.06)	—
Adjusted diluted earnings per share	<u>\$ 0.09</u>	<u>\$ 0.46</u>	<u>\$ 0.04</u>	<u>\$ 1.28</u>
Weighted average diluted shares outstanding (in thousands)	<u>53,380</u>	<u>55,019</u>	<u>52,980</u>	<u>55,502</u>

- Adjusted net income and adjusted diluted earnings per share reflect adjustments for non-cash impairment and debt transactions, and the related tax effects of these adjustments.
- Debt transactions include debt issuance costs within *General & administrative expenses* related to the closing of the New Term Loan Credit Agreement and loss on debt extinguishment charges included in *Other, net*.



# RECONCILIATION OF OPERATING EBITDA AND FREE CASH FLOW

Unaudited - dollars in thousands

## Operating EBITDA<sup>1</sup>:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net income (loss)	\$ 3,887	\$ 25,460	\$ (102,906)	\$ 71,200
Income tax (benefit) expense	(1,285)	7,429	(10,298)	21,227
Interest expense	5,749	6,713	17,903	20,823
Depreciation and amortization	12,495	10,416	35,140	31,611
Stock-based compensation	1,862	1,985	2,278	7,362
Debt issuance costs expensed	1,156	—	1,156	—
Impairment and other, net	31	—	105,455	—
Other, net	57	(1,333)	(348)	(2,245)
Operating EBITDA	<u>\$ 23,952</u>	<u>\$ 50,670</u>	<u>\$ 48,380</u>	<u>\$ 149,978</u>

## Free Cash Flow<sup>2</sup>:

	Nine Months Ended September 30,	
	2020	2019
Net cash provided by operating activities	\$ 107,099	\$ 76,218
Capital expenditures	(13,719)	(22,244)
Free cash flow	<u>\$ 93,380</u>	<u>\$ 53,974</u>

- 1 Operating EBITDA is defined as earnings before interest, taxes, depreciation, amortization, stock-based compensation, debt issuance costs expensed within *General & administrative expenses* related to the closing of the New Term Loan Credit Agreement, impairment and other, net, and other non-operating income and expense (which includes loss on debt extinguishment charges).
- 2 Free cash flow is defined as net cash provided by operating activities minus capital expenditures.



# RECONCILIATION OF ADJUSTED SEGMENT EBITDA<sup>1</sup> AND ADJUSTED SEGMENT EBITDA MARGIN<sup>1</sup>

Unaudited - dollars in thousands

Three Months Ended September 30,	Commercial Trailer Products		Diversified Products		Final Mile Products	
	2020	2019	2020	2019	2020	2019
Income (loss) from operations	\$ 19,659	\$ 36,503	\$ 4,188	\$ 7,183	\$ (4,442)	\$ 4,628
Depreciation and amortization	2,858	2,701	4,828	4,462	3,850	2,861
Impairment and other, net	(168)	—	18	—	182	—
Adjusted segment EBITDA	<u>\$ 22,349</u>	<u>\$ 39,204</u>	<u>\$ 9,034</u>	<u>\$ 11,645</u>	<u>\$ (410)</u>	<u>\$ 7,489</u>
Adjusted segment EBITDA margin	9.9 %	10.3 %	12.5 %	12.5 %	(0.7)%	6.6 %

Unaudited - dollars in thousands

Nine Months Ended September 30, 2020	Commercial Trailer Products		Diversified Products		Final Mile Products	
	2020	2019	2020	2019	2020	2019
Income (loss) from operations	\$ 54,129	\$ 102,742	\$ 360	\$ 24,138	\$ (119,052)	\$ 15,718
Depreciation and amortization	8,536	7,917	13,942	14,095	10,982	8,474
Impairment and other, net	(1,558)	—	10,989	—	96,028	—
Adjusted segment EBITDA	<u>\$ 61,107</u>	<u>\$ 110,659</u>	<u>\$ 25,291</u>	<u>\$ 38,233</u>	<u>\$ (12,042)</u>	<u>\$ 24,192</u>
Adjusted segment EBITDA margin	8.6 %	9.9 %	11.6 %	13.2 %	(7.2)%	6.9 %

- 1 Adjusted segment EBITDA, a non-GAAP financial measure, is calculated by adding back segment depreciation and amortization expense to segment operating income (loss), and excludes certain costs, expenses, other charges, gains or income that are included in the determination of operating income (loss) under GAAP, but that management would not consider important in evaluating the quality of the Company's segment operating results as they are not indicative of each segment's core operating results or may obscure trends useful in evaluating the segment's continuing activities. Adjusted segment EBITDA margin is calculated by dividing Adjusted segment EBITDA by segment total net sales.

