

# Oshkosh Corporation

Fourth Quarter Fiscal 2022

January 31, 2023

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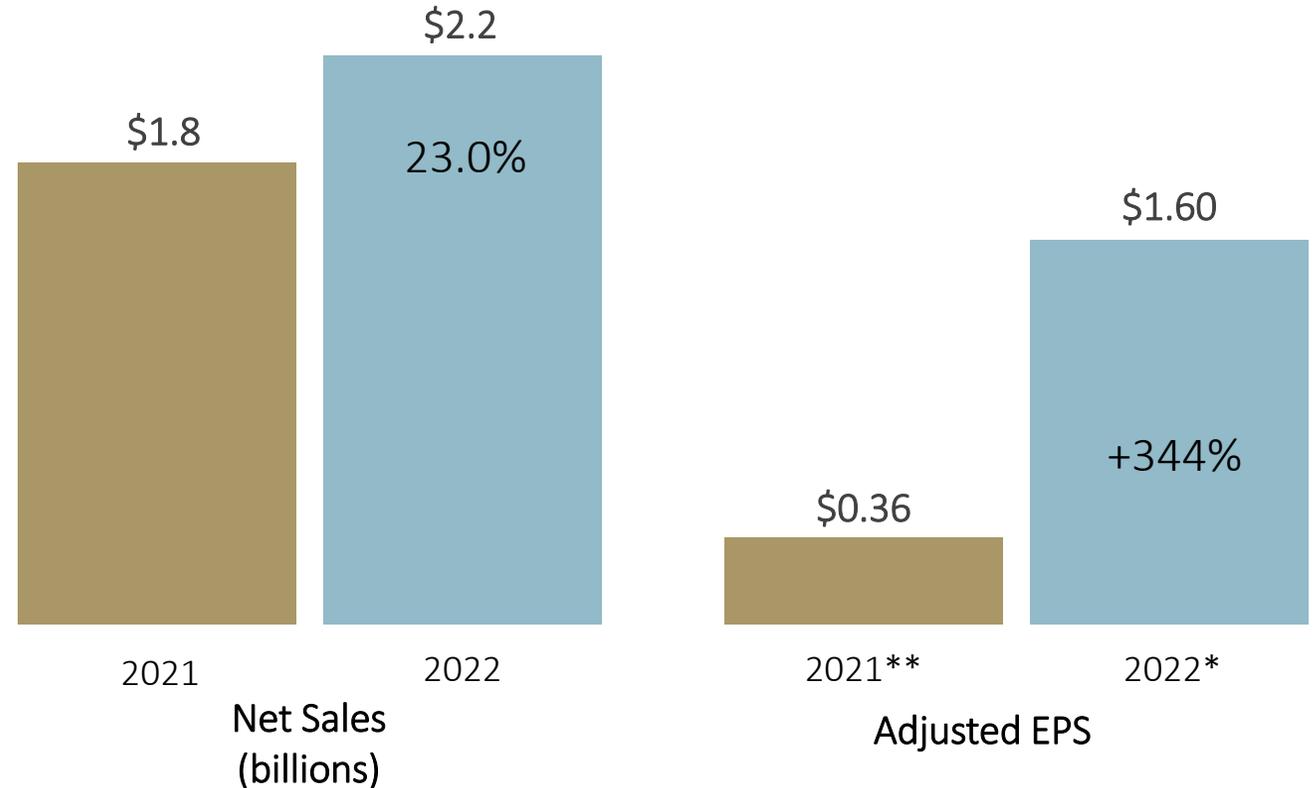
# Forward-looking statements

