UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2019
or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from___________ to ____________

Commission File Number: 001-10883

WABASH NATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**52-1375208**
(State of Incorporation)	(IRS Employer Identification Number)
1000 Sagamore Parkway South	
Lafayette Indiana	**47905**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: **(765) 771-5300**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	WNC	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company
Emerging growth company	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No

The number of shares of common stock outstanding atNovember 1, 2019 was 54,092,534.

WABASH NATIONAL CORPORATION
FORM 10-Q

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Part I - FINANCIAL INFORMATION

Item 1. Financial Statements

WABASH NATIONAL CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	September 30, 2019	December 31, 2018
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 120,873	$ 132,690
Accounts receivable, net	171,393	181,064
Inventories	274,273	184,404
Prepaid expenses and other	54,847	51,261
Total current assets	621,386	549,419
Property, plant, and equipment, net	210,963	206,991
Goodwill	311,134	311,084
Intangible assets, net	194,934	210,328
Other assets	40,186	26,571
Total assets	$ 1,378,603	$ 1,304,393
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	$ —	$ 1,880
Current portion of finance lease obligations	322	299
Accounts payable	188,911	153,113
Other accrued liabilities	136,429	116,384
Total current liabilities	325,662	271,676
Long-term debt	475,122	503,018
Finance lease obligations	461	714
Deferred income taxes	32,454	34,905
Other non-current liabilities	29,846	20,231
Total liabilities	863,545	830,544
Commitments and contingencies		
Stockholders' equity:		
Common stock 200,000,000 shares authorized, $0.01 par value, 54,122,624 and 55,135,788 shares outstanding, respectively	750	744
Additional paid-in capital	636,756	629,039
Retained earnings	207,934	150,244
Accumulated other comprehensive losses	(4,895)	(3,343)
Treasury stock at cost, 20,923,252 and 19,372,735 common shares, respectively	(325,487)	(302,835)
Total stockholders' equity	515,058	473,849
Total liabilities and stockholders' equity	$ 1,378,603	$ 1,304,393

The accompanying notes are an integral part of these Condensed Consolidated Statements.

WABASH NATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited – dollars in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
Net sales	$ 580,908	$ 553,073	$ 1,740,135	$ 1,657,082
Cost of sales	503,173	487,911	1,506,060	1,442,487
Gross profit	77,735	65,162	234,075	214,595
General and administrative expenses	25,353	23,033	82,002	73,920
Selling expenses	8,998	8,690	25,715	25,591
Amortization of intangible assets	5,115	4,937	15,353	14,818
Acquisition expenses	—	—	—	68
Impairment	—	11,989	—	11,989
Income from operations	38,269	16,513	111,005	88,209
Other income (expense):				
Interest expense	(6,713)	(7,044)	(20,823)	(21,649)
Other, net	1,333	533	2,245	12,486
Other expense, net	(5,380)	(6,511)	(18,578)	(9,163)
Income before income tax	32,889	10,002	92,427	79,046
Income tax expense	7,429	5,338	21,227	21,209
Net income	$ 25,460	$ 4,664	$ 71,200	$ 57,837
Net income per share:				
Basic	$ 0.47	$ 0.08	$ 1.30	$ 1.01
Diluted	$ 0.46	$ 0.08	$ 1.28	$ 0.98
Weighted average common shares outstanding (in thousands):				
Basic	54,413	56,798	54,975	57,486
Diluted	55,019	57,742	55,502	59,218
Dividends declared per share	$ 0.08	$ 0.075	$ 0.24	$ 0.225

The accompanying notes are an integral part of these Condensed Consolidated Statements.

WABASH NATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited – dollars in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
Net income	$ 25,460	$ 4,664	$ 71,200	$ 57,837
Other comprehensive (loss) income, net of tax:				
Foreign currency translation adjustment and other	(463)	206	(280)	(29)
Unrealized loss on derivative instruments	(536)	(31)	(1,272)	(31)
Total other comprehensive (loss) income	(999)	175	(1,552)	(60)
Comprehensive income	$ 24,461	$ 4,839	$ 69,648	$ 57,777

The accompanying notes are an integral part of these Condensed Consolidated Statements.

WABASH NATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – dollars in thousands)

	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Cash flows from operating activities		
Net income	$ 71,200	$ 57,837
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	16,258	15,701
Amortization of intangibles	15,353	14,818
Net gain on sale of property, plant and equipment	(40)	(10,164)
Loss on debt extinguishment	104	174
Deferred income taxes	(2,451)	(122)
Stock-based compensation	7,362	8,479
Impairment	—	11,989
Non-cash interest expense	783	1,426
Accounts receivable	9,671	(48,531)
Inventories	(89,869)	(66,089)
Prepaid expenses and other	(2,368)	(3,265)
Accounts payable and accrued liabilities	57,750	76,602
Other, net	(7,535)	(2,171)
Net cash provided by operating activities	76,218	56,684
Cash flows from investing activities		
Capital expenditures	(22,244)	(20,344)
Proceeds from the sale of property, plant, and equipment	785	17,775
Other, net	—	3,060
Net cash (used in) provided by investing activities	(21,459)	491
Cash flows from financing activities		
Proceeds from exercise of stock options	361	961
Dividends paid	(13,443)	(13,566)
Borrowings under revolving credit facilities	446	582
Payments under revolving credit facilities	(446)	(582)
Principal payments under capital lease obligations	(230)	(216)
Principal payments under term loan credit facility	(30,470)	(1,410)
Principal payments under industrial revenue bond	—	(93)
Debt issuance costs paid	(142)	—
Convertible senior notes repurchase	—	(80,200)
Stock repurchase	(22,652)	(44,433)
Net cash used in financing activities	(66,576)	(138,957)
Cash and cash equivalents:		
Net decrease in cash, cash equivalents, and restricted cash	(11,817)	(81,782)
Cash, cash equivalents and restricted cash at beginning of period	132,690	191,521
Cash, cash equivalents, and restricted cash at end of period	$ 120,873	$ 109,739
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 15,639	$ 16,263
Cash paid for income taxes	$ 18,965	$ 23,588

The accompanying notes are an integral part of these Condensed Consolidated Statements.

WABASH NATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited – dollars in thousands)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Losses	Treasury Stock	Total
Balances at December 31, 2018	55,135,788	$ 744	$ 629,039	$ 150,244	$ (3,343)	$ (302,835)	$ 473,849
Net income for the period				14,780			14,780
Foreign currency translation and other					298		298
Stock-based compensation	273,158	5	2,581				2,586
Stock repurchase						(2,635)	(2,635)
Common stock dividends				(4,512)			(4,512)
Unrealized loss on derivative instruments, net of tax					(814)		(814)
Common stock issued in connection with:							
Stock option exercises	15,187		54				54
Balances at March 31, 2019	55,424,133	$ 749	$ 631,674	$ 160,512	$ (3,859)	$ (305,470)	$ 483,606
Net income for the period				30,960			30,960
Foreign currency translation and other					(115)		(115)
Stock-based compensation	26,639	—	2,791				2,791
Stock repurchase	(775,081)					(11,217)	(11,217)
Common stock dividends				(4,538)			(4,538)
Unrealized loss on derivative instruments, net of tax					78		78
Common stock issued in connection with:							
Stock option exercises							—
Balances at June 30, 2019	54,675,691	$ 749	$ 634,465	$ 186,934	$ (3,896)	$ (316,687)	$ 501,565
Net income for the period				25,460			25,460
Foreign currency translation and other					(463)		(463)
Stock-based compensation	8,176	—	1,985			(22)	1,963
Stock repurchase	(590,256)					(8,778)	(8,778)
Common stock dividends				(4,460)			(4,460)
Unrealized loss on derivative instruments, net of tax					(536)		(536)
Common stock issued in connection with:							
Stock option exercises	29,013	1	306				307
Balances at September 30, 2019	54,122,624	$ 750	$ 636,756	$ 207,934	$ (4,895)	$ (325,487)	$ 515,058

The accompanying notes are an integral part of these Condensed Consolidated Statements.

WABASH NATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Continued)
(Unaudited – dollars in thousands)

	Common Stock		Additional Paid-In	Retained	Accumulated Other Comprehensive	Treasury	
	Shares	Amount	Capital	Earnings	Losses	Stock	Total
Balances at December 31, 2017	57,564,493	$ 737	$ 653,435	$ 98,728	$ (2,385)	$ (244,452)	$ 506,063
Net income for the period				21,272			21,272
Foreign currency translation and other					409		409
Stock-based compensation	380,588	6	2,651				2,657
Stock repurchase						(5,412)	(5,412)
Equity component of convertible senior notes repurchase			(7,830)				(7,830)
Common stock dividends				(4,748)			(4,748)
Common stock issued in connection with:							
Stock option exercises	92,473	1	860				861
Balances at March 31, 2018	58,037,554	$ 744	$ 649,116	$ 115,252	$ (1,976)	$ (249,864)	$ 513,272
Net income for the period				31,902			31,902
Foreign currency translation and other					(644)		(644)
Stock-based compensation	24,040	—	2,733				2,733
Stock repurchase	(798,992)					(16,001)	(16,001)
Equity component of convertible senior notes repurchase			(27,689)				(27,689)
Common stock dividends				(4,407)			(4,407)
Common stock issued in connection with:							
Stock option exercises	4,514	—	49				49
Balances at June 30, 2018	57,267,116	$ 744	$ 624,209	$ 142,747	$ (2,620)	$ (265,865)	$ 499,215
Net income for the period				4,664			4,664
Foreign currency translation and other					206		206
Stock-based compensation			3,088				3,088
Stock repurchase	(1,238,531)					(23,020)	(23,020)
Common stock dividends				(4,286)			(4,286)
Unrealized loss on derivative instruments, net of tax					(31)		(31)
Common stock issued in connection with:							
Stock option exercises	5,658	—	51				51
Balances at September 30, 2018	56,034,243	$ 744	$ 627,348	$ 143,125	$ (2,445)	$ (288,885)	$ 479,887

The accompanying notes are an integral part of these Condensed Consolidated Statements.

WABASH NATIONAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. BASIS OF PRESENTATION

The condensed consolidated financial statements of Wabash National Corporation (the "Company") have been prepared without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, the accompanying condensed consolidated financial statements contain all material adjustments (consisting only of normal recurring adjustments) necessary to present fairly the consolidated financial position of the Company, its results of operations and cash flows. The condensed consolidated financial statements included herein should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

2. NEW ACCOUNTING PRONOUNCEMENTS

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-2, "Leases (Topic 842)". This update requires lessees to recognize, on the balance sheet, assets and liabilities for the rights and obligations created by leases of greater than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The Company has identified its existing lease contracts and calculated the right-of-use ("ROU") assets, which are reflected in *Other Assets* on the Condensed Consolidated Balance Sheets, and lease liabilities, which are reflected in the *Other Accrued Liabilities and Other Non-Current Liabilities* on the Condensed Consolidated Balance Sheets. This guidance was effective for the Company as of January 1, 2019. Adoption of the new standard resulted in the recording of ROU assets and lease liabilities of $9.9 million as of January 1, 2019. The FASB has issued further ASUs related to the standard providing an optional transition method allowing entities to not recast comparative periods. The Company elected the practical expedients upon transition that retained the lease classification and initial direct costs for any leases that existed prior to adoption of the standard. The Company did not reassess whether any contracts entered into prior to adoption are leases. The Company has approximately $15.4 million of noncancelable future rental obligations as of September 30, 2019, as shown in Note 8.

3. REVENUE RECOGNITION

The Company recognizes revenue from the sale of its products when obligations under the terms of a contract with our customers are satisfied; this occurs with the transfer of control of our products and replacement parts or throughout the completion of service work. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring promised goods or services to a customer and excludes all taxes collected from the customer. Shipping and handling fees are included in *Net Sales* and the associated costs included in *Cost of Sales* in the Condensed Consolidated Statements of Operations. For shipping and handling costs that take place after the transfer of control, the Company is applying the practical expedient and treating it as a fulfillment cost. Incidental items that are immaterial in the context of the contract are recognized as expense. For performance obligations satisfied over time, which include certain equipment-related sales within our Diversified Products reportable segment that have no alternative use and contain an enforceable right to payment, as well as service work whereby the customer simultaneously receives and consumes the benefits provided, the Company recognizes revenue on the basis of the Company's efforts or inputs to the satisfaction of these performance obligations, measured by actual total cost incurred to the total estimated costs for each project. Total revenue recognized over time was not material to the consolidated financial statements for all periods presented.

