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# WABASH NATIONAL CORPORATION

## 2020 Q1 EARNING RELEASE



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**NYSE**

# SAFE HARBOR STATEMENT & NON-GAAP FINANCIAL MEASURES

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

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

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

Operating EBITDA is defined as earnings before interest, taxes, depreciation, amortization, stock-based compensation, impairment, and other non-operating income and expense. Management believes providing operating EBITDA is useful for investors to understand the Company's performance and results of operations period to period with the exclusion of the items identified above. Management believes the presentation of operating EBITDA, when combined with the GAAP presentations of operating (loss) income and net (loss) income, is beneficial to an investor's understanding of the Company's operating performance. A reconciliation of operating EBITDA to net (loss) income is included in the appendix to this presentation.

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

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

Adjusted net (loss) income and adjusted earnings per basic (2020) or diluted (2019) share, each reflect adjustments for non-cash goodwill impairment and gains and/or losses incurred for the sale or closure of former Company locations, and the related tax effects of these adjustments. Management believes providing adjusted measures and excluding certain items facilitates comparisons to the Company's prior year periods and, when combined with the GAAP presentation of net (loss) income and basic (2020) and diluted (2019) net (loss) income per share, is beneficial to an investor's understanding of the Company's performance. A reconciliation of each of adjusted net (loss) income and adjusted earnings per basic or diluted share to net (loss) income and net (loss) income per basic or diluted share is included in the appendix to this presentation.



# CEO Highlights

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## *Top Priority: Employee Safety*

- Wabash products continue to facilitate movement of critical goods
  - Implemented social distancing protocols, other safety measures
  - Embracing changes allowed us to adapt our business to current environment
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## *Status of Operations, Supply Chain, Customers*

- Essential business - have continued to operate
  - Holding increased inventory where necessary/possible
  - Customers experiencing extremes; preparing for increased volumes
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## *Q1 2020 Results*

- Jan & Feb as expected, March behind expectations
  - Customer pickups of equipment trailed expectations, early COVID-19 impact
  - Q1 backlog relatively stable at \$1.0B
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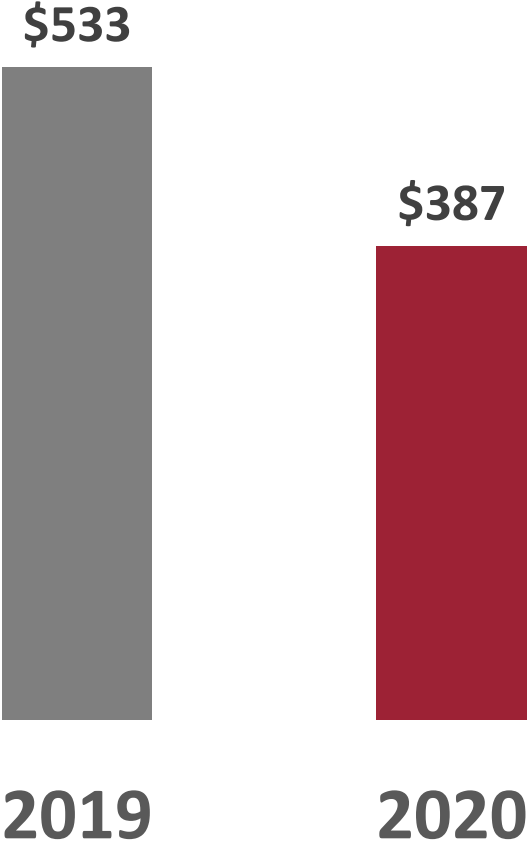
## *Cost Actions and Forward View*

- Have taken rapid action to right-size cost structure, preserve balance sheet strength
- Expect our business to substantially outperform previous downturns
- Leveraging crisis to accelerate strategy deployment, transformed org structure