This presentation contains statements that the Company believes to be “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact, including, without limitation, statements regarding the Company’s future financial position, business strategy, targets, projected sales, costs, earnings, capital expenditures, debt levels and cash flows, and plans and objectives of management for future operations, are forward-looking statements. When used in this presentation, words such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “should,” “project” or “plan” or the negative thereof or variations thereon or similar terminology are generally intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, assumptions and other factors, some of which are beyond the Company’s control, which could cause actual results to differ materially from those expressed or implied by such forward-looking statements. These factors include the extent of supply chain and logistics disruptions; the Company’s ability to increase prices or impose surcharges to raise margins or to offset higher input costs, including increased raw material, labor, freight and overhead costs; the Company’s ability to attract and retain production labor in a timely manner; the cyclical nature of the Company’s access equipment, commercial and fire & emergency markets, which are particularly impacted by the strength of U.S. and European economies and construction seasons; the Company’s estimates of access equipment demand which, among other factors, is influenced by historical customer buying patterns and rental company fleet replacement strategies; the strength of the U.S. dollar and its impact on Company exports, translation of foreign sales and the cost of purchased materials; the Company’s ability to predict the level and timing of orders for indefinite delivery/indefinite quantity contracts with the U.S. federal government; the impact of any U.S. Department of Defense solicitation for competition for future contracts to produce military vehicles; the impacts of orders from the U.S. Postal Service; the impact of severe weather, war, natural disasters or pandemics that may affect the Company, its suppliers or its customers; risks related to the collectability of receivables, particularly for those businesses with exposure to construction markets; the cost of any warranty campaigns related to the Company’s products; risks associated with international operations and sales, including compliance with the Foreign Corrupt Practices Act; risks that a trade war and related tariffs could reduce the competitiveness of the Company’s products; the Company’s ability to comply with complex laws and regulations applicable to U.S. government contractors; cybersecurity risks and costs of defending against, mitigating and responding to data security threats and breaches impacting the Company; the Company’s ability to successfully identify, complete and integrate acquisitions and to realize the anticipated benefits associated with the same; and risks related to the Company’s ability to successfully execute on its strategic road map and meet its long-term financial goals. Additional information concerning these and other factors is contained in the Company’s filings with the Securities and Exchange Commission, including the Form 8-K filed today. All forward-looking statements speak only as of the date of this presentation. The Company assumes no obligation, and disclaims any obligation, to update information contained in this presentation. Investors should be aware that the Company may not update such information until the Company’s next quarterly earnings conference call, if at all.

# Q4 highlights

- Revenue growth in all segments
- Adj. EPS\* of \$1.60; solid sequential and yr/yr earnings growth
- Continuing to invest in capacity and new products
- Strong orders and record year-end consolidated backlog of \$14B
- Announced Hinowa acquisition
- Recognized ESG leadership with DJSI World Index and Newsweek’s “America’s Most Responsible Companies” honors

## Calendar Q4 Performance



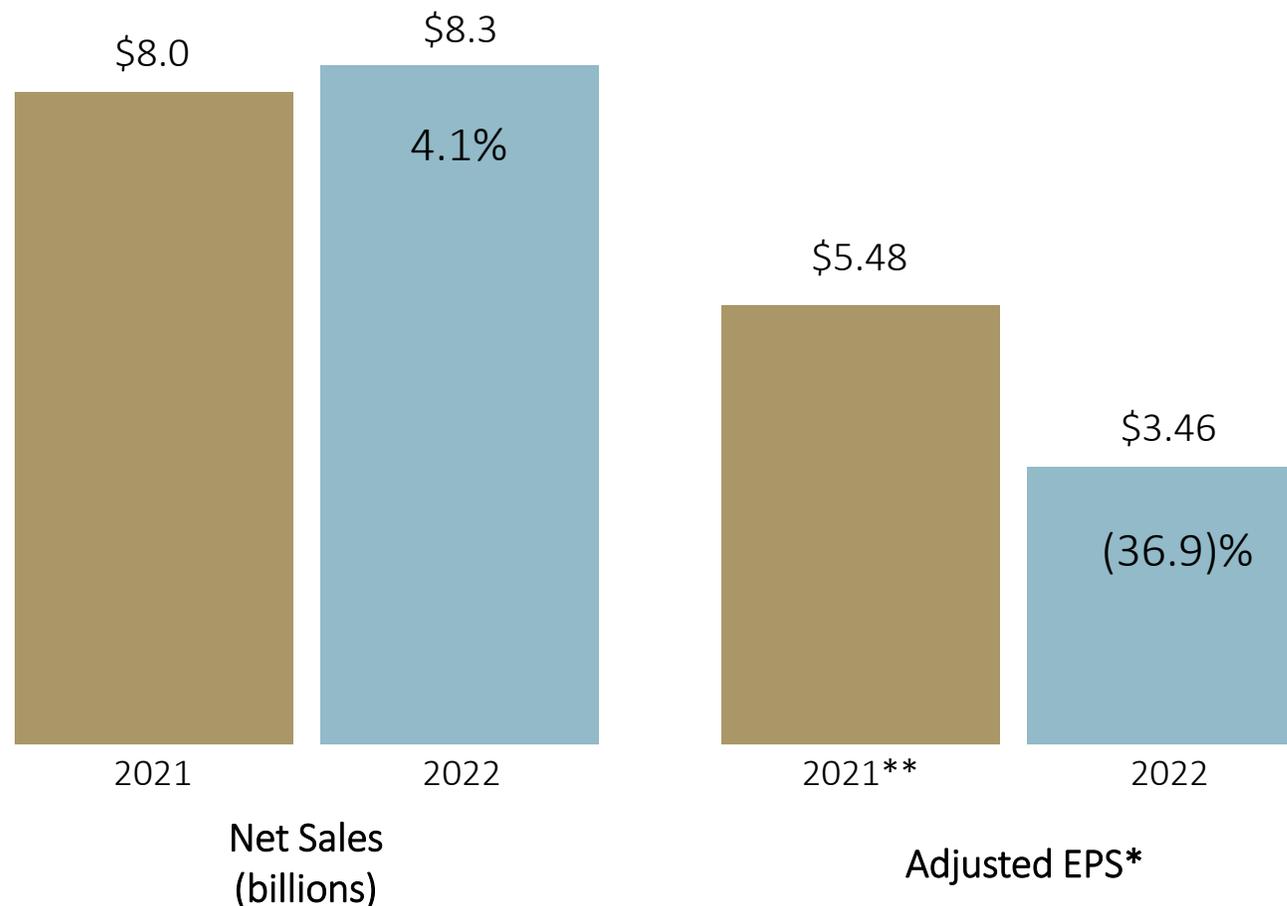
\* Non-GAAP results. See appendix for reconciliation to GAAP results

