



MARKET UPDATE

# Specialty Vehicle

NOVEMBER 2024



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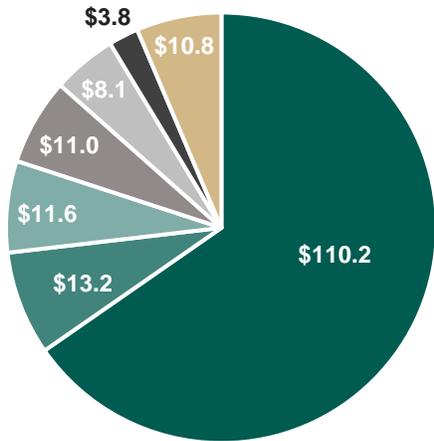
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# Commercial Vehicle & Equipment Summary

## 2023 U.S. Commercial Vehicle & Equipment Shipments by Market Segment (\$ in billions)



- Trucks, Truck Chassis and Tractors
- Truck / Bus / Tractor Bodies and Cabs Sold Separately
- Buses and Fire-Fighting Vehicles
- Trailers
- Axles and Axle Suspension Assemblies
- Trucks / Buses / Rescue Vehicles (Purchased Chassis)
- Other Truck Equipment

Source: NTEA Research.

- Trucks, truck chassis and tractors is the largest segment and includes all chassis used for trucks, RVs / motorhomes, class 5-7 commercial buses, road tractors and commercial pickups / vans
- 2023 commercial truck and equipment sales are estimated to be ~\$169 billion, increasing ~10% over 2022 sales of ~\$153 billion due to strong pricing gains<sup>(1)</sup>
- Commercial truck and equipment sales are expected to increase by ~7% to ~\$180 billion in 2024, with growth balanced across pricing and unit volume increases<sup>(1)</sup>

Truck Classifications	Class 1	Class 2	Class 3	Class 4
	≤ 6,000 lbs.	6,001 – 10,000 lbs.	10,001 – 14,000 lbs.	14,001 – 16,000 lbs.
Trailer Classifications	Class 5	Class 6	Class 7	Class 8
	16,001 – 19,500 lbs.	19,501 – 26,000 lbs.	26,001 – 33,000 lbs.	≥ 33,001 lbs.

Trailer Classifications	Dry Vans	Refrig. Van Reefer	Flatbeds	Dump
Trailer Classifications	Lowbed	Liquid Tanks	Dry Tanks	Other

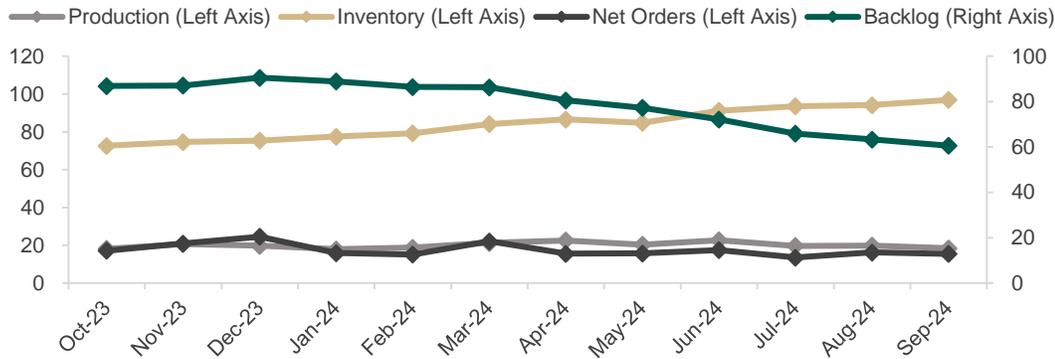
(1) Based on NTEA Research's January 2024 forecast update.