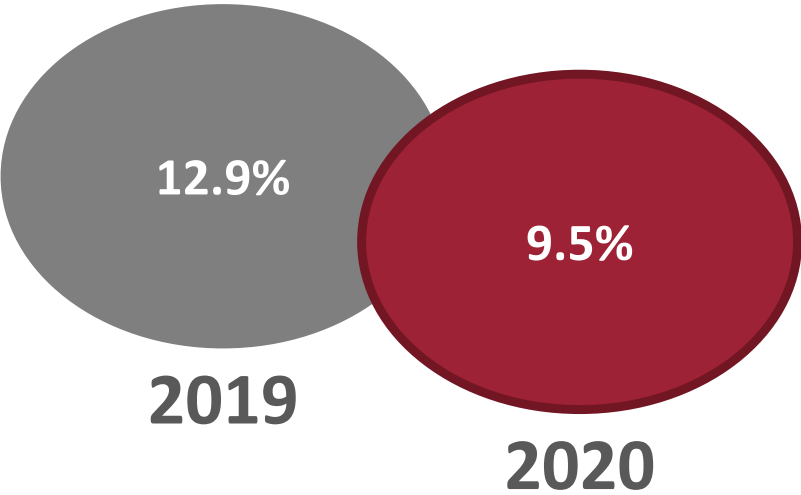
# Q1 2020 Consolidated Financial Performance

## Sales

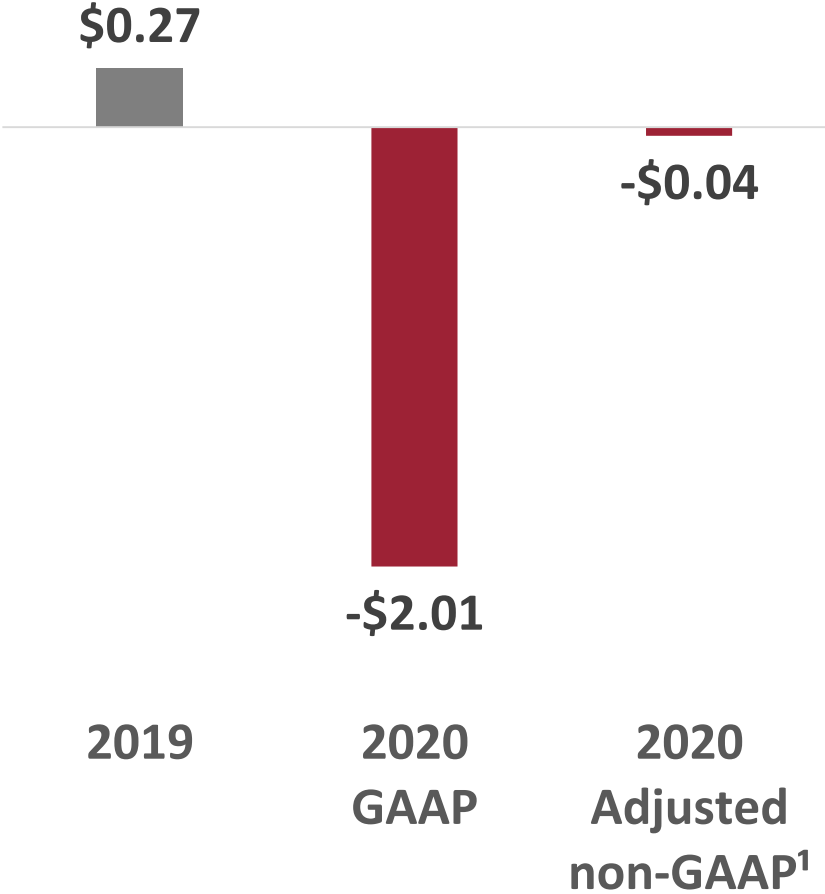
(in millions)



