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# WABASH NATIONAL CORPORATION

## 2020 Q2 EARNING RELEASE



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

Adjusted net (loss) income and adjusted earnings per basic (2020) or diluted (2019) share, each reflect adjustments for non-cash impairment 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 pandemic response team managing changes to adapt to current environment
  - Redesigned how work is performed in our factories
  - COVID-19 did not significantly impact our operating capability in Q2
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## *Status of Operations, Supply Chain, Customers*

- Proactively managing supply chain threats, monitoring chassis supply
  - Freight markets trending positive to end the second quarter
  - Customers looking after average age of equipment
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## *Q2 2020 Results*

- Q2 backlog at \$750M, sequential reduction in line with seasonality
  - 15% decremental margin shows nimble execution over cost control
  - Overall liquidity up sequentially on working capital release
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## *Forward View*

- Continue to expect to generate positive free cash flow in 2020

# Change is Underway: Strategy, Organization & Culture

## Catalyst for Change: Helping our Customers Move Everything from First to Final Mile

### Strategy Focused

- Strategic focus narrowed - able to scale core competencies by growing in and around core markets with known customers
- Increased commitment to leverage innovation to provide differentiated, breakthrough solutions for customers
- “One Wabash” approach to our customers and business
- We have an exciting future; engineering the equipment that will support changes in transportation, logistics and distribution

### Organizing to Enable our Strategy

- Elimination of silos across businesses, fully integrating prior acquisitions
- Acceleration of Wabash Management System implementation to drive process discipline and continuous improvement
- Standardizing processes and integrating systems, readying the backbone of the company for future growth
- Unified sales organization, focused on creating value for customers
- Right-sizing cost structure, reducing layers, simplifying the organization - anticipating \$20M annualized cost savings



# Purpose, Vision, Mission & Values

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- Purpose** To change how the world reaches you.
- Vision** To be the innovation leader of engineered solutions for the transportation, logistics and distribution industries.
- Mission** To enable our customers to succeed with breakthrough ideas and solutions that help them move everything from first to final mile.
- Values**
- 1) Be Curious
  - 2) Have a Growth Mindset
  - 3) Create Remarkable Teams
- Leadership Principles**
- 1) Embrace Diversity and Inclusion
  - 2) Seek to Listen
  - 3) Always Learn
  - 4) Be Authentic
  - 5) Win Together

Diversity & Inclusion is a key element to our improvement and our innovation



# CFO HIGHLIGHTS

## *Revenue*

- Q2 2020 revenue of \$339M
- Able to continue operations for most of Q2, customer pick-ups improved in Q2
- April & May softer, uptick in June revenues; furloughs impacted revenue timing

## *Margins & Profitability*

- 10.1% gross margin, 1.8% operating margin in Q2 2020
- SG&A lower YoY by \$10M or 30% - 1/3 via permanent reductions, 2/3 via furlough
- Q2 2020 net loss of \$0.1M, \$0.00 per share

## *Q2 Segment Performance*

- CTP revenue of \$232M, 8.0% operating margin
- DPG revenue of \$64M, 3.5% operating margin
- FMP revenue of \$51M, \$7M operating loss