# Class 5-7 Commercial Vehicle Market Update

## Class 5-7 Commercial Vehicle Performance Indicators

(units in thousands)

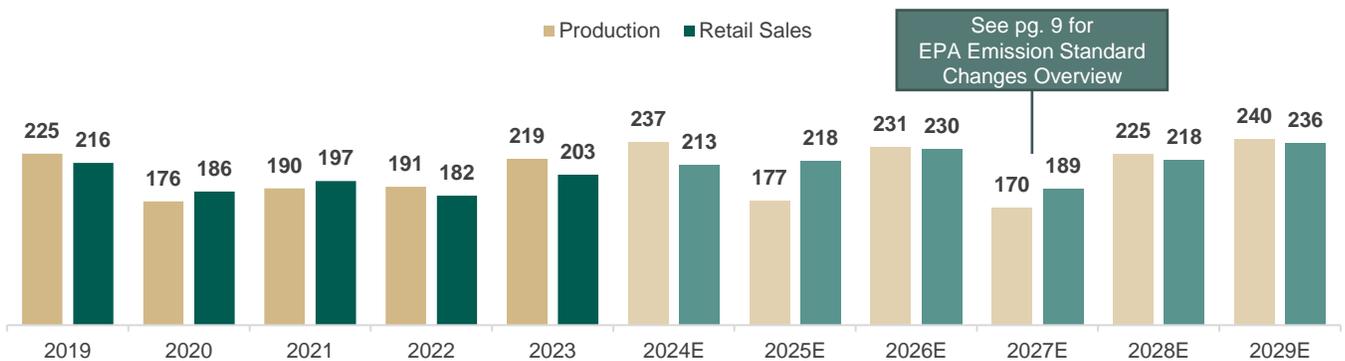


- ~240,000 units**  
Sep. 2024 LTM production
- ~210,000 units**  
Sep. 2024 LTM net orders
- ~61,000 units**  
in backlog as of Sep. 2024
- ~97,000 units**  
in inventory as of Sep. 2024

- Latest available September 2024 LTM class 5-7 commercial truck production increased 15%+ to ~236,000 units compared to the prior year period; inventory increased 35%+ over the same period as production outpaced net orders and retail sales
- Latest available September 2024 LTM class 5-7 commercial van production decreased ~45% to ~4,000 units compared to the prior year period; net orders decreased by ~5% to ~4,000 units over the same period
- Chassis availability significantly improved throughout 2024; OEMs have largely worked through elevated backlogs and have replenished the inventory channel

## Class 5-7 Commercial Vehicle Production & Retail Sales Forecast

(units in thousands)



- Latest available November 2024 production forecast was revised from the February 2024 forecast due to higher-than-expected build rates during the YTD period, which drove a ~54,000 unit increase in the 2024 forecast. Forecast for 2025 was adjusted to reflect some production shifting into 2024, decreasing by ~25,000 units
- While production is expected to moderate in 2025, retail sales are expected to grow as upfitters work through channel inventory to complete units
- Both production and retail sales are poised for strong growth in 2026 supported by pre-buy activity ahead of the EPA's 2027 new emissions standards, followed by a quick recovery in 2028 – 2029 after the standards go into effect

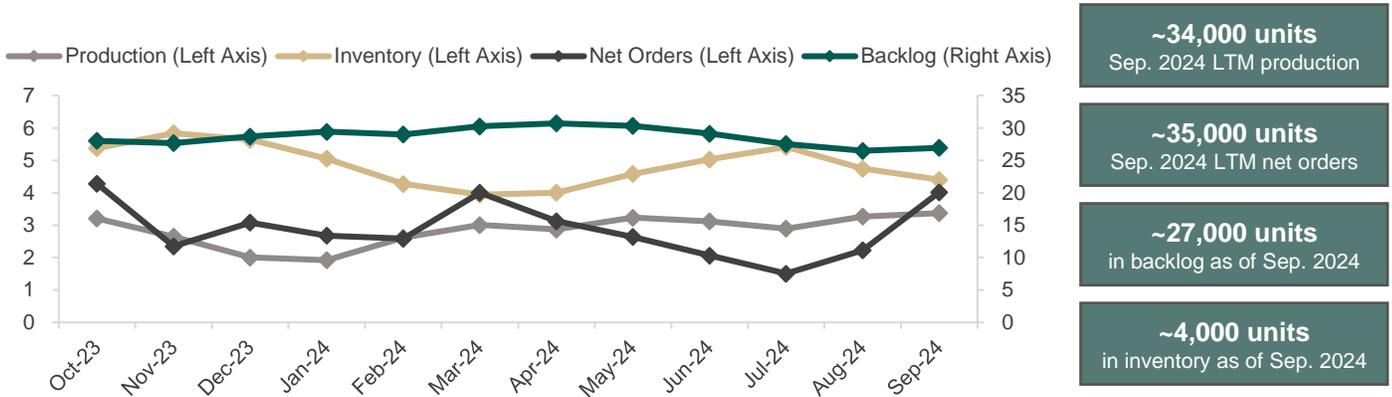
Note: Commercial vehicles include class 5-7 commercial trucks and vans.  
Sources: ACT Research and D.A. Davidson investment banking.