The Company has identified three separate and distinct performance obligations: 1) the sale of a trailer or equipment, 2) the sale of replacement parts, and 3) service work. For trailer, truck body, equipment, and replacement part sales, control is transferred and revenue is recognized from the sale upon shipment to or pick up by the customer in accordance with the contract terms. The Company does not have any material extended payment terms as payment is received shortly after the point of sale. Accounts receivable are recorded when the right to consideration becomes unconditional. The Company does have customers who pay for the product prior to the transfer of control which is recorded as customer deposits in *Other Accrued Liabilities* as shown in Note 9. Customer deposits are recognized as revenue when the Company performs its obligations under the contract and transfers control of the product.

4. INVENTORIES

Inventories consist of the following components (in thousands):

	September 30, 2019	December 31, 2018
Raw materials and components	$ 135,878	$ 115,083
Finished goods	114,829	48,698
Work in progress	15,261	13,119
Aftermarket parts	7,484	6,421
Used trailers	821	1,083
	$ 274,273	$ 184,404

5. PREPAID EXPENSES

Prepaid expenses and other current assets consist of the following (in thousands):

	September 30, 2019	December 31, 2018
Chassis converter pool agreements	$ 23,957	$ 22,273
Assets held for sale	3,009	3,039
Income tax receivables	6,487	9,872
Insurance premiums & maintenance agreements	10,778	3,313
All other	10,616	12,764
	$ 54,847	$ 51,261

Chassis converter pool agreements represent chassis transferred to the Company on a restricted basis by the manufacturer, who retains the sole authority to authorize commencement of work on the chassis and to make certain other decisions with respect to the chassis including the terms and pricing of sales to the manufacturer's dealers. Assets held for sale are related to the Company's former branch locations and businesses the Company has sold or intends to sell within one year. Insurance premiums and maintenance agreements are charged to expenses over the contractual life, which is generally one year or less. Additionally, prepaid expenses include contract assets related to contracts for which the Company recognizes revenue over time as services are completed. There is no restricted cash included in prepaid expenses and other current assets for the periods ending September 30, 2019 and December 31, 2018.

6. DEBT

Long-term debt consists of the following (in thousands):

	September 30, 2019	December 31, 2018
Senior notes due 2025	$ 325,000	$ 325,000
Term loan credit agreement	155,228	185,699
	480,228	510,699
Less: unamortized discount and fees	(5,106)	(5,801)
Less: current portion	—	(1,880)
	$ 475,122	$ 503,018

Senior Notes

On September 26, 2017, the Company issued Senior Notes due 2025 (the "Senior Notes") with an aggregate principal amount of $325 million. The Senior Notes bear interest at the rate of 5.50% per annum from the date of issuance, and pay interest semi-annually in cash on April 1 and October 1 of each year, beginning on April 1, 2018. The Company used the net proceeds of $318.9 million from the sale of the Senior Notes to finance a portion of the acquisition of Supreme and to pay related fees and expenses. The Senior Notes are guaranteed on a senior unsecured basis by all direct and indirect existing and future domestic restricted subsidiaries, subject to certain restrictions. The Senior Notes and related guarantees are the Company's and the guarantors' general unsecured senior obligations and are subordinate to all of the Company's and the guarantors' existing and future secured debt to the extent of the assets securing that secured obligation. In addition, the Senior Notes are structurally subordinate to any existing and future debt of any of the Company's subsidiaries that are not guarantors, to the extent of the assets of those subsidiaries. The Senior Notes will mature on October 1, 2025.

The indenture for the Senior Notes restricts the Company's ability and the ability of certain of its subsidiaries, subject to certain exceptions and qualifications, to: (i) incur additional indebtedness; (ii) pay dividends or make other distributions in respect of, or repurchase or redeem, its capital stock or with respect to any other interest or participation in, or measured by, its profits; (iii) make loans and certain investments; (iv) sell assets; (v) create or incur liens; (vi) enter into transactions with affiliates; and (vii) consolidate, merge or sell all or substantially all of its assets.

The indenture for the Senior Notes contains customary events of default, including payment defaults, breaches of covenants, failure to pay certain judgments and certain events of bankruptcy, insolvency and reorganization. As of September 30, 2019, the Company was in compliance with all covenants.

Contractual coupon interest expense and accretion of discount and fees for the Senior Notes for the three- and nine-month periods ended September 30, 2019 were $4.6 million and $13.9 million, respectively, and $4.6 million and $13.8 million for the three- and nine-month periods ended September 30, 2018, respectively. Contractual coupon interest expense and accretion of discount and fees are included in *Interest Expense* on the Company's Condensed Consolidated Statements of Operations.

Revolving Credit Agreement

On December 21, 2018, the Company entered into the Second Amended and Restated Credit Agreement (the "Revolving Credit Agreement"), among the Company, certain of its subsidiaries as borrowers (together with the Company, the "Borrowers"), the lenders from time to time party thereto, Wells Fargo Capital Finance, LLC, and Citizens Business Capital, which amended and restated the Company's existing amended and restated revolving credit agreement, dated as of May 8, 2012.

The Revolving Credit Agreement is guaranteed by certain subsidiaries of the Company (the "Revolver Guarantors") and is secured by (i) first priority security interests in substantially all personal property of the Borrowers and the Revolver Guarantors, consisting of accounts receivable, inventory, cash, deposit and securities accounts and any cash or other assets in such accounts and, to the extent evidencing or otherwise related to such property, all general intangibles, licenses, intercompany debt, letter of credit rights, commercial tort claims, chattel paper, instruments, supporting obligations, documents and payment intangibles (collectively, the "Revolver Priority Collateral"), and (ii) second-priority liens on and security interests in (A) equity interests of each direct subsidiary held by the Borrowers and each Revolver Guarantor, and (B) substantially all other tangible and intangible assets of the Borrowers and the Revolver Guarantors, excluding real property (the "Term Priority Collateral").

The Revolving Credit Agreement has a scheduled maturity date of December 21, 2023, subject to certain springing maturity events.

Under the Revolving Credit Agreement, the lenders agree to make available to the Company a $175 million revolving credit facility. The Company has the option to increase the total commitment under the facility to up to $275 million, subject to certain conditions. Subject to availability, the Revolving Credit Agreement provides for a letter of credit subfacility in an amount not in excess of $15 million, and allows for swingline loans in an amount not in excess of $17.5 million. Outstanding borrowings under the Revolving Credit agreement will bear interest at an annual rate, at the Borrowers' election, equal to (i) LIBOR plus a margin ranging from 1.25% to 1.75% or (ii) a base rate plus a margin ranging from 0.25% to 0.75%, in each case depending upon the monthly average excess availability under the revolving loan facility. The Borrowers are required to pay a monthly unused line fee equal to 0.20% times the average daily unused availability along with other customary fees and expenses thereunder.

The Revolving Credit Agreement contains customary covenants limiting the ability of the Company and certain of its affiliates to, among other things, pay cash dividends, incur debt or liens, redeem or repurchase stock, enter into transactions with affiliates, merge, dissolve, repay subordinated indebtedness, make investments and dispose of assets. In addition, the Company will be required to maintain a minimum fixed charge coverage ratio of not less than 1.0 to 1.0 as of the end of any period of 12 fiscal months (commencing with the month ending December 31, 2018) when excess availability under the Revolving Credit Agreement is less than 10% of the total revolving commitment.

As of September 30, 2019 and 2018, the Company had no outstanding borrowings under the Credit Agreement and was in compliance with all covenants. The Company's liquidity position, defined as cash on hand and available borrowing capacity on the Revolving Credit Facility, amounted to $288.1 million as of September 30, 2019, and $271.4 million as of September 30, 2018.

Term Loan Credit Agreement

In May 2012, the Company entered into the Term Loan Credit Agreement (as amended, the "Term Loan Credit Agreement"), which provides for, among other things, (x) a senior secured term loan of $188.0 million that matures on March 19, 2022, subject to certain springing maturity events (the "Term Loans"), and (y) an uncommitted accordion feature to provide for additional senior secured term loans of up to $75 million plus an unlimited amount provided that the senior secured leverage ratio would not exceed 3.00 to 1.00, subject to certain conditions (the "Term Loan Facility").

On November 17, 2017, the Company entered into Amendment No. 5 to the Term Loan Credit Agreement ("Amendment No. 5"). As of the Amendment No. 5 date, $188.0 million of the Term Loans were outstanding. Under Amendment No. 5, the lenders agreed to provide to the Company term loans in the same aggregate principal amount of the outstanding Term Loans, which were used to refinance the outstanding Term Loans.

The Term Loan Credit Agreement is guaranteed by certain of the Company's subsidiaries, and is secured by (i) first-priority liens on, and security interests in, the Term Priority Collateral, and (ii) second-priority security interests in the Revolver Priority Collateral.

The Term Loan Credit Agreement contains customary covenants limiting the Company's ability to, among other things, pay cash dividends, incur debt or liens, redeem or repurchase stock, enter into transactions with affiliates, merge, dissolve, pay off subordinated indebtedness, make investments and dispose of assets. As of September 30, 2019, the Company was in compliance with all covenants.

For the three- and nine-month periods ended September 30, 2019, under the Term Loan Credit Agreement the Company paid interest of $1.9 million and $6.3 million, respectively, and principal of $15.0 million and $30.5 million during each period. For the three- and nine-month periods ended September 30, 2018, the Company paid interest of $2.0 million and $5.9 million, respectively, and principal of $0.5 million and $1.4 million during each period. The Company recognized losses on debt extinguishment totaling approximately $0.1 million in connection with the prepayment of principal in the second and third quarters of 2019, which are included in *Other, net* in the Condensed Consolidated Statement of Operations. As of September 30, 2019, the Company had $155.2 million outstanding under the Term Loan Credit Agreement, of which none was classified as current on the Company's Condensed Consolidated Balance Sheets.

For each three-month period ended September 30, 2019 and 2018, the Company incurred charges of less than $0.1 million, and $0.2 million for each nine-month period ended September 30, 2019 and 2018, for amortization of fees and original issuance discount, which is included in *Interest Expense* in the Condensed Consolidated Statements of Operations.

7. FINANCIAL DERIVATIVE INSTRUMENTS

Commodity Pricing Risk

As of September 30, 2019, the Company was party to commodity swap contracts for specific commodities with notional amounts of approximately $23.6 million. The Company uses commodity swap contracts to mitigate the risks associated with fluctuations in commodity prices impacting its cash flows related to inventory purchases from suppliers. The Company does not hedge all commodity price risk.

At inception, the Company designated the commodity swap contracts as cash flow hedges. The contracts mature at specified monthly settlement dates through January 2021. The effective portion of the hedging transaction is recognized in Accumulated Other Comprehensive Income ("AOCI") and transferred to earnings when the forecasted hedged transaction takes place or when the forecasted hedged transaction is no longer probable to occur.

Financial Statement Presentation

As of September 30, 2019 and December 31, 2018, the fair value carrying amount of the Company's derivative instruments were recorded as follows (in thousands):

		Asset / (Liability) Derivatives	
	Balance Sheet Caption	**September 30, 2019**	**December 31, 2018**
Derivatives designated as hedging instruments			
Commodity swap contracts	Prepaid expenses and other	$ 41	$ 17
Commodity swap contracts	Other accrued liabilities	(2,277)	(1,146)
Total derivatives designated as hedging instruments		$ (2,236)	$ (1,129)

The following table summarizes the gain or loss recognized in AOCI as of September 30, 2019 and December 31, 2018 and the amounts reclassified from AOCI into earnings for the three and nine months ended September 30, 2019 and 2018 (in thousands):

	Amount of Gain (Loss) Recognized in AOCI on Derivatives (Effective Portion, net of tax)		Location of Gain (Loss) Reclassified from AOCI into Earnings (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into Earnings			
				Three Months Ended September 30,		Nine Months Ended September 30,	
	September 30, 2019	December 31, 2018		2019	2018	2019	2018
Derivatives instruments							
Commodity swap contracts	$ (2,037)	$ (765)	Cost of sales	$ (424)	$ —	$ (1,070)	$ —

Over the next 12 months, the Company expects to reclassify approximately $2.7 million of pretax deferred losses, related to the commodity swap contracts, from AOCI to cost of sales as inventory purchases are settled.