## *Trends*

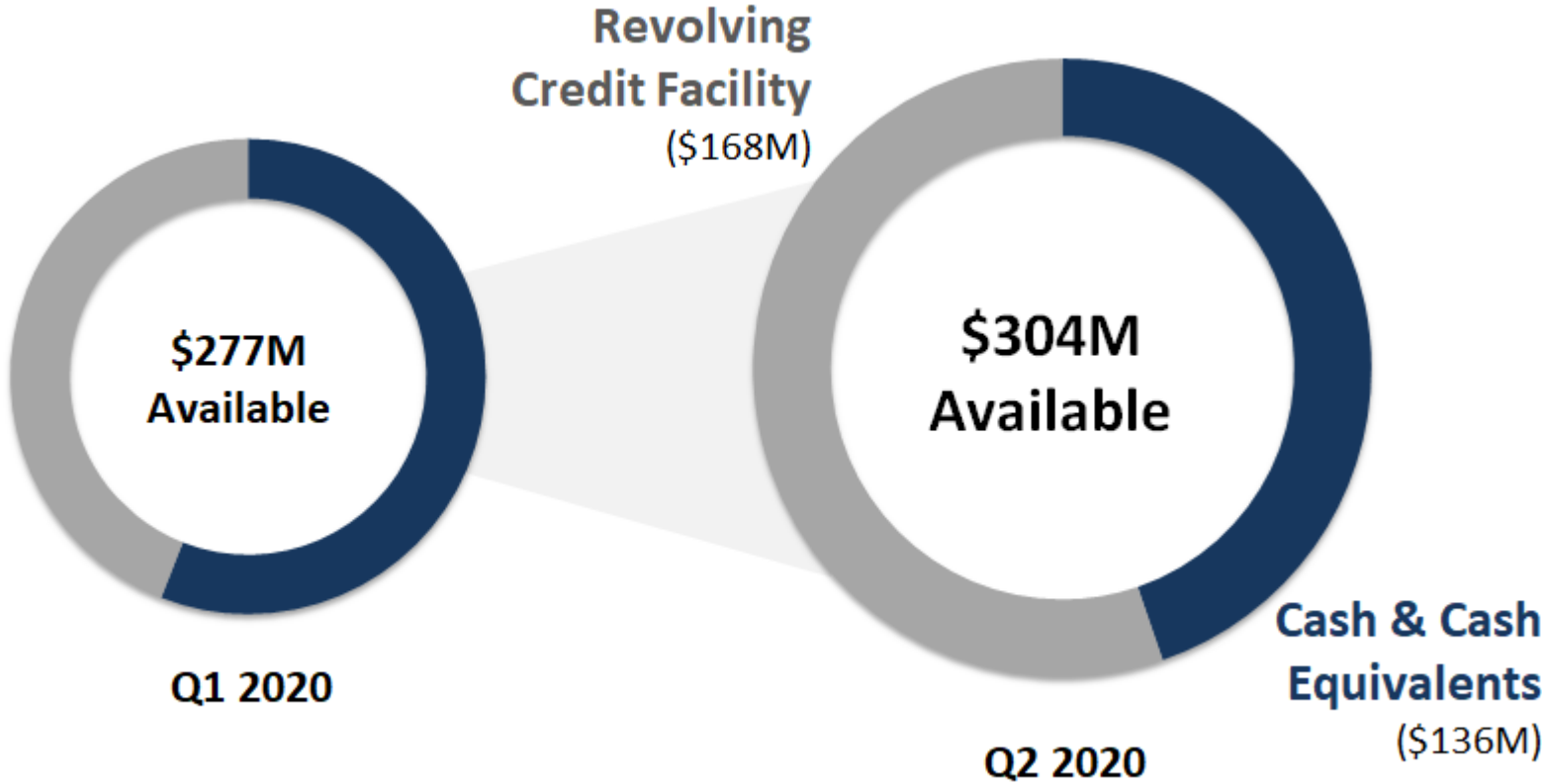
- Progress on gross profit with less sales shows FMP operations improving sequentially
- Pandemic has accelerated trends in e-Commerce and home delivery
- Expect demand for final mile equipment has ample room to improve going forward