\*\* Adjusted for change in inventory accounting

# Full year 2022 results and 2023 expectations

- Modest revenue growth but lower adj. earnings due to supply chain-related inefficiencies and price/cost
- Significant 2022 adj. operating income improvement from H1 to H2
- Investments in bolt-on acquisitions and technology support future growth
- Initiating 2023 EPS estimates in the range of \$5.50 per share
- Raising quarterly dividend by 10.8% to \$0.41 per share

## OSK Calendar Year Performance



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

\*\* Adjusted for change in inventory accounting

# Announcing the Vocational segment

- Combining F&E and Commercial to create new Vocational segment (three reporting segments in 2023)
- Key drivers for the change:
  - Deliver enhanced efficiencies
  - Leverage scale in technology
  - Serve as platform for growth
- Creates ~\$2B revenue platform with plans to grow revenues to ~\$3B in next few years
- Opportunities to drive improved operating margins
- Divesting rear discharge concrete mixer business
- Vocational will be led by Jim Johnson, Fire & Emergency segment president



# Access Equipment

- Strong Q4 performance with another quarter of double-digit operating margins
- Supplier on-time delivery improved during quarter
- Solid customer demand continues
  - Robust utilization and aged customer fleets
  - Megaprojects
  - Positive market indicators
- Orders of \$1.55B led to record backlog heading into 2023

**JLG 1850SJ Boom Lift**



# Defense

- Strong JLTV contract awards for domestic and FMS requirements
- Expect an award decision on JLTV II contract in Q1
- Selected for \$100M Eitan Armored Personnel Carrier hull contract for Israeli Ministry of Defense
- Encouraged by recent USPS actions with Next Generation Delivery Vehicle
  - Announced intention to increase initial order by 10,000 NGDVs and to 75% mix of BEVs

Eitan Armored Personnel Carrier



# Fire & Emergency

- Sales growth enabled by supplier performance and operations initiatives
- Operating margin lower than typical due to price/cost impact and supply chain disruptions; confident operating margins will improve to historical levels
- Strong demand led to record backlog heading into 2023
- Investing in capacity and automation
- Positive Pierce dealer meeting highlighted by strong investments in service centers

Pierce Fire Truck Assembly in Appleton, Wisconsin



# Commercial

- Solid revenue growth to close out 2022
- Chassis and other component availability remains a constraining factor
- High Flow Line (HFL) in Dodge Center driving favorable outlook, work to begin on second HFL in 2023
- Significant technology opportunities with NPD for RCVs
- Will be combined with Fire & Emergency into Vocational segment for 2023

High Flow Line in Dodge Center, Minnesota



# Consolidated results

Dollars in millions, except per share amounts

Three months ended December 31	2022	2021**
Net Sales	\$ 2,203.6	\$ 1,791.7
% Change	23.0%	13.7%
Adjusted operating income	\$ 152.6*	\$ 41.6
% Change	266.8%	(61.4)%
% Margin	6.9%	2.3%
Adjusted EPS	\$ 1.60*	\$ 0.36
% Change	344.4%	(69.2)%