8. LEASES

The Company leases certain industrial spaces, office space, land, and equipment. Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term. Some leases include one or more options to renew, with renewal terms that can extend the lease term from generally one to 5 years. The exercise of lease renewal options is at the Company's sole discretion. Certain leases also include options to purchase the leased property. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

Leased assets and liabilities included within the Condensed Consolidated Balance Sheets consist of the following (in thousands):

	Classification	September 30, 2019
Right-of-Use Assets		
Operating	Other assets	$ 12,915
Finance	Property, plant and equipment, net of depreciation	2,981
Total leased ROU assets		$ 15,896
Liabilities		
Current		
Operating	Other accrued liabilities	$ 3,658
Finance	Current portion of finance lease obligations	322
Noncurrent		
Operating	Non-current liabilities	9,384
Finance	Finance lease obligations	461
Total lease liabilities		$ 13,825

Lease costs included in the Condensed Consolidated Statements of Operations consist of the following (in thousands):

	Classification	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2019
Operating lease cost	Cost of sales, selling expenses and general and administrative expense	$ 1,200	$ 3,398
Finance lease cost			
Amortization of ROU leased assets	Depreciation and amortization	36	108
Interest on lease liabilities	Interest expense	16	51
Net lease cost		$ 1,252	$ 3,557

Maturity of the Company's lease liabilities is as follows (in thousands):

	Operating Leases	Finance Leases	Total
2019 (remainder)	$ 1,171	$ 90	$ 1,261
2020	4,015	361	4,376
2021	3,441	361	3,802
2022	2,103	30	2,133
2023	1,765	—	1,765
Thereafter	2,093	—	2,093
Total lease payments	$ 14,588	$ 842	$ 15,430
Less: interest	1,546	59	
Present value of lease payments	$ 13,042	$ 783	

Leases that the Company has signed but have not yet commenced are immaterial. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. Remaining lease term and discount rates are as follows:

	September 30, 2019
Weighted average remaining lease term (years)	
Operating leases	4.4
Finance leases	2.3
Weighted average discount rate	
Operating leases	5.17%
Finance leases	6.16%

Lease costs included in the Condensed Consolidated Statements of Cash Flows are as follows (in thousands):

	Nine Months Ended September 30, 2019
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	$ 3,271
Operating cash flows from finance leases	$ 42
Financing cash flows from finance leases	$ 230
Leased assets obtained in exchange for new operating lease liabilities	$ 5,218

9. OTHER ACCRUED LIABILITIES

The following table presents the major components of *Other Accrued Liabilities* (in thousands):

	September 30, 2019	December 31, 2018
Warranty	$ 24,342	$ 22,247
Chassis converter pool agreements	23,957	22,273
Payroll and related taxes	27,223	16,096
Customer deposits	19,128	23,483
Self-insurance	11,795	9,890
Accrued interest	9,180	4,779
Operating lease obligations	3,658	—
Accrued taxes	5,727	7,653
All other	11,419	9,963
	$ 136,429	$ 116,384

The following table presents the changes in the product warranty accrual included in *Other Accrued Liabilities* (in thousands):

	2019	2018
Balance as of January 1	$ 22,247	$ 20,132
Provision for warranties issued in current year	5,253	5,272
Payments	(3,158)	(3,939)
Balance as of September 30	$ 24,342	$ 21,465

The Company offers a limited warranty for its products with a coverage period that ranges between one and 5 years, except that the coverage period for DuraPlate® trailer panels is 10 years. The Company passes through component manufacturers' warranties to our customers. The Company's policy is to accrue the estimated cost of warranty coverage at the time of the sale.

10. FAIR VALUE MEASUREMENTS

The Company's fair value measurements are based upon a three-level valuation hierarchy. These valuation techniques are based upon the transparency of inputs (observable and unobservable) to the valuation of an asset or liability as of the measurement date. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. These two types of inputs create the following fair value hierarchy:

- Level 1 — Valuation is based on quoted prices for identical assets or liabilities in active markets;
- Level 2 — Valuation is based on quoted prices for similar assets or liabilities in active markets, or other inputs that are observable for the asset or liability, either directly or indirectly, for the full term of the financial instrument; and
- Level 3 — Valuation is based upon other unobservable inputs that are significant to the fair value measurement.

Recurring Fair Value Measurements

The Company maintains a non-qualified deferred compensation plan which is offered to senior management and other key employees. The amount owed to participants is an unfunded and unsecured general obligation of the Company. Participants are offered various investment options with which to invest the amount owed to them, and the plan administrator maintains a record of the liability owed to participants by investment. To minimize the impact of the change in market value of this liability, the Company has elected to purchase a separate portfolio of investments through the plan administrator similar to those chosen by the participant.

The investments purchased by the Company include mutual funds, which are classified as Level 1, and life-insurance contracts valued based on the performance of underlying mutual funds, which are classified as Level 2. Additionally, upon the Company's acquisition of Supreme in 2017, the Company acquired a pool of investments made by a wholly owned captive insurance subsidiary. These investments are comprised of mutual funds, which are classified as Level 1.

The fair value of the Company's derivatives is estimated with a market approach using third-party pricing services, which have been corroborated with data from active markets or broker quotes.

Fair value measurements and the fair value hierarchy level for the Company's assets and liabilities measured at fair value on a recurring basis, are shown below (in thousands):

	Frequency	Asset / (Liability)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2019					
Commodity swap contracts	Recurring	(2,236)	—	(2,236)	—
Mutual funds	Recurring	6,499	6,499	—	—
Life-insurance contracts	Recurring	16,180	—	16,180	—
December 31, 2018					
Commodity swap contracts	Recurring	(1,129)	—	(1,129)	—
Mutual funds	Recurring	4,140	4,140	—	—
Life-insurance contracts	Recurring	15,333	—	15,333	—

Estimated Fair Value of Debt

The estimated fair value of debt atSeptember 30, 2019 consists primarily of the Senior Notes due 2025 and borrowings under the Term Loan Credit Agreement (see Note 6). The fair value of the Senior Notes due 2025, Term Loan Credit Agreement and the Revolving Credit Facility are based upon third party pricing sources, which generally do not represent daily market activity or represent data obtained from an exchange, and are classified as Level 2. The interest rates on the Company's borrowings under the Revolving Credit Facility are adjusted regularly to reflect current market rates and thus carrying value approximates fair value for these borrowings. All other debt approximates their fair value as determined by discounted cash flows and are classified as Level 3.

The Company's carrying and estimated fair value of debt atSeptember 30, 2019 and December 31, 2018 were as follows (in thousands):

	September 30, 2019				December 31, 2018			
	Carrying Value	Fair Value			Carrying Value	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Instrument								
Senior notes due 2025	$ 320,411	$ —	$ 318,500	$ —	$ 319,941	$ —	$ 278,688	$ —
Term loan credit agreement	154,711	—	155,228	—	184,957	—	181,985	—
	$ 475,122	$ —	$ 473,728	$ —	$ 504,898	$ —	$ 460,673	$ —

The fair value of debt is based on current public market prices for disclosure purposes only. Unrealized gains or losses are not recognized in the financial statements as long-term debt is presented at carrying value, net of unamortized premium or discount and unamortized deferred financing costs.

Impairment of Goodwill and Long-Lived Assets

The Company recorded an impairment of goodwill for the Aviation and Truck Equipment business within the Diversified Products reportable segment in the third quarter of 2018 for $4.9 million, based on indicative market value of the reporting unit. The Company also recorded an impairment of all long-lived assets for the same reporting unit within the Diversified Products reportable segment in the third quarter of 2018 of $7.1 million. The aggregate goodwill and long-lived asset impairment charges, which were based on Level 3 fair value measurements, are included in *Impairment Expense* in the Condensed Consolidated Statements of Operations. There was no impairment of goodwill or long-lived assets during the three- and nine-month periods ended September 30, 2019.

11. COMMITMENTS AND CONTINGENCIES

As of September 30, 2019, the Company was named as a defendant or was otherwise involved in numerous legal proceedings and governmental examinations, in connection with the conduct of its business activities, in various jurisdictions, both in the United States and internationally. On the basis of information currently available to it, management does not believe that existing proceedings and investigations will have a material impact on our consolidated financial condition or liquidity if determined in a manner adverse to the Company. However, such matters are unpredictable, and we could incur judgments or enter into settlements for current or future claims that could materially and adversely affect our financial statements. Costs associated with the litigation and settlements of legal matters are reported within *General and Administrative Expenses* in the Condensed Consolidated Statements of Operations.

Environmental Disputes

In August 2014, the Company received notice as a potentially responsible party ("PRP") by the South Carolina Department of Health and Environmental Control ("DHEC") pertaining to the Philip Services Site located in Rock Hill, South Carolina pursuant to the Comprehensive Environmental Response, Compensation and Liability Act and corresponding South Carolina statutes. PRPs include parties identified through manifest records as having contributed to deliveries of hazardous substances to the Philip Services Site between 1979 and 1999. The DHEC's allegation that the Company was a PRP arises out of four manifest entries in 1989 under the name of a company unaffiliated with Wabash National (or any of its former or current subsidiaries) that purport to be delivering a de minimis amount of hazardous waste to the Philip Services Site "c/o Wabash National Corporation." As such, the Philip Services Site PRP Group ("PRP Group") notified Wabash in August 2014 that it was offering the Company the opportunity to resolve any liabilities associated with the Philip Services Site by entering into a Cash Out and Reopener Settlement Agreement (the "Settlement Agreement") with the PRP Group, as well as a Consent Decree with the DHEC. The Company has accepted the offer from the PRP Group to enter into the Settlement Agreement and Consent Decree, while reserving its rights to contest its liability for any deliveries of hazardous materials to the Philips Services Site. The requested settlement payment is immaterial to the Company's financial conditions or operations, and as a result, if the Settlement Agreement and Consent Decree are finalized, the payment to be made by the Company thereunder is not expected to have a material adverse effect on the Company's financial condition or results of operations.

Supreme Litigation

Prior to the Company's acquisition of Supreme, on November 4, 2016, a putative class action lawsuit was filed against Supreme Corporation, Mark D. Weber (Supreme's former Chief Executive Officer) and Matthew W. Long (Supreme's former Chief Financial Officer) in the United States District Court for the Central District of California alleging the defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 by making material, misleading statements in July 2016 regarding projected backlog. The plaintiff seeks to recover unspecified damages. On February 14, 2017, the Court transferred the venue of the case to the Northern District of Indiana upon the joint stipulation of the plaintiff and the defendants. An amended complaint was filed on April 24, 2017 challenging statements made during a putative class period of October 22, 2015, through October 21, 2016.

On May 24, 2018, the Court granted Supreme's motion to dismiss all claims for failure to state a claim. On July 13, 2018, the plaintiffs filed a second amended complaint. On August 24, 2018, Supreme filed a second motion to dismiss for failure to state a claim, and requested dismissal with prejudice. On March 29, 2019, the Court granted Supreme's motion and dismissed plaintiffs' second amended complaint, with prejudice. Plaintiffs filed a notice of appeal on April 29, 2019, and following an Agreed Stipulation of Dismissal filed jointly by the parties, the U.S. Court of Appeals for the Seventh Circuit dismissed the case on September 24, 2019.