# Class 5-7 Commercial Bus Market Update

## Class 5-7 Commercial Bus Performance Indicators

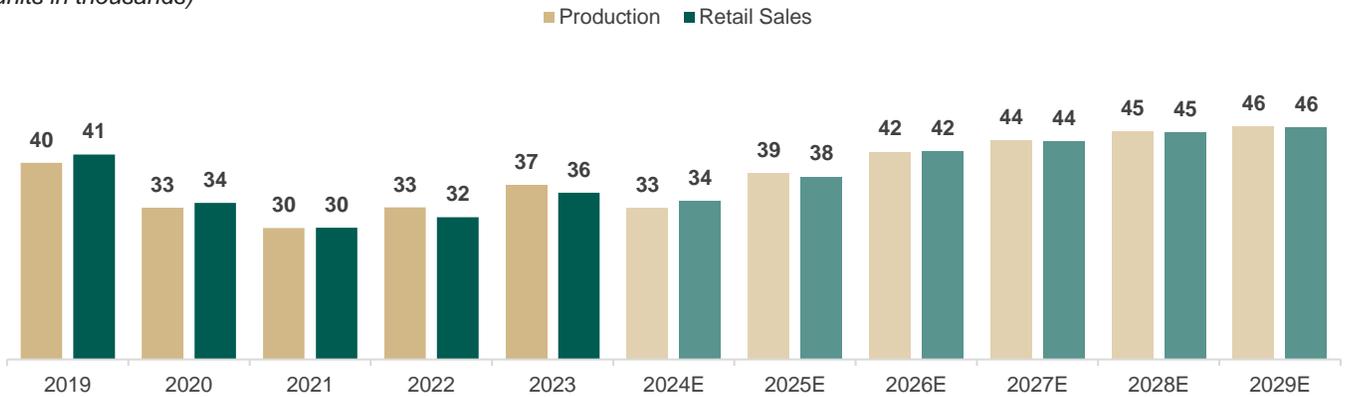
(units in thousands)



- Latest available September 2024 LTM class 5-7 commercial bus production decreased ~10% to ~34,000 units over the prior year period; backlog as of September 2024 was in-line with the prior year period as production matched net orders
- EV adoption trends continue to be an important driver for class 5-7 commercial buses; ~6,000 EV buses are expected to be on the road by the end of 2024, with another ~6,000 estimated to be on order

## Class 5-7 Commercial Bus Production & Retail Sales Forecast

(units in thousands)



- Latest available November 2024 production forecast for 2024 was adjusted ~6,000 units lower than the February 2024 production forecast due to lower-than-expected production during the YTD period
- While some units shifted between years, the November 2024 production forecast for 2025 – 2029 remains in-line with the February 2024 forecast
- Production is expected to remain stable in 2024, followed by strong growth in 2025 and beyond supported by increased EV adoption and strong retail demand; retail sales are expected to trend alongside production over this period

