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Navistar Announces 4th Quarter and Fiscal Year Results

Driven by stronger sales, steady investment in the industry's newest product lineup, and their alliance with Volkswagen Truck & Bus, Navistar International reports positive profitability in both Fourth Quarter 2017 and Fiscal Year 2017.

On December 19, 2017, Navistar International Corporation announced positive results in their 2017 fourth quarter and full-year fiscal reporting. Fourth quarter 2017 adjusted EBITDA was \$268 million, which included \$11 million of adjustments. Adjusted EBITDA margins increased to 10.3 percent. Fiscal year 2017 adjusted EBITDA was \$582 million, versus \$508 million adjusted EBITDA for 2016. Full-year adjusted EBITDA margins increased to 6.8 percent.

"Our 2017 was a breakthrough year as we returned to profitability and grew our market share 1.5 points," said Troy A. Clair, chairman, president and CEO of Navistar. "These results were driven by stronger sales, our steady investment in the industry's newest product lineup, early results from our strategic alliance with Volkswagen Truck & Bus, and our ongoing focus on cost."

Navistar reported a fourth quarter 2017 net income of \$135 million compared to a fourth quarter 2016 net loss of \$34 million. It also reported net income of \$30 million for fiscal year 2017 compared to a net loss of \$97 million for fiscal year 2016.

Revenues in the fourth quarter increased 26 percent to \$2.6 billion, compared to fourth quarter 2016. This revenue increase was largely driven by a 31 percent increase in the company's Core volumes, including Class 6-8 trucks and buses in the United States and Canada. Revenue for the 2017 fiscal year was up six percent to \$8.6 billion, compared to \$8.1 billion in 2016. The fourth quarter 2017 ended with \$1.1 billion in consolidated cash, cash equivalents, and marketable securities.

In addition to stronger sales, new products, and focus on costs, Navistar also refinanced its manufacturing debt in early November, which improved its debt profile and provided greater financial flexibility. The transaction yielded \$200 million of additional liquidity and extended the company's debt maturities by four years. Additionally, it will save approximately \$25 million in annualized interest in 2018 and \$34 million in 2019, following the repayment of convertible debt that comes due in 2018.

Navistar finished 2017 with strong momentum across the board. During the quarter, the company launched its new International HV Series line of vocational trucks. The HV Series, in addition to the HX Series premium vocational truck lineup, now has the option of being powered by the new International A26 engine. Also during the fourth quarter, Navistar and Volkswagen Truck & Bus announced their intention to converge their connected vehicle activities – OnCommand Connection and RIO, Volkswagen Truck & Bus's digital brand. OnCommand Connection now has an industry leading 370,000 connected vehicles.

"We think 2018 is shaping up to be one of the strongest industry years this decade, and we're positioned to make it a breakout year for Navistar," Clarke said. "We'll drive even greater customer consideration with our commitment to uptime and our ongoing cadence of new product launches, which will include the introduction of our new medium-duty vehicle. At the same time, we will build on our alliance with Volkswagen Truck & Bus by investing in and collaborating on the major technologies that are reshaping our industry, including electric, connectivity, and autonomous."



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