Chassis Converter Pool Agreements

The Company, through Supreme, obtains most vehicle chassis for its specialized vehicle products directly from the chassis manufacturers under converter pool agreements. Chassis are obtained from the manufacturers based on orders from customers, and in some cases, for unallocated orders. The agreements generally state that the manufacturer will provide a supply of chassis to be maintained at the Company's facilities with the condition that we will store such chassis and will not move, sell, or otherwise dispose of such chassis except under the terms of the agreement. In addition, the manufacturer typically retains the sole authority to authorize commencement of work on the chassis and to make certain other decisions with respect to the chassis including the terms and pricing of sales of the chassis to the manufacturer's dealers. The manufacturer also does not transfer the certificate of origin to the Company nor permit the Company to sell or transfer the chassis to anyone other than the manufacturer (for ultimate resale to a dealer). Although the Company is party to related finance agreements with manufacturers, the Company has not historically settled, nor expects to in the future settle, any related obligations in cash. Instead, the obligation is settled by the manufacturer upon reassignment of the chassis to an accepted dealer, and the dealer is invoiced for the chassis by the manufacturer. Accordingly, as of September 30, 2019, the Company's outstanding chassis converter pool with the manufacturer totaled $24.0 million and has included this financing agreement on the Company's Condensed Consolidated Balance Sheets within *Prepaid Expenses and Other* and *Other Accrued Liabilities*. All other chassis programs through its Supreme subsidiary are handled as consigned inventory belonging to the manufacturer and totaled approximately $6.5 million. Under these agreements, if the chassis is not delivered to a customer within a specified time frame the Company is required to pay a finance or storage charge on the chassis. Additionally, the Company receives finance support funds from manufacturers when the chassis are assigned into the Company's chassis pool. Typically, chassis are converted and delivered to customers within 90 days of the receipt of the chassis by the Company.

12. NET INCOME PER SHARE

Per share results have been calculated based on the average number of common shares outstanding.The calculation of basic and diluted net income per share is determined using net income applicable to common stockholders as the numerator and the number of shares included in the denominator as follows (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Basic net income per share:				
Net income applicable to common stockholders	$ 25,460	$ 4,664	$ 71,200	$ 57,837
Weighted average common shares outstanding	54,413	56,798	54,975	57,486
Basic net income per share	$ 0.47	$ 0.08	$ 1.30	$ 1.01
Diluted net income per share:				
Net income applicable to common stockholders	$ 25,460	$ 4,664	$ 71,200	$ 57,837
Weighted average common shares outstanding	54,413	56,798	54,975	57,486
Dilutive shares from assumed conversion of convertible senior notes	—	—	—	676
Dilutive stock options and restricted stock	606	944	527	1,056
Diluted weighted average common shares outstanding	55,019	57,742	55,502	59,218
Diluted net income per share	$ 0.46	$ 0.08	$ 1.28	$ 0.98

The calculation of diluted net income per share for the nine-month period ended September 30, 2018 includes the impact of the Company's convertible senior notes as the average stock price of the Company's common stock during the period was above the initial conversion price of approximately $11.70 per share. The convertible notes matured in May 2018, so there were no dilutive shares in 2019.

13. STOCK-BASED COMPENSATION

The Company recognizes all share-based payments based upon their fair value. The Company grants restricted stock units subject to service, performance and/or market conditions. The Company's policy is to recognize expense for awards that have service conditions only subject to graded vesting using the straight-line attribution method. The fair value of service and performance based units is based on the market price of a share of underlying common stock at the date of grant. The fair value of the market based units is based on a lattice valuation model. The amount of compensation costs related to restricted stock units and performance units not yet recognized was $16.0 million at September 30, 2019 for which the expense will be recognized through 2022.

14. STOCKHOLDERS' EQUITY

Share Repurchase Program

On November 14, 2018, the Board of Directors approved the extension of the Company's existing stock repurchase program for an additional three-year period and authorizing up to an additional $100 million in repurchases. Stock repurchases under this program may be made in the open market or in private transactions at times and in amounts determined by the Company. As of September 30, 2019, $80.0 million remained available under the program.

Common and Preferred Stock

The Board of Directors has the authority to issue common and unclassed preferred stock of up to 200 million shares and 25 million shares, respectively, with par value of $0.01 per share, as well as to fix dividends, voting and conversion rights, redemption provisions, liquidation preferences and other rights and restrictions.

Accumulated Other Comprehensive Income

Changes in AOCI by component, net of tax, for the nine months ended September 30, 2019 are summarized as follows (in thousands):

	Foreign Currency Translation and Other	Derivative Instruments	Total
Balances at December 31, 2018	$ (2,578)	$ (765)	$ (3,343)
Net unrealized gains (losses) arising during the period[a]	298	(939)	(641)
Less: Net realized gains (losses) reclassified to net income[b]	—	(125)	(125)
Net change during the period	298	(814)	(516)
Balances at March 31, 2019	(2,280)	(1,579)	(3,859)
Net unrealized gains (losses) arising during the period[c]	(115)	(279)	(394)
Less: Net realized gains (losses) reclassified to net income[d]	—	(357)	(357)
Net change during the period	(115)	78	(37)
Balances at June 30, 2019	(2,395)	(1,501)	(3,896)
Net unrealized gains (losses) arising during the period[e]	(463)	(854)	(1,317)
Less: Net realized gains (losses) reclassified to net income[f]	—	(318)	(318)
Net change during the period	(463)	(536)	(999)
Balances at September 30, 2019	$ (2,858)	$ (2,037)	$ (4,895)

(a) Derivative instruments net of $308 thousand of tax benefit for the three months ended March 31, 2019.
(b) Derivative instruments net of $42 thousand of tax benefit for the three months ended March 31, 2019.
(c) Derivative instruments net of $93 thousand of tax benefit for the three months ended June 30, 2019.
(d) Derivative instruments net of $121 thousand of tax benefit for the three months ended June 30, 2019.
(e) Derivative instruments net of $288 thousand of tax benefit for the three months ended September 30, 2019.
(f) Derivative instruments net of $106 thousand of tax benefit for the three months ended September 30, 2019.

Changes in AOCI by component, net of tax, for the nine months ended September 30, 2018 are summarized as follows (in thousands):

	Foreign Currency Translation and Other	Derivative Instruments	Total
Balances at December 31, 2017	$ (2,385)	$ —	$ (2,385)
Net unrealized gains (losses) arising during the period	409	—	409
Less: Net realized gains (losses) reclassified to net income	—	—	—
Net change during the period	409	—	409
Balances at March 31, 2018	(1,976)	—	(1,976)
Net unrealized gains (losses) arising during the period	(644)	—	(644)
Less: Net realized gains (losses) reclassified to net income	—	—	—
Net change during the period	(644)	—	(644)
Balances at June 30, 2018	(2,620)	—	(2,620)
Net unrealized gains (losses) arising during the period	206	(31)	175
Less: Net realized gains (losses) reclassified to net income	—	—	—
Net change during the period	206	(31)	175
Balances at September 30, 2018	$ (2,414)	$ (31)	$ (2,445)

15. INCOME TAXES

For the three months ended September 30, 2019, the Company recognized income tax expense of $7.4 million compared to $5.3 million for the same period in the prior year. The effective tax rate for this period was 22.6% compared to 53.4% for the same period in the prior year. The Company recognized income tax expense of $21.2 million in the first nine months of 2019 and $21.2 million for the same period in the prior year. The effective tax rates for the first nine months of 2019 and 2018 were 23.0% and 26.8%, respectively. These effective tax rates differ from the US Federal statutory rate of 21% primarily due to the impact of state and local taxes and discrete items related to research and development tax credits.

16. SEGMENTS

a. Segment Reporting

The Company manages its business in three segments: Commercial Trailer Products, Diversified Products, and Final Mile Products. The Commercial Trailer Products segment manufactures standard and customized van and platform trailers and other transportation related equipment for customers who purchase directly from the Company or through independent dealers. The Diversified Products segment, comprised of three strategic business units including, Tank Trailer, Process Systems and Composites, focuses on the Company's commitment to expand its customer base, diversify its product offerings and revenues and extend its market leadership by leveraging its proprietary DuraPlate® panel technology, drawing on its core manufacturing expertise and making available products that are complementary to truck and tank trailers and transportation equipment. The Final Mile Products segment manufactures truck bodies for customers in the final mile space.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies except that the Company evaluates segment performance based on income from operations. The Company has not allocated certain corporate related administrative costs, interest and income taxes included in the corporate and eliminations segment to the Company's other reportable segments. The Company accounts for intersegment sales and transfers at cost plus a specified mark-up.

Reportable segment information is as follows (in thousands):

Three Months Ended September 30, 2019	Commercial Trailer Products	Diversified Products	Final Mile Products	Corporate and Eliminations	Consolidated
Net sales					
External customers	$ 380,062	$ 87,342	$ 113,504	$ —	$ 580,908
Intersegment sales	282	5,839	—	(6,121)	—
Total net sales	$ 380,344	$ 93,181	$ 113,504	$ (6,121)	$ 580,908
Income (loss) from operations	$ 36,503	$ 7,183	$ 4,628	$ (10,045)	$ 38,269
Assets	$ 364,436	$ 327,343	$ 507,402	$ 179,422	$ 1,378,603

Three Months Ended September 30, 2018	Commercial Trailer Products	Diversified Products	Final Mile Products	Corporate and Eliminations	Consolidated
Net sales					
External customers	$ 368,301	$ 97,723	$ 87,049	$ —	$ 553,073
Intersegment sales	41	4,638	—	(4,679)	—
Total net sales	$ 368,342	$ 102,361	$ 87,049	$ (4,679)	$ 553,073
Income (loss) from operations	$ 32,453	$ (6,346)	$ (1,495)	$ (8,099)	$ 16,513
Assets	$ 358,150	$ 352,494	$ 475,934	$ 163,629	$ 1,350,207

Nine Months Ended September 30, 2019	Commercial Trailer Products	Diversified Products	Final Mile Products	Corporate and Eliminations	Consolidated
Net sales					
External customers	$ 1,120,608	$ 270,357	$ 349,170	$ —	$ 1,740,135
Intersegment sales	1,645	19,498	—	(21,143)	—
Total net sales	$ 1,122,253	$ 289,855	$ 349,170	$ (21,143)	$ 1,740,135
Income (loss) from operations	$ 102,742	$ 24,138	$ 15,718	$ (31,593)	$ 111,005
Assets	$ 364,436	$ 327,343	$ 507,402	$ 179,422	$ 1,378,603

Nine Months Ended September 30, 2018	Commercial Trailer Products	Diversified Products	Final Mile Products	Corporate and Eliminations	Consolidated
Net sales					
External customers	$ 1,098,182	$ 275,183	$ 283,717	$ —	$ 1,657,082
Intersegment sales	89	16,466	—	(16,555)	—
Total net sales	$ 1,098,271	$ 291,649	$ 283,717	$ (16,555)	$ 1,657,082
Income (loss) from operations	$ 102,718	$ 3,078	$ 9,372	$ (26,959)	$ 88,209
Assets	$ 358,150	$ 352,494	$ 475,934	$ 163,629	$ 1,350,207

b. Product Information

The Company offers products primarily in four general categories: (1) new trailers, (2) used trailers, (3) components, parts and service and (4) equipment and other. The following table sets forth the major product categories and their percentage of consolidated net sales (dollars in thousands):

Three Months Ended September 30, 2019	**Commercial Trailer Products**	**Diversified Products**	**Final Mile Products**	**Eliminations**	**Consolidated**	
New trailers	$ 366,938	$ 51,697	$ —	$ —	$ 418,635	72.1%
Used trailers	86	417	—	—	503	0.1%
Components, parts and service	10,039	23,790	4,302	(5,960)	32,171	5.5%
Equipment and other	3,281	17,277	109,202	(161)	129,599	22.3%
Total net sales	$ 380,344	$ 93,181	$ 113,504	$ (6,121)	$ 580,908	100.0%

Three Months Ended September 30, 2018	**Commercial Trailer Products**	**Diversified Products**	**Final Mile Products**	**Eliminations**	**Consolidated**	
New trailers	$ 354,003	$ 44,399	$ —	$ —	$ 398,402	72.0%
Used trailers	1,888	775	—	—	2,663	0.5%
Components, parts and service	8,090	29,064	2,304	(4,676)	34,782	6.3%
Equipment and other	4,361	28,123	84,745	(3)	117,226	21.2%
Total net sales	$ 368,342	$ 102,361	$ 87,049	$ (4,679)	$ 553,073	100.0%

Nine Months Ended September 30, 2019	**Commercial Trailer Products**	**Diversified Products**	**Final Mile Products**	**Eliminations**	**Consolidated**	
New trailers	$ 1,078,599	$ 146,821	$ —	$ —	$ 1,225,420	70.4%
Used trailers	236	1,743	—	—	1,979	0.1%
Components, parts and service	30,994	88,681	12,165	(20,455)	111,385	6.4%
Equipment and other	12,424	52,610	337,005	(688)	401,351	23.1%
Total net sales	$ 1,122,253	$ 289,855	$ 349,170	$ (21,143)	$ 1,740,135	100.0%