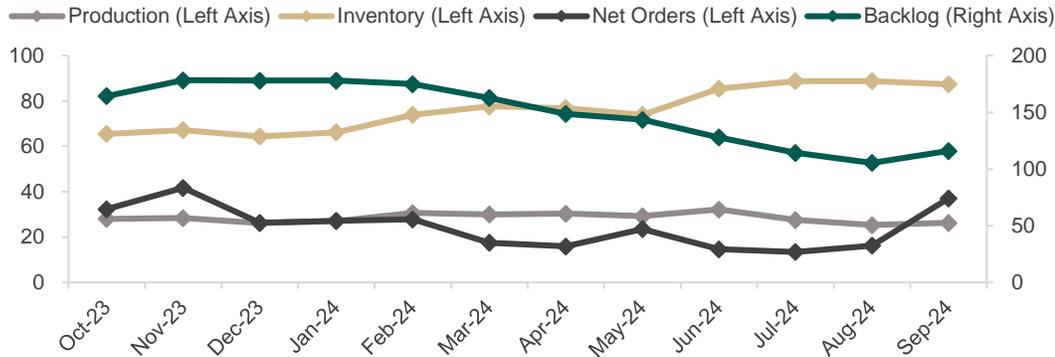
Sources: ACT Research and D.A. Davidson investment banking.



# Class 8 Truck Market Update

## Class 8 Truck Performance Indicators

(units in thousands)



- ~341,000 units**  
Sep. 2024 LTM production
- ~294,000 units**  
Sep. 2024 LTM net orders
- ~116,000 units**  
in backlog as of Sep. 2024
- ~87,000 units**  
in inventory as of Sep. 2024

- Latest available September 2024 LTM class 8 tractor production decreased ~10% to ~236,000 units over the prior year period; inventory increased by ~30% as production outpaced retail sales (despite the production decline), which were down by 10%+ to ~226,000 units over the September 2024 LTM period
- Latest available September 2024 LTM class 8 straight truck production increased ~30% to ~105,000 units over the prior year period; net order activity remained strong over this period, increasing by ~25%
- Strong vocational demand is driving healthy net order and production activity for straight trucks, while carrier profitability continues to impact the tractor market

## Class 8 Truck Production & Retail Sales Forecast

(units in thousands)



- Latest available November 2024 production forecast was adjusted to reflect stronger-than-expected activity during the YTD period, driving a ~40,000 unit increase to the 2024 forecast (tractors: ~19,000 units | straight trucks: ~21,000 units); 2024 revision reflects some demand pull-forward from 2025 and 2026, which were each revised lower by ~7,000 units
- Straight truck retail sales are expected to continue growing in 2025 on relatively flat production, while tractor production and retail sales are both expected to moderate during this period
- Tractors are poised for strong growth in 2026 as fleets prepare for the EPA's 2027 new emissions standards; both categories are expected to quickly recover in 2028 and 2029 following the dip in 2027

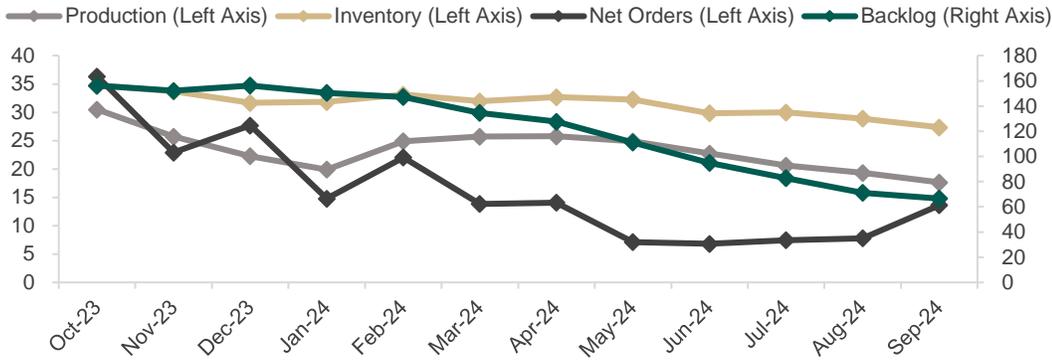
Sources: ACT Research and D.A. Davidson investment banking.