## Q4 comments

- Sales impacted by:
  - + Increased volume
  - + Improved pricing
- Adjusted EPS\* impacted by:
  - + Favorable price/cost dynamics
  - + Higher sales volume
  - Production inefficiencies

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

\*\* Adjusted for change in inventory accounting



# 2023 Outlook

## Expectations in the range of:

- Revenues of ~\$8.4 billion
- Operating income of ~\$530 million
- EPS of ~\$5.50

## Additional expectations

- Corporate expenses of ~\$170 million
- Tax rate of ~25%
- CapEx of ~\$350 million
- Free Cash Flow\* of ~\$300 million
- Share count of ~65.7 million

## Q1 expectations

- Revenues in the range of \$2.1 billion
- EPS in the range of \$1.00
  - Impacted by timing of deliveries, unfavorable Defense order mix and return of incentive compensation

Segment information			
Measure	Access	Defense	Vocational
Sales (billions)	~\$4.2	~\$2.0	~\$2.2
Operating Income Margin	~11%	~4%	~7.5%

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

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JLG® AG925 Telehandler



# Appendix: Access Equipment

Dollars in millions

Three months ended December 31	2022	2021*
Net Sales	\$ 1,074.0	\$ 833.5
% Change	28.9%	47.9%
Operating income	\$ 116.0	\$ 38.2
% Change	203.7%	15.1%
% Margin	10.8%	4.6%

## Q4 comments

- Sales impacted by:
  - + Higher volume
  - + Improved pricing
  - Foreign currency exchange
- Operating income impacted by:
  - + Favorable price/cost dynamics
  - + Improved sales volume
  - Higher production costs
- Backlog up 22% vs. prior year to \$4.4 billion

\* Adjusted for change in inventory accounting



# Appendix: Defense

Dollars in millions

Three months ended December 31	2022	2021**
Net Sales	\$ 547.7	\$ 531.5
% Change	3.0%	(3.4)%
Adjusted Operating Income	\$ 25.5*	\$ 16.0
% Change	59.4%	(70.3)%
% Margin	4.7%	3.0%

## Q4 comments

- Sales impacted by:
  - + Higher AMPS volume
  - Lower JLTV volume
- Adjusted operating income\* impacted by:
  - + Favorable product mix
- Backlog up 78% vs. prior year to \$6.3 billion

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

\*\* Adjusted for change in inventory accounting



# Appendix: Fire & Emergency

Dollars in millions

Three months ended December 31	2022	2021*
Net Sales	\$ 300.0	\$ 218.6
% Change	37.2%	(20.2)%
Operating income	\$ 23.7	\$ 15.9
% Change	49.1%	(55.6)%
% Margin	7.9%	7.3%

## Q4 comments

- Sales impacted by:
  - + Higher fire truck deliveries
  - + Higher prices
- Operating income impacted by:
  - + Higher sales volume
  - Higher production costs
- Backlog up 85% vs. prior year to \$2.9 billion

\* Adjusted for change in inventory accounting



# Appendix: Commercial

Dollars in millions

Three months ended December 31	2022	2021*
Net Sales	\$ 282.9	\$ 210.6
% Change	34.3%	7.6%
Operating income	\$ 17.8	\$ 2.4
% Change	641.7%	(82.5)%
% Margin	6.3%	1.1%

## Q4 comments

- Sales impacted by:
  - + Higher RCV volume
  - + Higher prices
- Operating income impacted by:
  - + Favorable price/cost
  - + Higher sales volume
  - Investments in NPD
- Backlog down 4.3% vs. prior year to \$581 million

\* Adjusted for change in inventory accounting

# Appendix: GAAP to Non-GAAP reconciliation

The tables below present a reconciliation of the Company's presented GAAP measures to the most directly comparable non-GAAP measures (in millions, except per share amounts, unaudited):

	Three months ended			Twelve months ended December 31,	
	December 31, 2022	September 30, 2022*	December 31, 2021*	2022	2021*
Earnings per share-diluted (GAAP)	\$ 1.14	\$ 1.02	\$ 0.36	\$ 2.63	\$ 6.68
Foreign entity liquidation, net of tax	-	0.07	-	0.07	-
Restructuring-related costs, net of tax	-	-	-	-	0.06
Intangible asset impairment charge, net of tax	0.07	0.03	-	0.10	-
Pension settlement, net of tax	0.39	-	-	0.39	-
Benefit from tax loss carryback to prior years	-	-	-	-	(1.09)
Revaluation of net deferred tax liabilities	-	-	-	-	(0.17)
Anti-hybrid tax on prior period income	-	-	-	0.27	-
Adjusted earnings per share-diluted (non-GAAP)	<u>\$ 1.60</u>	<u>\$ 1.12</u>	<u>\$ 0.36</u>	<u>\$ 3.46</u>	<u>\$ 5.48</u>