Nine Months Ended September 30, 2018	**Commercial Trailer Products**	**Diversified Products**	**Final Mile Products**	**Eliminations**	**Consolidated**	
New trailers	$ 1,049,452	$ 115,840	$ —	$ —	$ 1,165,292	70.3%
Used trailers	8,794	2,489	—	—	11,283	0.7%
Components, parts and service	25,780	94,958	7,340	(16,529)	111,549	6.7%
Equipment and other	14,245	78,362	276,377	(26)	368,958	22.3%
Total net sales	$ 1,098,271	$ 291,649	$ 283,717	$ (16,555)	$ 1,657,082	100.0%

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report of Wabash National Corporation (together with its subsidiaries, the "Company," "Wabash," "we," "our," or "us") contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). Forward-looking statements may include the words "may," "will," "estimate," "intend," "continue," "believe," "expect," "plan" or "anticipate" and other similar words. Our "forward-looking statements" include, but are not limited to, statements regarding:

- our business plan;
- our ability to effectively integrate Supreme and realize expected synergies and benefits from the Supreme acquisition;
- our expected revenues, income or loss;
- our ability to manage our indebtedness;
- our strategic plan and plans for future operations;
- financing needs, plans and liquidity, including for working capital and capital expenditures;
- our ability to achieve sustained profitability;
- reliance on certain customers and corporate relationships;
- availability and pricing of raw materials, including the impact of tariffs or other international trade developments;
- availability of capital and financing;
- dependence on industry trends;
- the outcome of any pending litigation or notice of environmental dispute;
- export sales and new markets;
- engineering and manufacturing capabilities and capacity, including our ability to attract and retain qualified personnel;
- our ability to develop and commercialize new products;
- acceptance of new technologies and products;
- government regulation; and
- assumptions relating to the foregoing.

Although we believe that the expectations expressed in our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and are subject to inherent risks and uncertainties, such as those disclosed in this Quarterly Report. Important risks and factors that could cause our actual results to be materially different from our expectations include the factors that are disclosed in "Item 1A-Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2018. Each forward-looking statement contained in this Quarterly Report reflects our management's view only as of the date on which that forward-looking statement was made. We are not obligated to update forward-looking statements or publicly release the result of any revisions to them to reflect events or circumstances after the date of this Quarterly Report or to reflect the occurrence of unanticipated events, except as required by law.

Results of Operations

The following table sets forth certain operating data as a percentage of net sales for the three and nine months ended September 30, 2019 and 2018:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	86.6 %	88.2 %	86.5 %	87 %
Gross profit	13.4 %	11.8 %	13.5 %	13.0 %
General and administrative expenses	4.4 %	4.2 %	4.7 %	4.5 %
Selling expenses	1.5 %	1.6 %	1.5 %	1.5 %
Amortization of intangibles	0.9 %	0.9 %	0.9 %	0.9 %
Other operating expenses	— %	2.2 %	— %	0.7 %
Income from operations	6.6 %	2.9 %	6.4 %	5.4 %
Interest expense	(1.2)%	(1.3)%	(1.2)%	(1.3)%
Other, net	0.2 %	0.1 %	0.1 %	0.8 %
Income before income taxes	5.6 %	1.7 %	5.3 %	4.9 %
Income tax expense	1.3 %	0.9 %	1.2 %	1.4 %
Net income	4.3 %	0.8 %	4.1 %	3.5 %

For the three-month period ended September 30, 2019, we recorded net sales of $580.9 million compared to $553.1 million in the prior year period. Net sales for the three-month period ended September 30, 2019 increased $27.8 million, or 5.0%, compared to the prior year period, due primarily to a 15.7% increase in truck body unit shipments, which contributed to an overall $26.5 million increase in sales within our Final Mile Products segment. Gross profit margin increased to 13.4% in the third quarter of 2019 compared to 11.8% in the prior year period driven by the sale of the Aviation and Truck Equipment ("AVTE") business and as a result of our pricing efforts. We continue to be encouraged by the strong market demand within all of our reporting segments as well as the expectation that overall industry shipment and production levels will remain above replacement demand for the remainder of 2019 as many key structural and market drivers continue to support healthy demand for new trailers. In addition, we expect to continue our focused efforts to drive ongoing improvements throughout the business, deliver new opportunities to expand our customer base and focus on developing innovative new products that both add value to our customers' operations and allow us to continue to differentiate our products from the competition.

For the three-month period ended September 30, 2019, selling, general and administrative expenses increased $2.6 million as compared to the same period in 2018. The increase was largely due to higher employee-related costs, including employee incentive programs, compared to the same period in the prior year. As a percentage of net sales, selling, general and administrative expenses increased slightly to 5.9% in the third quarter of 2019 as compared to 5.8% in the prior year period.

Our management team continues to be focused on increasing overall shareholder value by optimizing our manufacturing operations to match the current demand environment, implementing cost savings initiatives and lean manufacturing techniques, strengthening our capital structure, developing innovative products that enable our customers to succeed, improving earnings and continuing diversification of the business into higher margin opportunities that leverage our intellectual and process capabilities.

Three Months Ended September 30, 2019 Compared with the Three Months Ended September 30, 2018

Net Sales

Net sales in the third quarter of 2019 increased $27.8 million, or 5.0%, compared to the third quarter of 2018. By business segment, prior to the elimination of intercompany sales, sales and related units sold were as follows (dollars in thousands):

	Three Months Ended September 30,		Change	
	2019	2018	Amount	%
	(prior to elimination of intersegment sales)			
Sales by Segment				
Commercial Trailer Products	$ 380,344	$ 368,342	$ 12,002	3.3 %
Diversified Products	93,181	102,361	(9,180)	(9.0)%
Final Mile Products	113,504	87,049	26,455	30.4 %
Eliminations	(6,121)	(4,679)	(1,442)	
Total	$ 580,908	$ 553,073	$ 27,835	5.0 %
New Trailers	(units)			
Commercial Trailer Products	13,700	14,450	(750)	(5.2)%
Diversified Products	750	700	50	7.1 %
Total	14,450	15,150	(700)	(4.6)%
Used Trailers	(units)			
Commercial Trailer Products	25	150	(125)	(83.3)%
Diversified Products	10	50	(40)	(80.0)%
Total	35	200	(165)	(82.5)%

Commercial Trailer Products segment sales, prior to the elimination of intersegment sales, were $380.3 million for the third quarter of 2019, an increase of $12.0 million, or 3.3%, compared to the third quarter of 2018. New trailers shipped during the third quarter of 2019 totaled 13,700 trailers compared to 14,450 trailers in the prior year period, a decrease of 5.2%. The increase in net sales is primarily attributable to the impact of pricing efforts undertaken in response to increases in commodity and labor costs experienced in 2018 and a $2.0 million increase in parts and service revenue compared to the third quarter of 2018. Partially offsetting these increases were lower used trailer sales resulting in a $1.8 million decrease in sales compared to the third quarter of 2018.

Diversified Products segment sales, prior to the elimination of intersegment sales, were $93.2 million for the third quarter of 2019, a decrease of $9.2 million, or 9.0%, compared to the third quarter of 2018. Equipment sales decreased $10.8 million, or 38.6%, compared to the prior year period primarily due to a $10.5 million decrease in sales as a result of the sale of the AVTE business in January 2019. Sales of our parts and service product offerings totaled $23.8 million for the third quarter of 2019, a decrease of $5.3 million or 18.1% as compared to the prior year period, primarily due to lower demand for our decking systems. New trailer sales increased $7.3 million, or 16.4%, from the prior year period driven by higher demand for tank trailers compared to the third quarter of 2018 and pricing efforts undertaken in response to increases in commodity and labor costs experienced in 2018. New trailer shipments for the third quarter of 2019 totaled 750 units compared to 700 units in the prior year period.

Final Mile Products segment sales, prior to the elimination of intersegment sales, were $113.5 million in the third quarter of 2019, an increase of $26.5 million, or 30.4%, compared to the third quarter of 2018. New truck body sales increased $24.1 million, or 29.1%, and parts and service revenue increased $2.4 million, or 56.8%, compared to the prior year period. The increase in truck body sales is primarily due to a 16.8% increase in truck body unit shipments in the third quarter of 2019 compared to the prior year period and the impact of pricing efforts undertaken in response to increases in commodity and labor costs experienced in 2018. The increase in truck body shipments is attributable to improved chassis availability compared to the prior year period, our efforts to increase the visibility of chassis supply resulting in improved production scheduling and less production disruptions compared to the same period in the prior year, and overall demand for our products within the final mile market.

Cost of Sales

Cost of sales was $503.2 million in the third quarter of 2019, an increase of $15.3, or 3.1%, compared to the prior year period. Cost of sales is comprised of material costs, a variable expense, and other manufacturing costs, comprised of both fixed and variable expenses, including direct and indirect labor, outbound freight, and overhead expenses.

Commercial Trailer Products segment cost of sales was $336.4 million in thethird quarter of 2019, an increase of $7.2 million, or 2.2%, compared to the prior year period. The increase was primarily driven by a $6.2 million increase in overall manufacturing costs and a $1.0 million increase in materials costs.

Diversified Products segment cost of sales was $75.1 million in thethird quarter of 2019, a decrease of $10.2 million, or 12.0%, compared to the prior period. The decrease in cost of sales was primarily due to the sale of the AVTE business, partially offset by higher sales volumes.

Final Mile Product segment cost of sales was $96.7 million in thethird quarter of 2019, an increase of $18.6 million, or 23.9%, compared to the prior period. The increase was primarily driven by a $14.3 million increase in materials costs and a $4.4 million increase in other manufacturing costs related to increased sales volumes.

Gross Profit

Gross profit was $77.7 million in the third quarter of 2019, an increase of $12.6 million from the prior year period. Gross profit as a percentage of sales wasl3.4% for the third quarter of 2019, compared to 11.8% for the same period in 2018. Gross profit by segment was as follows (dollars in thousands):

	Three Months Ended September 30,		Change	
	2019	2018	Amount	%
Gross Profit by Segment				
Commercial Trailer Products	$ 43,960	$ 39,137	$ 4,823	12.3%
Diversified Products	18,042	17,018	1,024	6.0%
Final Mile Products	16,763	8,954	7,809	87.2%
Corporate and Eliminations	(1,030)	53	(1,083)	
Total	$ 77,735	$ 65,162	$ 12,573	19.3%

Commercial Trailer Products segment gross profit was$44.0 million for the third quarter of 2019 compared to $39.1 million for the third quarter of 2018. Gross profit, prior to the elimination of intersegment sales, as a percentage of net sales, was 11.6% in the third quarter of 2019 compared to 10.6% in the comparative 2018 period. The increases in gross profit and gross profit as a percentage of sales were attributable to a more favorable sales mix and as a result of our pricing efforts.

Diversified Products segment gross profit was$18.0 million for the third quarter of 2019 compared to $17.0 million in the same quarter of 2018. Gross profit, prior to the elimination of intersegment sales, as a percentage of net sales, was 19.4% in the third quarter of 2019 compared to 16.6% in the 2018 period. The increases in gross profit and gross profit as a percentage of net sales compared to the prior year period were primarily driven by the sale of the AVTE business completed in January 2019 and improved operational efficiencies compared to the prior year period.

Final Mile Products segment gross profit was $16.8 million for the third quarter of 2019 compared to $9.0 million in the same quarter of 2018. Gross profit, prior to the elimination of intersegment sales, as a percentage of sales, was 14.8% in the third quarter of 2019 compared to 10.3% in the 2018 period. The increases in gross profit and gross profit as a percentage of net sales compared to the prior year period were primarily driven by higher sales volumes and operational efficiencies as a result of improved chassis availability compared to the prior year period and our pricing efforts.

General and Administrative Expenses

General and administrative expenses for the third quarter of 2019 increased $2.3 million, or 10.1%, from the prior year period. The increase was largely due to $2.1 million of higher employee-related costs, including benefits and incentive programs, compared to the same period in the prior year. As a percentage of net sales, general and administrative expenses were 4.4% for the third quarter of 2019 compared to 4.2% for the third quarter of 2018.