## Gross Margin



## Earnings Per Share



<sup>1</sup>Q1 2020 non-GAAP EPS adjusted for noncash goodwill impairment

# Cost Containment & Liquidity Summary

## Cost Structure

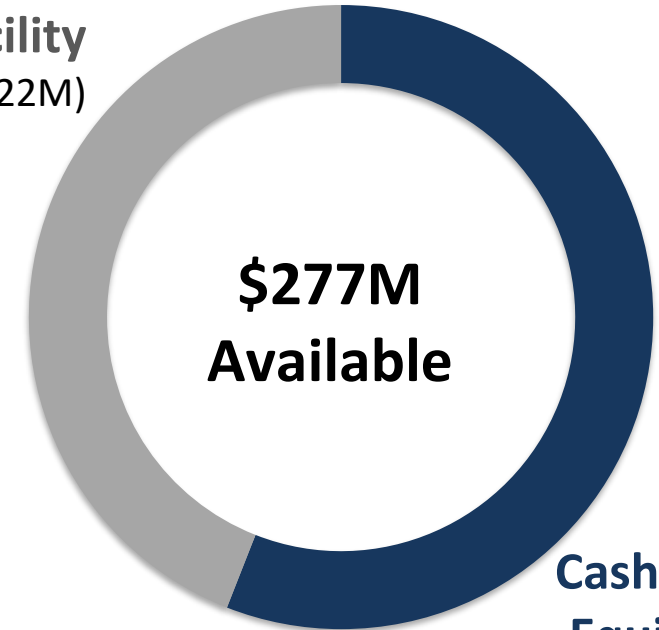
- ~75-80% variable cost base

## Cost Actions

- Completed two-week company-wide furlough; more possible
- Salaried head count reduction
- Marketing and other discretionary spend reduction
- Temporary salary reductions for officers
- Incentive-based pay

## Liquidity Profile\*

Revolving  
Credit Facility  
(\$122M)



Cash & Cash  
Equivalents  
(\$155M)

\*as of 3/31/20

# Capital Allocation & Debt Structure

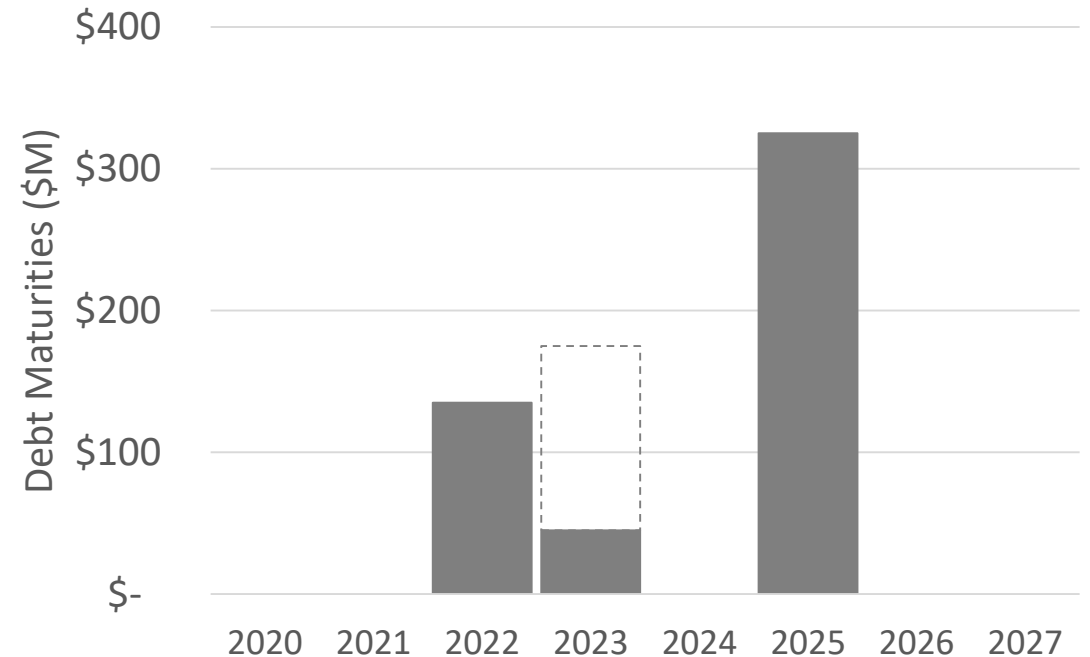
## Q1 2020 Capital Allocation

- \$6.3M in capital projects
- \$4.5M in dividends
- \$8.9M in share repurchases

## Near-Term Capital Allocation Priorities

- Reducing capex plans to ~\$20M, can reduce further
- Maintain dividend
- Assess opportunities for debt reduction