# Cash Flow & Liquidity Summary

## YTD Cash Generation

- \$23M Operating Cash
- \$11M Capital Expenditures
- \$12M Free Cash Flow

## Strengthening Liquidity Profile



# Capital Allocation & Debt Structure

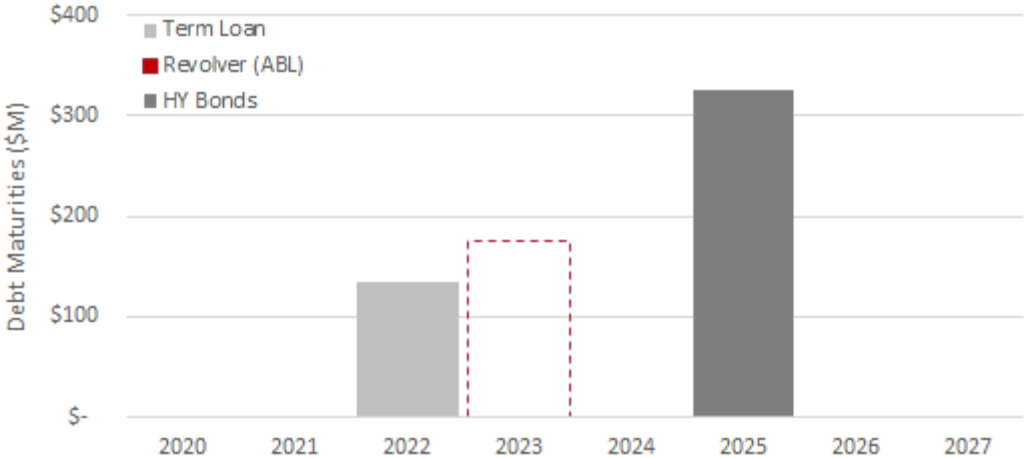
## Q2 2020 Capital Allocation

- \$45M debt repayment (revolving line of credit)
- \$4.6M in capital projects
- \$4.3M in dividends

## Near-Term Capital Allocation Priorities

- Estimating 2020 capex of approximately \$20M
- Maintain dividend
- Assess opportunities for debt reduction

## Debt Structure





# Key Messages

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- Solid performance through a challenging period: 15% decremental margins
- Positive operating and free cash flow improve overall liquidity
- Potential to free cash from non-core assets
- Maintaining dividend and assessing opportunities for debt reduction
- Organizational redesign increases potential for growth, innovation and a more efficient cost footprint



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# APPENDIX



# CONDENSED CONSOLIDATED BALANCE SHEETS

Unaudited - dollars in thousands	June 30, 2020	December 31, 2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 135,993	\$ 140,516
Accounts receivable, net	123,952	172,737
Inventories	201,068	186,914
Prepaid expenses and other	41,836	41,222
Total current assets	502,849	541,389
Property, plant, and equipment, net	218,637	221,346
Goodwill	204,418	311,026
Intangible assets, net	178,836	189,898
Other assets	37,525	40,932
Total assets	\$ 1,142,265	\$ 1,304,591
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Current portion of long-term debt	\$ —	\$ —
Current portion of finance lease obligations	337	327
Accounts payable	124,747	134,821
Other accrued liabilities	107,030	124,230
Total current liabilities	232,114	259,378
Long-term debt	455,800	455,386
Finance lease obligations	206	378
Deferred income taxes	35,179	37,576
Other non-current liabilities	25,749	30,885
Total liabilities	749,048	783,603
Total stockholders' equity	393,217	520,988
Total liabilities and stockholders' equity	\$ 1,142,265	\$ 1,304,591



# CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

Unaudited - dollars in thousands

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net sales	\$ 339,153	\$ 626,053	\$ 726,227	\$ 1,159,227
Cost of sales	304,832	538,403	655,163	1,002,887
Gross profit	34,321	87,650	71,064	156,340
General and administrative expenses	19,633	26,509	45,825	56,649
Selling expenses	4,886	8,494	12,884	16,717
Amortization of intangible assets	5,493	5,109	10,988	10,238
Impairment and other, net	(1,690)	—	105,424	—
Income (loss) from operations	5,999	47,538	(104,057)	72,736
Other income (expense):				
Interest expense	(5,882)	(7,020)	(12,154)	(14,110)
Other, net	285	1,081	405	912
Other expense, net	(5,597)	(5,939)	(11,749)	(13,198)
Income (loss) before income tax expense (benefit)	402	41,599	(115,806)	59,538
Income tax expense (benefit)	548	10,639	(9,013)	13,798
Net (loss) income	\$ (146)	\$ 30,960	\$ (106,793)	\$ 45,740
Net (loss) income per share:				
Basic	\$ 0.00	\$ 0.56	\$ (2.01)	\$ 0.83
Diluted	\$ 0.00	\$ 0.56	\$ (2.01)	\$ 0.82
Weighted average common shares outstanding (in thousands):				
Basic	52,874	55,197	53,015	55,233
Diluted	52,874	55,668	53,015	55,719
Dividends declared per share	\$ 0.08	\$ 0.08	\$ 0.160	\$ 0.160



# CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited - dollars in thousands

	<u>Six Months Ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Net (loss) income	\$ (106,793)	\$ 45,740
Adjustments to reconcile net (loss) income to net cash provided by operating activities		
Depreciation	11,657	10,957
Amortization of intangibles	10,988	10,238
Net (gain) loss on sale of property, plant and equipment	(1,690)	481
Deferred income taxes	(2,648)	(2,214)
Stock-based compensation	416	5,377
Impairment	107,114	—
Non-cash interest expense	535	523
Accounts receivable	48,785	10,886
Inventories	(14,154)	(80,163)
Prepaid expenses and other	(8,195)	(325)
Accounts payable and accrued liabilities	(22,126)	58,210
Other, net	(1,235)	1,210
Net cash provided by operating activities	<u>22,654</u>	<u>60,973</u>
<b>Cash flows from investing activities</b>		
Capital expenditures	(10,921)	(14,995)
Proceeds from the sale of property, plant, and equipment	2,725	38
Net cash used in investing activities	<u>(8,196)</u>	<u>(14,957)</u>
<b>Cash flows from financing activities</b>		
Net cash used in financing activities	(18,981)	(38,551)
Net (decrease) increase in cash, cash equivalents, and restricted cash	(4,523)	7,465
Cash, cash equivalents and restricted cash at beginning of period	140,516	132,690
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 135,993</u>	<u>\$ 140,155</u>



# Q2 QTD SEGMENT INFORMATION

Unaudited - dollars in thousands

Three Months Ended June 30,	Commercial Trailer Products	Diversified Products	Final Mile Products	Corporate and Eliminations	Consolidated
<b>2020</b>					
New trailers shipped	8,000	400	—	—	8,400
Used trailers shipped	185	35	—	—	220
New trailers	\$ 218,753	\$ 28,176	\$ —	\$ —	\$ 246,929
Used trailers	2,273	1,323	—	—	3,596
Components, parts and service	9,571	22,166	2,453	(7,884)	26,306
Equipment and other	1,657	12,286	48,379	—	62,322
Total net sales	\$ 232,254	\$ 63,951	\$ 50,832	\$ (7,884)	\$ 339,153
Gross profit	\$ 22,392	\$ 10,761	\$ 1,963	\$ (795)	\$ 34,321
Income (loss) from operations	\$ 18,599	\$ 2,242	\$ (6,569)	\$ (8,273)	\$ 5,999
<b>2019</b>					
New trailers shipped	14,250	750	—	—	15,000
Used trailers shipped	—	25	—	—	25
New trailers	\$ 385,842	\$ 49,325	\$ —	\$ —	\$ 435,167
Used trailers	13	739	—	—	752
Components, parts and service	10,622	29,007	4,447	(6,575)	37,501
Equipment and other	4,387	17,955	130,370	(79)	152,633
Total net sales	\$ 400,864	\$ 97,026	\$ 134,817	\$ (6,654)	\$ 626,053
Gross profit	\$ 46,906	\$ 20,123	\$ 21,289	\$ (668)	\$ 87,650
Income (loss) from operations	\$ 39,918	\$ 8,911	\$ 9,221	\$ (10,512)	\$ 47,538



# Q2 YTD SEGMENT INFORMATION

Unaudited - dollars in thousands

Six Months Ended June 30,	Commercial Trailer Products	Diversified Products	Final Mile Products	Corporate and Eliminations	Consolidated
<b>2020</b>					
New trailers shipped	16,525	1,050	—	—	17,575
Used trailers shipped	220	70	—	—	290
New trailers	\$ 456,654	\$ 71,488	\$ —	\$ —	\$ 528,142
Used trailers	2,591	2,533	—	—	5,124
Components, parts and service	18,843	48,248	6,175	(14,984)	58,282
Equipment and other	5,141	24,640	104,927	(29)	134,679
Total net sales	\$ 483,229	\$ 146,909	\$ 111,102	\$ (15,013)	\$ 726,227
Gross profit	\$ 46,235	\$ 25,902	\$ 1,719	\$ (2,792)	\$ 71,064
Income (loss) from operations	\$ 34,470	\$ (3,828)	\$ (114,610)	\$ (20,089)	\$ (104,057)
<b>2019</b>					
New trailers shipped	26,650	1,450	—	—	28,100
Used trailers shipped	50	50	—	—	100
New trailers	\$ 711,661	\$ 95,124	\$ —	\$ —	\$ 806,785
Used trailers	150	1,326	—	—	1,476
Components, parts and service	20,955	64,891	7,863	(14,495)	79,214
Equipment and other	9,143	35,333	227,803	(527)	271,752
Total net sales	\$ 741,909	\$ 196,674	\$ 235,666	\$ (15,022)	\$ 1,159,227
Gross profit	\$ 82,846	\$ 40,222	\$ 34,813	\$ (1,541)	\$ 156,340
Income (loss) from operations	\$ 66,239	\$ 16,955	\$ 11,090	\$ (21,548)	\$ 72,736