Selling Expenses

Selling expenses were $9.0 million in the third quarter of 2019, an increase of $0.3 million, or 3.5%, compared to the prior year period. The increase was due to an increase of $0.3 million in advertising and promotion efforts, and a $0.2 million increase in employee-related costs, including benefits and incentive programs. These increases were partially offset by lower selling expenses as a result of the sale of the AVTE business in January 2019. As a percentage of net sales, selling expenses were 1.5% for the third quarter of 2019 compared to 1.6% for the third quarter of 2018.

Amortization of Intangibles

Amortization of intangibles was $5.1 million for the third quarter of 2019 compared to $4.9 million in the prior year period. Amortization of intangibles for both periods was the result of expenses recognized for intangible assets recorded from the acquisitions of Walker in May 2012, certain assets of Beall in February 2013, and Supreme in September 2017.

Impairment Expense

Impairment Expense of $12.0 million in the third quarter of 2018 was the result of an impairment charge related to goodwill and long-lived assets within the Diversified Products reportable segment.

Other Income (Expense)

Interest Expense for the third quarter of 2019 totaled $6.7 million compared to $7.0 million in the third quarter of 2018. Interest expense relates to interest and non-cash accretion charges on our Term Loan Credit Agreement and Senior Notes. The decrease from the previous year period is primarily due to our voluntary prepayments totaling approximately $30.0 million against our Term Loan Credit Agreement during the first nine months of 2019.

Other, Net for the third quarter of 2019 represented income of $1.3 million as compared to income of $0.5 million for the prior year period. Income for the current year period is primarily related to interest income and the sale of a building asset that resulted in an immaterial gain. Income for the prior year period is primarily related to the gains recognized on the sale of former branch locations in the third quarter of 2018.

Income Taxes

We recognized income tax expense of $7.4 million in the third quarter of 2019 compared to $5.3 million for the same period in the prior year. The effective tax rate for the third quarter of 2019 and 2018 was 22.6% and 53.4%, respectively. The decrease in the effective tax rate from the prior year period is primarily attributable to the $12.0 million impairment charge in the third quarter of 2018 related to goodwill and long-lived assets within the Diversified Products reportable segment. These effective tax rates differ from the U.S. Federal statutory rate of 21% primarily due to the impact of state and local taxes and discrete items related to research and development tax credits.

Nine Months Ended September 30, 2019 Compared with the Nine Months Ended September 30, 2018

Net Sales

Net sales in the first nine months of 2019 increased $83.1 million, or 5.0%, compared to the first nine months of 2018. By business segment, prior to the elimination of intercompany sales, sales and related units sold were as follows (dollars in thousands):

	Nine Months Ended September 30,		Change	
	2019	2018	Amount	%
	(prior to elimination of intersegment sales)			
Sales by Segment				
Commercial Trailer Products	$ 1,122,253	$ 1,098,271	$ 23,982	2.2 %
Diversified Products	289,855	291,649	(1,794)	(0.6)%
Final Mile Products	349,170	283,717	65,453	23.1 %
Eliminations	(21,143)	(16,555)	(4,588)	
Total	$ 1,740,135	$ 1,657,082	$ 83,053	5.0 %
New Trailer Shipments	(units)			
Commercial Trailer Products	40,350	42,750	(2,400)	(5.6)%
Diversified Products	2,200	1,900	300	15.8 %
Total	42,550	44,650	(2,100)	(4.7)%
Used Trailer Shipments	(units)			
Commercial Trailer Products	50	850	(800)	(94.1)%
Diversified Products	60	100	(40)	(40.0)%
Total	110	950	(840)	(88.4)%

Commercial Trailer Products segment sales prior to the elimination of intersegment sales were $1,122.3 million for the first nine months of 2019, an increase of $24.0 million, or 2.2%, compared to the first nine months of 2018. Trailers shipped during the first nine months of 2019 totaled 40,350 trailers compared to 42,750 trailers in the prior year period, a 5.6% decrease. Pricing actions taken to offset the increased cost of materials resulted in a $29.1 million increase in new trailer sales despite the decrease in shipments compared to the prior year period. Parts and service revenue for the nine-month period of 2019 totaled $31.0 million, an increase of $5.2 million, or 20.2%, from the prior year period due to stronger focus on aftermarket parts and services. Used trailer sales decreased $8.6 million compared to the prior year period primarily due to an 800 unit decrease in used trailer shipments in the first nine months of 2019 compared to the prior year period.

Diversified Products segment sales prior to the elimination of intersegment sales were $289.9 million for the first nine months of 2019, a decrease of $1.8 million, or 0.6%, compared to the same period of 2018. Trailers shipped during the first nine months of 2019 totaled 2,200 trailers compared to 1,900 trailers in the prior year period, a 15.8% increase. The increase in new trailer shipments compared to the prior year period resulted in a $31.0 million increase in sales. Equipment sales decreased $25.8 million, or 32.9%, compared to the prior year period primarily due to a $25.6 million decrease in sales as a result of the sale of the AVTE business in January 2019. Parts and service sales decreased $6.3 million, or 6.6%, compared to the prior year period, primarily due to lower demand for our decking systems.

Final Mile Products segment sales, prior to the elimination of intersegment sales, were $349.2 million for the first nine months of 2019, an increase of $65.5 million, or 23.1% from the first nine months of 2018. Increased truck body unit shipments of 18.3% drove a $59.4 million increase in new truck body sales compared to the prior year period. The increase in truck body shipments is attributable to improved chassis availability compared to the prior year period, our efforts to increase the visibility of chassis supply resulting in improved production scheduling and less production disruptions compared to the same period in the prior year, and overall demand for our products within the final mile market.

Cost of Sales

Cost of sales was $1,506.1 million in the first nine months of 2019, an increase of $63.6 million, or 4.4%, compared to the prior year period. Cost of sales is comprised of material costs, a variable expense, and other manufacturing costs, comprised of both fixed and variable expenses, including direct and indirect labor, outbound freight, and overhead expenses.

Commercial Trailer Products segment cost of sales was $995.4 million in the first nine months of 2019, an increase of $20.3 million, or 2.1%, compared to the prior year period. The increase was primarily driven by a $10.2 million increase in materials costs due to materials cost inflation as compared to the prior year period, as well as a $10.1 million increase in labor and other manufacturing costs.

Diversified Products segment cost of sales was $231.6 million in the first nine months of 2019, a decrease of $9.1 million, or 3.8%, compared to the prior period. The decrease was primarily due to the sale of the AVTE business, partially offset by an increase in materials costs in the current year period.

Final Mile Product segment cost of sales was $297.6 million in the first nine months of 2019, an increase of $55.3 million, or 22.8%, compared to the prior year period. The increase was driven by a $38.9 million increase in materials costs and a $16.4 million increase in other manufacturing costs related to increased sales volumes and product mix.

Gross Profit

Gross profit was $234.1 million in the first nine months of 2019, an increase of $19.5 million from the prior year period. Gross profit as a percentage of sales was 13.5% for the first nine months, compared to 13.0% during the same period in 2018. Gross profit by segment was as follows (dollars in thousands):

	Nine Months Ended September 30,		Change	
	2019	2018	$	%
Gross Profit by Segment				
Commercial Trailer Products	$ 126,806	$ 123,173	$ 3,633	2.9%
Diversified Products	58,264	51,008	7,256	14.2%
Final Mile Products	51,576	41,409	10,167	24.6%
Corporate	(2,571)	(995)	(1,576)	
Total	$ 234,075	$ 214,595	$ 19,480	9.1%

Commercial Trailer Products segment gross profit was $126.8 million for the first nine months of 2019 compared to $123.2 million for the prior year period. Gross profit prior to the elimination of intersegment sales, as a percentage of net sales, was 11.3% in 2019 compared to 11.2% in the prior period. The increases in gross profit and gross profit as a percentage of sales are attributable to our pricing efforts to mitigate the impact of higher material and operating costs.

Diversified Products segment gross profit was $58.3 million for the first nine months of 2019 compared to $51.0 million in the same period of 2018. Gross profit prior to the elimination of intersegment sales, as a percentage of net sales, was 20.1% in the 2019 period compared to 17.5% in the prior period. The increases in gross profit and gross profit as a percentage of net sales compared to the prior year period were primarily driven by the sale of the AVTE business in January 2019, improved operational efficiencies, and a 12.8% increase in new trailers shipped.

Final Mile Products segment gross profit was $51.6 million for the first nine months of 2019 compared to $41.4 million in the same period of 2018. Gross profit, as a percentage of sales, was 14.8% in the first nine months of 2019, compared to 14.6% in the prior year period. The increases in gross profit and gross profit as a percentage of net sales compared to the prior year period were primarily driven by higher sales volumes and operational efficiencies as a result of improved chassis availability compared to the prior year period and our pricing efforts.

General and Administrative Expenses

General and administrative expenses for the first nine months of 2019 increased $8.1 million, or 10.9%, from the prior year period. The increase was primarily due to a $3.2 million increase in employee-related costs, including benefits and incentive programs, compared to the same period in the prior year, and increases in various other administrative expenses. As a percentage of sales, general and administrative expenses were 4.7% for the 2019 period as compared to 4.5% for the same period of 2018.

Selling Expenses

Selling expenses were $25.7 million in the first nine months of 2019, an increase of $0.1 million, or 0.5%, compared to the prior year period. The increase was due to a $1.0 million increase in employee-related costs, including benefits and incentive programs, and a $0.6 million increase in advertising and promotion efforts. These increases were largely offset by lower selling expenses as a result of the sale of the AVTE business in January 2019. As a percentage of net sales, selling expenses were 1.5% for the 2019 period which is consistent with the same period of 2018.

Amortization of Intangibles

Amortization of intangibles was $15.4 million for the first nine months of 2019 compared to $14.8 million in the prior year period. Amortization of intangibles for both periods was the result of expenses recognized for intangible assets recorded from the acquisitions of Walker in May 2012, certain assets of Beall in February 2013, and Supreme in September 2017.

Impairment Expense

Impairment Expense of $12.0 million in the first nine months of 2018 was the result of an impairment charge related to goodwill and long-lived assets within the Diversified Products reportable segment.

Other Income (Expense)

Interest Expense for the first nine months of 2019 totaled $20.8 million compared to $21.6 million in the prior year period. Interest expense for the current year period is primarily related to interest and non-cash accretion charges on our Term Loan Credit Agreement and Senior Notes. The decrease from the prior year period was due to our voluntary prepayments totaling approximately $30.0 million against our Term Loan Credit Agreement during the first nine months of 2019 and the retirement of the Convertible Notes completed in 2018.

Other, Net for the first nine months of 2019 represented income of $2.2 million as compared to income of $12.5 million for the prior year period. Income for the current year period is primarily related to interest income and the sale of a building asset that resulted in an immaterial gain. Income for the prior year period was primarily related to the gains recognized on the sale of former branch locations throughout 2018.

Income Taxes

The Company recognized income tax expense of $21.2 million in the first nine months of 2019 compared to $21.2 million for the same period in the prior year. The effective tax rate for the first nine months of 2019 and 2018 were 23.0% and 26.8%, respectively. These effective tax rates differ from the U.S. Federal statutory rate of 21% primarily due to the impact of state and local taxes and discrete items related to research and development tax credits.

Liquidity and Capital Resources

Capital Structure

Our capital structure is comprised of a mix of debt and equity. As of September 30, 2019, our debt to equity ratio, including our capital lease obligations, was approximately 0.9:1.0. Our long-term objective is to generate operating cash flows sufficient to support the growth within our businesses and increase shareholder value. This objective will be achieved through a balanced capital allocation strategy of maintaining strong liquidity, deleveraging our balance sheet, investing in the business, both organically and strategically, and returning capital to our shareholders. During the first nine months of 2019, we made voluntary prepayments totaling approximately $30.0 million against our Term Loan Credit Agreement, paid dividends of approximately $13.4 million, and repurchased shares under our share repurchase program totaling $20.0 million. For the remainder of 2019, we expect to continue our commitment to fund our working capital requirements and capital expenditures while also deleveraging our balance sheet through cash flows from operations as well as available borrowings under our existing Revolving Credit Agreement and returning capital to our shareholders.