	Fiscal 2023 Expectations
Net cash provided by operating activities	\$ 650
Additions to property, plant and equipment, net	(350)
Free cash flow	<u>\$ 300</u>

\* Adjusted for change in inventory accounting

# Appendix: GAAP to Non-GAAP reconciliation

The tables below present a reconciliation of the Company's presented GAAP measures to the most directly comparable non-GAAP measures (in millions, unaudited):

	Three months ended December 31,	
	2022	2021*
Defense segment operating income (GAAP)	\$ 19.9	\$ 16.0
Intangible asset impairment charge	5.6	-
Adjusted Defense segment operating income (non-GAAP)	<u>\$ 25.5</u>	<u>\$ 16.0</u>
Consolidated operating income (GAAP)	\$ 147.0	\$ 41.6
Intangible asset impairment charge	5.6	-
Adjusted consolidated operating income (non-GAAP)	<u>\$ 152.6</u>	<u>\$ 41.6</u>

	Twelve months ended December 31,	
	2022	2021*
Consolidated operating income (GAAP)	\$ 372.3	\$ 534.6
Foreign entity liquidation	4.6	-
Restructuring-related costs	-	3.5
Acquisition costs	-	0.3
Intangible asset impairment charge	7.7	-
Adjusted consolidated operating income (non-GAAP)	<u>\$ 384.6</u>	<u>\$ 538.4</u>

\* Adjusted for change in inventory accounting

# Appendix: Commonly used acronyms

ARFF	Aircraft Rescue and Firefighting	IRC	Independent Rental Company
AWP	Aerial Work Platform	JLTV	Joint Light Tactical Vehicle
AMPS	Aftermarket Parts & Service	JPO	Joint Program Office
APAC	Asia Pacific	JUONS	Joint Urgent Operational Needs Statement
ASC	Accounting Standards Codification	LRIP	Low Rate Initial Production
B&P	Bid & Proposal	LVSR	Logistic Vehicle System Replacement
BEV	Battery Electric Vehicle	M-ATV	MRAP All-Terrain Vehicle
CapEx	Capital Expenditures	MCWS	Medium Caliber Weapons System
C-ATV	Cold Weather All-Terrain Vehicle	NDA	National Defense Authorization Act
CCA	Cumulative Catch-up Adjustments	NGDV	Next Generation Delivery Vehicle
CDC	Centers for Disease Control	NOL	Net Operating Loss
CES	Consumer Electronics Show	NPD	New Product Development
CNG	Compressed Natural Gas	NRC	National Rental Company
DJSI	Dow Jones Sustainability Indices	OH	Overhead
DoD	Department of Defense	OI	Operating Income
EAME	Europe, Africa & Middle East	OMFV	Optionally Manned Fighting Vehicle
E-HETS	Enhanced Heavy Equipment Transporter System	OPEB	Other Post-Employment Benefits
EMD	Engineering & Manufacturing Development	PLS	Palletized Load System
EPS	Diluted Earnings Per Share	PPI	Producer Price Index
ESG	Environmental, Social, and Governance	PUC	Pierce Ultimate Configuration
EV	Electric Vehicle	R&D	Research & Development
FDIC	Fire Department Instructors Conference	RCV	Refuse Collection Vehicle
FHTV	Family of Heavy Tactical Vehicles	RFP	Request for Proposal
FMS	Foreign Military Sales	ROGUE Fires	Remotely Operated Ground Unit for Expeditionary Fires
FMTV	Family of Medium Tactical Vehicles	ROW	Rest of World
FRP	Full Rate Production	TACOM	Tank-automotive and Armaments Command
FYDP	Future Years Defense Program	TDP	Technical Data Package
GAAP	U.S. Generally Accepted Accounting Principles	TWV	Tactical Wheeled Vehicle
GAO	Government Accountability Office	UCA	Un definitized Contract Action
HEMTT	Heavy Expanded Mobility Tactical Truck	UK	United Kingdom
HET	Heavy Equipment Transporter	USPS	United States Postal Service
HMMWV	High Mobility Multi-Purpose Wheeled Vehicle	ZR	Zero Radius
ICE	Internal Combustion Engine		