## Debt Structure

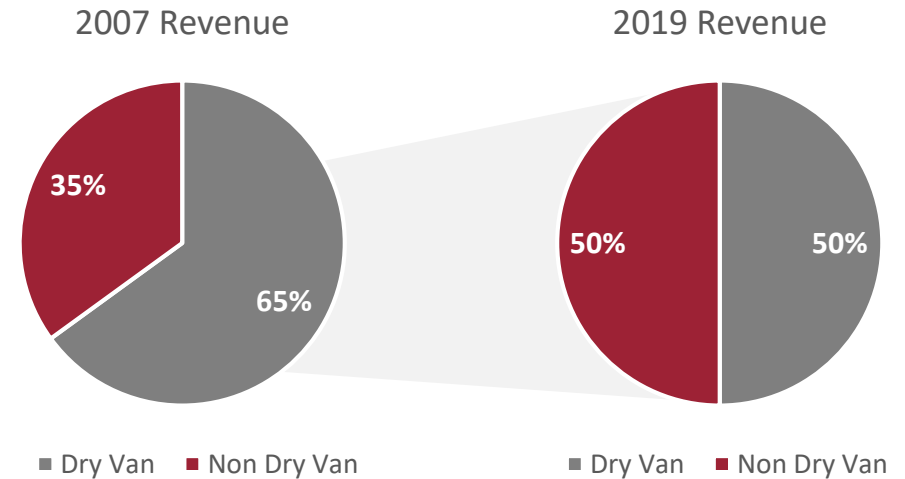


# Well-Prepared to Navigate this Cycle

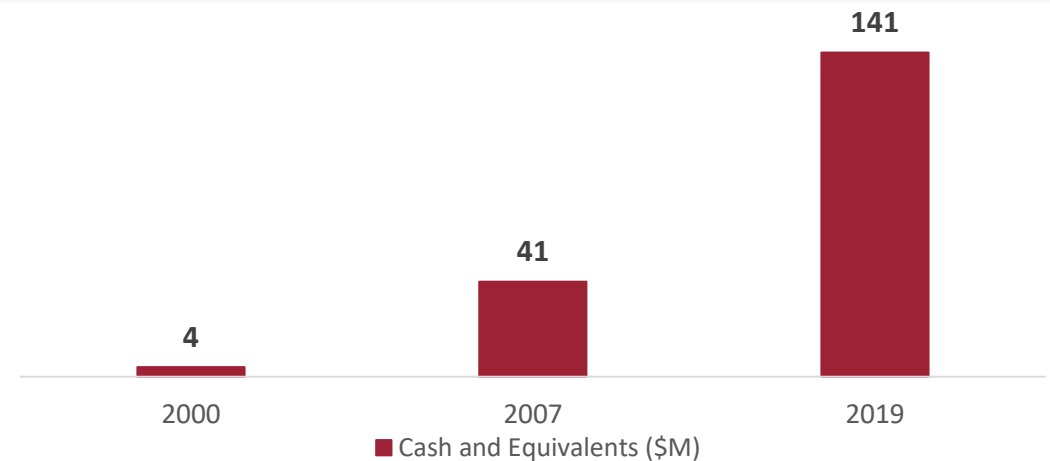
## Fundamentally Stronger Business

- Seasoned leadership team has experience managing through challenging times
- Diversified business
  - Final Mile less cyclical through prior recessions
- Strengthened customer portfolio
- Lessons learned from '08/'09 – prudently managing cash
- Strongest-ever liquidity position entering a downturn

## Business is Considerably More Diversified



## Cash Balance Year-Ending Prior to Recession



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# APPENDIX





# CONDENSED CONSOLIDATED BALANCE SHEETS

Unaudited - dollars in thousands	March 31, 2020	December 31, 2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 154,587	\$ 140,516
Accounts receivable, net	138,215	172,737
Inventories	245,915	186,914
Prepaid expenses and other	38,340	41,222
Total current assets	577,057	541,389
Property, plant, and equipment, net	220,546	221,346
Goodwill	204,420	311,026
Intangible assets, net	184,332	189,898
Other assets	39,056	40,932
Total assets	\$ 1,225,411	\$ 1,304,591
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Current portion of long-term debt	\$ —	\$ —
Current portion of finance lease obligations	332	327
Accounts payable	148,331	134,821
Other accrued liabilities	120,872	124,230
Total current liabilities	269,535	259,378
Long-term debt	500,591	455,386
Finance lease obligations	293	378
Deferred income taxes	34,276	37,576
Other non-current liabilities	26,747	30,885
Total liabilities	831,442	783,603
Total stockholders' equity	393,969	520,988
Total liabilities and stockholders' equity	\$ 1,225,411	\$ 1,304,591



# CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

Unaudited - dollars in thousands	Three Months Ended March 31,	
	2020	2019
Net sales	\$ 387,074	\$ 533,174
Cost of sales	350,331	464,484
Gross profit	36,743	68,690
General and administrative expenses	26,192	30,140
Selling expenses	7,998	8,223
Amortization of intangible assets	5,495	5,129
Impairment	107,114	—
(Loss) income from operations	(110,056)	25,198
Other income (expense):		
Interest expense	(6,272)	(7,090)
Other, net	120	(169)
Other expense, net	(6,152)	(7,259)
(Loss) income before income tax (benefit) expense	(116,208)	17,939
Income tax (benefit) expense	(9,561)	3,159
Net (loss) income	\$ (106,647)	\$ 14,780
Net (loss) income per share:		
Basic	\$ (2.01)	\$ 0.27
Diluted	\$ (2.01)	\$ 0.27
Weighted average common shares outstanding (in thousands):		
Basic	53,156	55,268
Diluted	53,156	55,770
Dividends declared per share	\$ 0.08	\$ 0.08



# CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited - dollars in thousands	Three Months Ended March 31,	
	2020	2019
<b>Cash flows from operating activities</b>		
Net (loss) income	\$ (106,647)	\$ 14,780
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities		
Depreciation	5,624	5,420
Amortization of intangibles	5,495	5,129
Net gain on sale of property, plant and equipment	(3)	486
Deferred income taxes	(1,849)	(2,281)
Stock-based compensation	(917)	2,586
Impairment	107,114	—
Non-cash interest expense	265	260
Accounts receivable	34,522	(4,681)
Inventories	(59,001)	(72,576)
Prepaid expenses and other	(838)	(1,279)
Accounts payable and accrued liabilities	8,235	84,770
Other, net	(2,054)	1,152
Net cash (used in) provided by operating activities	(10,054)	33,766
<b>Cash flows from investing activities</b>		
Capital expenditures	(6,278)	(6,802)
Proceeds from the sale of property, plant, and equipment	25	29
Net cash used in investing activities	(6,253)	(6,773)
<b>Cash flows from financing activities</b>		
Net cash provided by (used in) financing activities	30,378	(7,767)
Net increase in cash, cash equivalents, and restricted cash	14,071	19,226
Cash, cash equivalents and restricted cash at beginning of period	140,516	132,690
Cash, cash equivalents, and restricted cash at end of period	\$ 154,587	\$ 151,916



# Q1 QTD SEGMENT INFORMATION

Unaudited - dollars in thousands

Three Months Ended March 31,	Commercial Trailer Products	Diversified Products	Final Mile Products	Corporate and Eliminations	Consolidated
<b>2020</b>					
New trailers shipped	8,525	625	—	—	9,150
Used trailers shipped	35	35	—	—	70
New trailers	\$ 237,901	\$ 43,312	\$ —	\$ —	\$ 281,213
Used trailers	318	1,210	—	—	1,528
Components, parts and service	9,272	26,082	3,722	(7,100)	31,976
Equipment and other	3,484	12,354	56,548	(29)	72,357
Total net sales	\$ 250,975	\$ 82,958	\$ 60,270	\$ (7,129)	\$ 387,074
Gross profit	\$ 23,843	\$ 15,141	\$ (244)	\$ (1,997)	\$ 36,743
Income (loss) from operations	\$ 15,871	\$ (6,070)	\$ (108,041)	\$ (11,816)	\$ (110,056)
<b>2019</b>					
New trailers shipped	12,400	700	—	—	13,100
Used trailers shipped	50	25	—	—	75
New trailers	\$ 325,819	\$ 45,799	\$ —	\$ —	\$ 371,618
Used trailers	137	587	—	—	724
Components, parts and service	10,333	35,884	3,416	(7,920)	41,713
Equipment and other	4,756	17,378	97,433	(448)	119,119
Total net sales	\$ 341,045	\$ 99,648	\$ 100,849	\$ (8,368)	\$ 533,174
Gross profit	\$ 35,940	\$ 20,099	\$ 13,524	\$ (873)	\$ 68,690
Income (loss) from operations	\$ 26,321	\$ 8,044	\$ 1,869	\$ (11,036)	\$ 25,198