Debt Agreements and Related Amendments

Senior Notes

On September 26, 2017, we issued Senior Notes due 2025 (the "Senior Notes") with an aggregate principal amount of $325 million. The Senior Notes bear interest at the rate of 5.50% per annum from the date of issuance, and will pay interest semi-annually in cash on April 1 and October 1 of each year, beginning on April 1, 2018. We used the net proceeds of $318.9 million from the sale of the Senior Notes to finance a portion of the acquisition of Supreme and to pay related fees and expenses. The Senior Notes are guaranteed on a senior unsecured basis by all of our direct and indirect existing and future domestic restricted subsidiaries, subject to certain restrictions. The Senior Notes and related guarantees are our and our guarantors' general unsecured senior obligations and are subordinate to all of our and our guarantors' existing and future secured debt to the extent of the assets securing that secured obligation. In addition, the Senior Notes are structurally subordinate to any of existing and future debt of any of our subsidiaries that are not guarantors, to the extent of the assets of those subsidiaries. The Senior Notes will mature on October 1, 2025.

The indenture for the Senior Notes restricts our ability and the ability of certain of our subsidiaries, subject to certain exceptions and qualifications, to: (i) incur additional indebtedness; (ii) pay dividends or make other distributions in respect of, or repurchase or redeem, our capital stock or with respect to any other interest or participation in, or measured by, our profits; (iii) make loans and certain investments; (iv) sell assets; (v) create or incur liens; (vi) enter into transactions with affiliates; and (vii) consolidate, merge or sell all or substantially all of our assets.

The indenture for the Senior Notes contains customary events of default, including payment defaults, breaches of covenants, failure to pay certain judgments and certain events of bankruptcy, insolvency and reorganization. As of September 30, 2019, we were in compliance with all covenants.

Contractual coupon interest expense and accretion of discount and fees for the Senior Notes for the three- and nine-month periods ended September 30, 2019 were $4.6 million and $13.9 million, respectively, and $4.6 million and $13.8 million for the three- and nine-month periods ended September 30, 2018. Contractual coupon interest expense and accretion of discount and fees are included in *Interest Expense* on the Company's Condensed Consolidated Statements of Operations.

Revolving Credit Agreement

On December 21, 2018, we entered into the Second Amended and Restated Credit Agreement (the "Revolving Credit Agreement"), among us, certain of our subsidiaries as borrowers (together with us, the "Borrowers"), the lenders from time to time party thereto, Wells Fargo Capital Finance, LLC and Citizens Business Capital, which amended and restated our existing amended and restated revolving credit agreement, dated as of May 8, 2012.

The Revolving Credit Agreement is guaranteed by certain of our subsidiaries (the "Revolver Guarantors") and is secured by (i) first priority security interests in substantially all personal property of the Borrowers and the Revolver Guarantors, consisting of accounts receivable, inventory, cash, deposit and securities accounts and any cash or other assets in such accounts and, to the extent evidencing or otherwise related to such property, all general intangibles, licenses, intercompany debt, letter of credit rights, commercial tort claims, chattel paper, instruments, supporting obligations, documents and payment intangibles (collectively, the "Revolver Priority Collateral"), and (ii) second-priority liens on and security interests in (A) equity interests of each direct subsidiary held by the Borrowers and each Revolver Guarantors, and (B) substantially all other tangible and intangible assets of the Borrowers and the Revolver Guarantors, excluding real property (the "Term Priority Collateral").

The Revolving Credit Agreement has a scheduled maturity date of December 21, 2023, subject to certain springing maturity events.

Under the Revolving Credit Agreement, the lenders agree to make available to us a $175 million revolving credit facility. We have the option to increase the total commitment under the facility to up to $275 million, subject to certain conditions. Subject to availability, the Revolving Credit Agreement provides for a letter of credit subfacility in an amount not in excess of $15 million, and allows for swingline loans in an amount not in excess of $17.5 million. Outstanding borrowings under the Revolving Credit agreement bear interest at an annual rate, at the Borrowers' election, equal to (i) LIBOR plus a margin ranging from 1.25% to 1.75% or (ii) a base rate plus a margin ranging from 0.25% to 0.75%, in each case depending upon the monthly average excess availability under the revolving loan facility. The Borrowers are required to pay a monthly unused line fee equal to 0.20% times the average daily unused availability along with other customary fees and expenses thereunder.

The Revolving Credit Agreement contains customary covenants limiting our ability and certain of our affiliates to, among other things, pay cash dividends, incur debt or liens, redeem or repurchase stock, enter into transactions with affiliates, merge, dissolve, repay subordinated indebtedness, make investments and dispose of assets. In addition, we will be required to maintain a minimum fixed charge coverage ratio of not less than 1.0 to 1.0 as of the end of any period of 12 fiscal months (commencing with the month ending December 31, 2018) when excess availability under the Revolving Credit Agreement is less than 10% of the total revolving commitment.

As of September 30, 2019, we were in compliance with all covenants of the Credit Agreement.

Term Loan Credit Agreement

In May 2012, we entered into the Term Loan Credit Agreement (as amended, the "Term Loan Credit Agreement"), which provides for, among other things, (x) a senior secured term loan of $188.0 million that matures on March 19, 2022, subject to certain springing maturity events (the "Term Loans"), and (y) an uncommitted accordion feature to provide for additional senior secured term loans of up to $75 million plus an unlimited amount provided that the senior secured leverage ratio would not exceed 3.00 to 1.00, subject to certain conditions (the "Term Loan Facility").

On November 17, 2017, we entered into Amendment No. 5 to the Term Loan Credit Agreement ("Amendment No. 5"). As of the Amendment No. 5 date, $188.0 million of the Term Loans were outstanding. Under Amendment No. 5, the lenders agreed to provide us term loans in the same aggregate principal amount of the outstanding Term Loans, which were used to refinance the outstanding Term Loans.

The Term Loan Credit Agreement is guaranteed by certain of our subsidiaries, and is secured by (i) first-priority liens on, and security interests in, the Term Priority Collateral and (ii) second-priority security interests in the Revolver Priority Collateral.

The Term Loan Credit Agreement contains customary covenants limiting our ability to, among other things, pay cash dividends, incur debt or liens, redeem or repurchase stock, enter into transactions with affiliates, merge, dissolve, pay off subordinated indebtedness, make investments and dispose of assets. As of September 30, 2019, we were in compliance with all covenants.

For the three-month periods ended September 30, 2019 and 2018, under the Term Loan Credit Agreement we paid interest of $1.9 million and $2.0 million, respectively, and principal of $15.0 million and $0.5 million during each period. For the nine-month periods ended September 30, 2019 and 2018, we paid interest of $6.3 million and $5.9 million, respectively, and principal of $30.5 million and $1.4 million in each period. We recognized losses on debt extinguishment totaling approximately $0.1 million in connection with the prepayment of principal in the second and third quarters of 2019, which is included in *Other, net* in the Condensed Consolidated Statement of Operations. As of September 30, 2019, we had $155.2 million outstanding under the Term Loan Credit Agreement, of which none was classified as current on our Condensed Consolidated Balance Sheet.

For each three-month period ended September 30, 2019 and 2018, we incurred charges of less than $0.1 million for amortization of fees and original issuance discount, which is included in *Interest Expense* in the Condensed Consolidated Statements of Operations. For each nine-month period ended September 30, 2019 and 2018, we incurred charges of $0.2 million for amortization of fees and original issuance discount.

Cash Flows

Cash provided by operating activities for the first nine months of 2019 totaled $76.2 million, compared to $56.7 million during the same period in 2018. Cash provided by operations during the current year period was the result of net income adjusted for various non-cash activities including depreciation, amortization, net gain on the sale of assets, deferred taxes, stock-based compensation, accretion of debt discount, and a $24.8 million increase in working capital. Changes in key working capital accounts for 2019 and 2018 are summarized below (in thousands):

	Nine Months Ended September 30,		
	2019	2018	Change
Source (Use) of cash:			
Accounts receivable	$ 9,671	(48,531)	$ 58,202
Inventories	(89,869)	(66,089)	(23,780)
Accounts payable and accrued liabilities	57,750	76,602	(18,852)
Net use of cash	$ (22,448)	$ (38,018)	$ 15,570

Accounts receivable decreased by $9.7 million in the first nine months of 2019 as compared to a $48.5 million increase in the prior year period. Days sales outstanding, a measure of working capital efficiency that measures the amount of time a receivable is outstanding, was 27 days in 2019 as compared to 31 days in the same period in 2018. The decrease in accounts receivable during the first nine months of 2019 was primarily due to strong customer collections during the period. Inventory increased by $89.9 million during the first nine months of 2019 as compared to $66.1 million in the 2018 period. Our inventory turns, a commonly used measure of working capital efficiency that measures how quickly inventory turns per year, was approximately 8 times in the 2019 period and 9 times in the 2018 period. The increase in inventory for the 2019 period was primarily due to higher finished goods and raw materials inventory resulting from increased demand for the first nine months of 2019, as well as continued strong demand into the fourth quarter. Accounts payable and accrued liabilities increased by $57.8 million in 2019 compared to an increase of $76.6 million for the same period in 2018. Days payable outstanding, a measure of working capital efficiency that measures the amount of time a payable is outstanding, was 34 days in both the 2019 and 2018 periods.

Investing activities used $21.5 million during the first nine months of 2019, as compared to providing $0.5 million during the same period in 2018. Investing activities for the first nine months of 2019 include capital expenditures of $22.2 million. Investing activities for the prior year period were primarily related to proceeds from the sale of certain branch location assets totaling $20.8 million, partially offset by capital expenditures of $20.3 million.

Financing activities used $66.6 million during the first nine months of 2019 as compared to $139.0 million in the same period in 2018. Cash used in financing activities during the current year period primarily relates to principal payments under the term loan credit facility of $30.5 million, common stock repurchases and withholdings of $22.7 million, and cash dividends paid to our shareholders of $13.4 million. Cash used in financing activities in the first nine months of 2018 primarily relates to the repurchase of Convertible Notes totaling $80.2 million, common stock repurchases and withholdings of $44.4 million and cash dividends paid to our shareholders of $13.6 million.

As of September 30, 2019, our liquidity position, defined as cash on hand and available borrowing capacity, amounted to $288.1 million, representing an increase of $16.7 million compared to September 30, 2018 and a decrease of $11.4 million compared to December 31, 2018. Total debt and finance lease obligations amounted to $481.0 million as of September 30, 2019. As we continue to see a strong demand environment within the trailer industry and excellence in operational performance across all of our business segments, we believe our liquidity is adequate to fund our currently planned operations, working capital needs and capital expenditures for the remainder of 2019.

Capital Expenditures

Capital spending amounted to approximately $22.2 million for the first nine months of 2019 and is anticipated to be between $30 million and $35 million for 2019. Capital spending for 2019 has been and is expected to continue to be primarily utilized to support maintenance, growth, and productivity improvement initiatives within our facilities.

Contractual Obligations and Commercial Commitments

A summary of payments of our contractual obligations and commercial commitments, both on and off balance sheet, as ofSeptember 30, 2019 are as follows (in thousands):

	2019	2020	2021	2022	2023	Thereafter	Total
Debt:							
Term Loan Credit Facility (due 2022)	$ —	$ —	$ —	$ 155,228	$ —	$ —	$ 155,228
Revolving Facility (due 2023)	—	—	—	—	—	—	—
Senior Notes (due 2025)	—	—	—	—	—	325,000	325,000
Finance Leases (including principal and interest)	90	361	361	30		—	842
Total debt	90	361	361	155,258	—	325,000	481,070
Other:							
Operating Leases	1,171	4,015	3,441	2,103	1,765	2,093	14,588
Total other	1,171	4,015	3,441	2,103	1,765	2,093	14,588
Other commercial commitments:							
Letters of Credit	7,769	—	—	—	—	—	7,769
Raw Material Purchase Commitments	48,967	11,642	—	—	—	—	60,609
Chassis Converter Pool Agreements	30,411	—	—	—	—	—	30,411
Total other commercial commitments	87,147	11,642	—	—	—	—	98,789
Total obligations	$ 88,408	$ 16,018	$ 3,802	$ 157,361	$ 1,765	$ 327,093	$ 594,447

Scheduled payments for our Credit Facility exclude interest payments as rates are variable. Borrowings under the Credit Facility bear interest at a variable rate based on the London Interbank Offer Rate (LIBOR) or a base rate determined by the lender's prime rate plus an applicable margin, as defined in the agreement. Outstanding borrowings under the Credit Facility bear interest at a rate, at our election, equal to (i) LIBOR plus a margin ranging from 1.50% to 2.00% or (ii) a base rate plus a margin ranging from 0.50% to 1.00%, in each case depending upon the monthly average excess availability under the Credit Facility. We are required to pay a monthly unused line fee equal to 0.25% times the average daily unused availability along with other customary fees and expenses of our agent and lenders.