# RECONCILIATION OF ADJUSTED SEGMENT AND OPERATING INCOME

Unaudited - dollars in thousands	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<b>Commercial Trailer Products</b>				
Income from operations	\$ 18,599	\$ 39,918	\$ 34,470	\$ 66,239
Adjustments:				
Impairment	—	—	377	—
Adjusted operating income	18,599	39,918	34,847	66,239
<b>Diversified Products</b>				
Income (loss) from operations	2,242	8,911	(3,828)	16,955
Adjustments:				
Impairment	—	—	10,971	—
Adjusted operating income	2,242	8,911	7,143	16,955
<b>Final Mile Products</b>				
(Loss) income from operations	(6,569)	9,221	(114,610)	11,090
Adjustments:				
Impairment	—	—	95,766	—
Adjusted operating (loss) income	(6,569)	9,221	(18,844)	11,090
<b>Corporate</b>				
Loss from operations	(8,273)	(10,512)	(20,089)	(21,548)
<b>Consolidated</b>				
Income (loss) from operations	5,999	47,538	(104,057)	72,736
Adjustments:				
Impairment	—	—	107,114	—
Adjusted operating income	\$ 5,999	\$ 47,538	\$ 3,057	\$ 72,736





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

Unaudited - dollars in thousands

## Adjusted Net (Loss) Income<sup>1</sup>:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net (loss) income	\$ (146)	\$ 30,960	\$ (106,793)	\$ 45,740
Adjustments:				
Impairment	—	—	107,114	—
Tax effect of aforementioned items	—	—	(2,786)	—
Adjusted net (loss) income	\$ (146)	\$ 30,960	\$ (2,465)	\$ 45,740

## Adjusted Basic (2020) and Diluted (2019) Earnings Per Share<sup>1</sup>:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Basic (2020) and diluted (2019) earnings per share	\$ 0.00	\$ 0.56	\$ (2.01)	\$ 0.82
Adjustments:				
Impairment	—	—	2.01	—
Tax effect of aforementioned items	—	—	(0.05)	—
Adjusted basic (2020) and diluted (2019) earnings per share	\$ 0.00	\$ 0.56	\$ (0.05)	\$ 0.82
Weighted average basic (2020) and diluted (2019) shares outstanding (in thousands)	52,874	55,668	53,015	55,719

<sup>1</sup> Adjusted net (loss) income and adjusted basic (2020) and diluted (2019) earnings per share reflect adjustments for non-cash impairment and the related tax effects of these adjustments.



# RECONCILIATION OF OPERATING EBITDA AND FREE CASH FLOW

Unaudited - dollars in thousands

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net (loss) income	\$ (146)	\$ 30,960	\$ (106,793)	\$ 45,740
Income tax expense (benefit)	548	10,639	(9,013)	13,798
Interest expense	5,882	7,020	12,154	14,110
Depreciation and amortization	11,526	10,646	22,645	21,195
Stock-based compensation	1,333	2,791	416	5,377
Impairment and other, net	(1,690)	—	105,424	—
Other, net	(285)	(1,081)	(405)	(912)
Operating EBITDA	\$ 17,168	\$ 60,975	\$ 24,428	\$ 99,308

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

	Six Months Ended June 30,	
	2020	2019
Net cash provided by operating activities	\$ 22,654	\$ 60,973
Capital expenditures	(10,921)	(14,995)
Free cash flow	\$ 11,733	\$ 45,978

1 Operating EBITDA is defined as earnings before interest, taxes, depreciation, amortization, stock-based compensation, impairment and other, net, and other non-operating income and expense.

2 Free cash flow is defined as net cash provided by operating activities minus capital expenditures.