# RECONCILIATION OF ADJUSTED SEGMENT AND OPERATING INCOME

Unaudited - dollars in thousands	Three Months Ended March 31,	
	2020	2019
<b>Commercial Trailer Products</b>		
Income from operations	\$ 15,871	\$ 26,321
Adjustments:		
Impairment	377	—
Adjusted operating income	16,248	26,321
<b>Diversified Products</b>		
(Loss) income from operations	(6,070)	8,044
Adjustments:		
Impairment	10,971	—
Adjusted operating income	4,901	8,044
<b>Final Mile Products</b>		
(Loss) income from operations	(108,041)	1,869
Adjustments:		
Impairment	95,766	—
Adjusted operating (loss) income	(12,275)	1,869
<b>Corporate</b>		
Loss from operations	(11,816)	(11,036)
<b>Consolidated</b>		
(Loss) income from operations	(110,056)	25,198
Adjustments:		
Impairment	107,114	—
Adjusted operating (loss) income	\$ (2,942)	\$ 25,198



# RECONCILIATION OF ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE

Unaudited - dollars in thousands

Adjusted Net (Loss) Income <sup>1</sup> :	Three Months Ended March 31,	
	2020	2019
Net (loss) income	\$ (106,647)	\$ 14,780
Adjustments:		
Facility transactions <sup>2</sup>	—	488
Impairment	107,114	—
Tax effect of aforementioned items	(2,786)	(126)
Adjusted net (loss) income	\$ (2,319)	\$ 15,142

Adjusted Basic (2020) and Diluted (2019) Earnings Per Share <sup>1</sup> :	Three Months Ended March 31,	
	2020	2019
Basic (2020) and diluted (2019) earnings per share	\$ (2.01)	\$ 0.27
Adjustments:		
Facility transactions <sup>2</sup>	—	—
Impairment	2.02	—
Tax effect of aforementioned items	(0.05)	—
Adjusted basic (2020) and diluted (2019) earnings per share	\$ (0.04)	\$ 0.27
Weighted average basic (2020) and diluted (2019) shares outstanding (in thousands)	53,156	55,770

1 Adjusted net (loss) income and adjusted basic (2020) and diluted (2019) earnings per share reflect adjustments for non-cash impairment and gains and/or losses incurred for the sale or closure of former Company locations, and the related tax effects of these adjustments.

2 Facility transactions in 2019 relate to gains and/or losses incurred for the sale or closure of former Company locations.



# RECONCILIATION OF OPERATING EBITDA AND FREE CASH FLOW

Unaudited - dollars in thousands

Operating EBITDA <sup>1</sup> :	Three Months Ended March 31,	
	2020	2019
Net (loss) income	\$ (106,647)	\$ 14,780
Income tax (benefit) expense	(9,561)	3,159
Interest expense	6,272	7,090
Depreciation and amortization	11,119	10,549
Stock-based compensation	(917)	2,586
Impairment	107,114	—
Other, net	(120)	169
Operating EBITDA	\$ 7,260	\$ 38,333

Free Cash Flow <sup>2</sup> :	Three Months Ended March 31,	
	2020	2019
Net cash (used in) provided by operating activities	\$ (10,054)	\$ 33,766
Capital expenditures	(6,278)	(6,802)
Free cash flow	\$ (16,332)	\$ 26,964

- 1 Operating EBITDA is defined as earnings before interest, taxes, depreciation, amortization, stock-based compensation, impairments, and other non-operating income and expense.
- 2 Free cash flow is defined as net cash provided by (used in) operating activities minus capital expenditures.