Scheduled payments for our Term Loan Credit Agreement, as amended, exclude interest payments as rates are variable. Borrowings under the Term Loan Credit Agreement, as amended, bear interest at a variable rate, at our election, equal to (i) LIBOR (subject to a floor of 0.00%) plus a margin of 2.25% or (ii) a base rate plus a margin of 1.25%. The Term Loan Credit Agreement matures in March 2022, subject to certain springing maturity events.

Scheduled payments for our Senior Notes exclude interest payments. The Notes bear interest at the rate of 5.5% per annum from the date of issuance, payable semi-annually on April 1 and October 1.

Finance leases represent future minimum lease payments including interest. Operating leases represent the total future minimum lease payments.

We have standby letters of credit totaling $7.8 million issued in connection with workers compensation claims and surety bonds.

We have $60.6 million in purchase commitments with our suppliers and through financial derivatives throughDecember 2020 for various raw material commodities, including aluminum, steel, nickel and polyethylene as well as other raw material components which are within normal production requirements.

We, through our subsidiary Supreme, obtain most vehicle chassis for our specialized vehicle products directly from the chassis manufacturers under converter pool agreements. Chassis are obtained from the manufacturers based on orders from customers, and to a lesser extent, for unallocated orders. Although each manufacturer's agreement has different terms and conditions, the agreements generally state that the manufacturer will provide a supply of chassis to be maintained from time to time at our various facilities with the condition that we will store such chassis and will not move, sell, or otherwise dispose of such chassis except under the terms of the agreement. The manufacturer transfers the chassis to us on a "restricted basis," retaining the sole authority to authorize commencement of work on the chassis and to make certain other decisions with respect to the chassis including the terms and pricing of sales of the chassis to the manufacturer's dealers. The manufacturer also does not transfer the certificate of origin to us nor permit us to sell or transfer the chassis to anyone other than the manufacturer (for ultimate resale to a dealer). Although we are party to related finance agreements with manufacturers, we have not historically settled, nor expect to in the future settle, any related obligations in cash. Instead, the obligation is settled by the manufacturer upon reassignment of the chassis to an accepted dealer, and the dealer is invoiced for the chassis by the manufacturer. Accordingly, as of September 30, 2019 our outstanding chassis converter pool with the manufacturer totaled $24.0 million and we have included this financing agreement on our consolidated balance sheets within*prepaid expenses and other* and *other accrued liabilities*. All other chassis programs through our Supreme subsidiary are handled as consigned inventory belonging to the manufacturer and totaled approximately $6.5 million. Under these agreements, if the chassis is not delivered to a customer within a specified time frame we are required to pay a finance or storage charge on the chassis. Additionally, we receive finance support funds from the manufacturer when the chassis are assigned into our chassis pool. Typically, chassis are converted and delivered to customers within 90 days of the receipt of the chassis.

Backlog

Orders that have been confirmed by customers in writing, have defined delivery time frames and can be produced during the next 18 months are included in our backlog. Orders that comprise our backlog may be subject to changes in quantities, delivery, specifications, terms or cancellation. Our backlog of orders was $0.8 billion at September 30, 2019 compared to $1.8 billion at December 31, 2018 and $1.3 billion at September 30, 2018. The current order season is materializing in a manner more consistent with historical periods, excluding 2018. We expect to complete the majority of our backlog orders as of September 30, 2019 within 12 months of this date.

Outlook

The demand environment for trailers remained strong through the third quarter of 2019. Recent estimates from industry analysts, ACT Research Company ("ACT") and FTR Associates ("FTR"), forecast trailer demand for 2019 and beyond to remain healthy. ACT currently estimates trailer production to be approximately 329,700 trailers for 2019, representing an increase of 2.1% as compared to 2018, and forecasting continued demand levels to be above replacement demand into the foreseeable future with estimated demand for 2020 to be approximately 264,300 and annual average demand for the four-year period ending 2024 to be approximately 271,200 new trailers. FTR anticipates new trailer production to be approximately 326,000 new trailers in 2019, representing an increase of 2.8% as compared to 2018, and projecting a decrease in 2020 with production totaling 275,000 trailers. In spite of a strong forecasted demand environment, there remain downside risks relating to issues with both the domestic and global economies, including slowing economic growth, lower industrial production, and other economic factors in the U.S.

Other potential risks we face for the remainder of 2019 will primarily relate to our ability to effectively manage our manufacturing operations as well as the cost and supply of raw materials, commodities and components. Significant increases in the cost of certain commodities, raw materials or components have had and may continue to have an adverse effect on our results of operations. As has been our practice, we will endeavor to pass raw material and component price increases to our customers in addition to continuing our cost management and hedging activities in an effort to minimize the risk changes in material costs could have on our operating results. In addition, we rely on a limited number of suppliers for certain key components and raw materials in the manufacturing of our products, including tires, axles, suspensions, aluminum extrusions, specialty steel coil, and chassis. At the current and expected demand levels, there may be shortages of supplies of raw materials or components which would have an adverse impact on our ability to meet demand for our products.

We believe we remain well-positioned for long-term success in the trailer industry because: (1) our core customers are among the dominant participants in the trucking industry; (2) our DuraPlate® and other industry leading brand trailers continue to have a strong market acceptance; (3) our focus is on developing solutions that reduce our customers' trailer maintenance and operating costs providing the best overall value; and (4) our presence throughout North America utilizing our extensive dealer network to market and sell our products. Continuing to identify attractive opportunities to leverage our core competencies, proprietary technology and core manufacturing expertise into new applications and end markets enables us to deliver greater value to our customers and stakeholders.

Critical Accounting Policies and Estimates

We have included a summary of our Critical Accounting Policies and Estimates in our Annual Report on Form 10-K for the year ended December 31, 2018. There have been no material changes to the summary provided in that report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

In addition to the risks inherent in our operations, we have exposure to financial and market risk resulting from volatility in commodity prices, interest rates and foreign exchange rates. The following discussion provides additional detail regarding our exposure to these risks.

Commodity Prices

We are exposed to fluctuation in commodity prices through the purchase of various raw materials that are processed from commodities such as aluminum, steel, lumber, nickel, copper and polyethylene. Given the volatility of certain commodity prices, this exposure can significantly impact product costs. We manage some of our commodity price changes by entering into fixed price contracts with our suppliers and through financial derivatives. As of September 30, 2019, we had $60.6 million in raw material purchase commitments through December 2020 for materials that will be used in the production process, as compared to $147.5 million as of December 31, 2018. We typically do not set prices for our products more than 45-90 days in advance of our commodity purchases and can, subject to competitive market conditions, take into account the cost of the commodity in setting our prices for each order. To the extent that we are unable to offset the increased commodity costs in our product prices, our results would be materially and adversely affected.

Interest Rates

As of September 30, 2019, we had no floating rate debt outstanding under our Revolving Credit Facility and for the third quarter of 2019 we maintained no floating rate borrowings under our Revolving Credit Facility. In addition, as of September 30, 2019, we had outstanding borrowings under our Term Loan Credit Agreement, as amended, totaling approximately $155.2 million that bear interest at a floating rate, subject to a minimum interest rate. Based on the average borrowings under our revolving facility and the outstanding indebtedness under our Term Loan Credit Agreement a hypothetical 100 basis-point change in the floating interest rate would result in a corresponding change in interest expense over a one-year period of approximately $1.6 million. This sensitivity analysis does not account for the change in the competitive environment indirectly related to the change in interest rates and the potential managerial action taken in response to these changes.

Foreign Exchange Rates

We are subject to fluctuations in the British pound sterling and Mexican peso exchange rates that impact transactions with our foreign subsidiaries, as well as U.S. denominated transactions between these foreign subsidiaries and unrelated parties. A ten percent change in the British pound sterling or Mexican peso exchange rates would have an immaterial impact on results of operations. We do not hold or issue derivative financial instruments for speculative purposes.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Based on an evaluation under the supervision and with the participation of the Company's management, the Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) were effective as of September 30, 2019.

Changes in Internal Controls over Financial Reporting

There were no changes in the Company's internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during the third quarter of fiscal year 2019 that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

Part II - OTHER INFORMATION

Item 1. Legal Proceedings

See Item 3 of Part I of our Annual Report on Form 10-K for the year ended December 31, 2018. See also Note 11, "Commitments and Contingencies", to our unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report.

Item 1A. Risk Factors

You should carefully consider the risks described in our Annual Report on Form 10-K for the year ended December 31, 2018 including those under the heading "Risk Factors" appearing in Item 1A of Part I of the Form 10-K and other information contained in this Quarterly Report before investing in our securities. Realization of any of these risks could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Our Equity Securities

In November 2018, the Company announced that the Board of Directors approved the repurchase of an additional $100 million in shares of common stock over a three year period. This authorization was an increase to the previous $100 million repurchase programs approved in February 2017 and February 2016. The repurchase program is set to expire on February 28, 2022. For the quarter ended September 30, 2019, we repurchased 590,256 shares pursuant to our repurchase program. Additionally, during this period there were 1,485 shares repurchased to cover minimum employee tax withholding obligations upon the vesting of restricted stock awards.

Period	Total Number of Shares Purchased		Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs		Maximum Amount That May Yet Be Purchased Under the Plans or Programs ($ in millions)
July 1 - 31, 2019	244,030	$	15.49	244,030	$	85.0
August 1 - 31, 2019	0	$	—	0	$	85.0
September 1 - 30, 2019	347,711	$	14.44	346,226	$	80.0
Total	591,741	$	14.87	590,256	$	80.0

Item 6. Exhibits

(a) Exhibits

31.1	Certification of Principal Executive Officer
31.2	Certification of Principal Financial Officer
32.1	Written Statement of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)
101	The following materials from Wabash National Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 are filed herewith, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets at September 30, 2019 and December 31, 2018, (ii) the Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2019 and 2018, (iii) the Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2019 and 2018, (iv) the Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2019 and 2018, (v) the Condensed Consolidated Statements of Stockholders' Equity for the three and nine months ended September 30, 2019 and 2018, and (vi) Notes to Condensed Consolidated Financial Statements. The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.
104	Cover Page Interactive Data File (formatting as Inline XBRL and contained in Exhibit 101)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WABASH NATIONAL CORPORATION

Date: November 6, 2019	By:	/s/ Jeffery L. Taylor
		Jeffery L. Taylor
		Senior Vice President and Chief Financial Officer (Principal Financial Officer)

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Brent L. Yeagy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Wabash National Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2019

By: /s/ Brent L. Yeagy

Brent L. Yeagy
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jeffery L. Taylor, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Wabash National Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2019

By: /s/ Jeffery L. Taylor
Jeffery L. Taylor
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

Written Statement of Chief Executive Officer and Chief Financial Officer
Pursuant to Section 906
of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)

The undersigned, the President and Chief Executive Officer and the Senior Vice President, Chief Financial Officer of Wabash National Corporation (the "Company"), each hereby certifies that, to his knowledge, on November 6, 2019:

(a) the Quarterly Report on Form 10-Q of the Company for the quarter endedSeptember 30, 2019, filed on November 6, 2019 with the Securities and Exchange Commission (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Brent L. Yeagy

Brent L. Yeagy
President and Chief Executive Officer
November 6, 2019

/s/ Jeffery L. Taylor

Jeffery L. Taylor
Senior Vice President and Chief Financial Officer
November 6, 2019

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Wabash National Corporation and will be retained by Wabash National Corporation and furnished to the Securities and Exchange Commission or its staff upon request.