# Commercial Trailer Market Update

## Commercial Trailer Performance Indicators

(units in thousands)

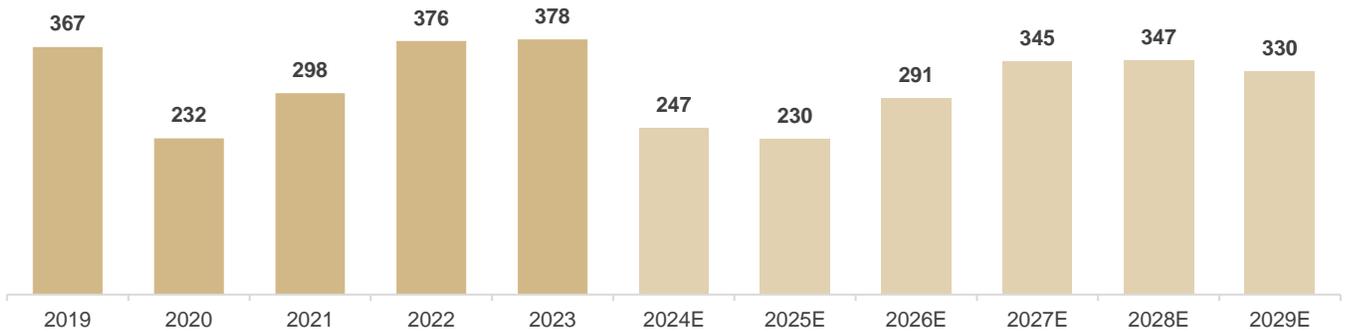


- ~280,000 units**  
Sep. 2024 LTM production
- ~194,000 units**  
Sep. 2024 LTM net orders
- ~67,000 units**  
in backlog as of Sep. 2024
- ~27,000 units**  
in inventory as of Sep. 2024

- Latest available U.S. commercial trailer production slipped during the September 2024 LTM period, decreasing ~30% to ~280,000 units over the prior year period; net orders and retail sales decreased by ~45% and ~25%, respectively
- Low carrier profitability continues to constrain fleet capex and impact trailer demand and production

## Commercial Trailer Production Forecast

(units in thousands)



- Latest available November 2024 production forecast was adjusted from the February 2024 forecast to reflect a lower level of retail demand, driving a ~37,000, ~100,000 and ~51,000 unit decrease in 2024, 2025 and 2026, respectively; forecast for 2027 and 2028 decreased by ~7,000 units and increased by ~1,000 units, respectively
- U.S. commercial trailer production is expected to decrease slightly in 2025, followed by a 25%+ and ~20% unit increase in 2026 and 2027, respectively

Sources: ACT Research and D.A. Davidson investment banking.



# Commercial Vehicle Fleet Update

## Davidson's Small & Midsize Truck Fleet Survey

- Every quarter, Davidson Research asks 70+ US-based small and midsize businesses who own at least two trucks about their plans for buying new trucks, lead times to obtain trucks, plans to buy electric trucks and other aspects of their business; a wide range of vehicles are represented, from pickup trucks to Class 8 units
- While larger vehicle upfitters generally obtain a large percentage of their business (especially final-mile delivery vans) from the large parcel fleets such as FedEx and UPS, or large retailers such as Amazon, small and midsize businesses provide real-time visibility into fleet purchase intentions

## October 2024 Survey Results



### Fleet Purchase Intentions

**“Fleet capex intentions for the next 12 months (largely 2025) increased this quarter”** –Davidson Research (10/16/2024)

- 84% of the respondents plan to increase spending by 3% or more over the next 12 months, above the 64% recorded last quarter and 74% two quarters ago
- Construction and landscaping fleets were heavily represented in the survey this quarter, signaling strong end market conditions given the increase in capex plans



### Truck Delivery Times

**“Delivery times continue to be a challenge”** –Davidson Research (10/16/2024)

- 48% of fleets are receiving the vehicles they ordered on time, down from 59% last quarter and a few percent below both the 1Q and 2Q surveys
- While chassis availability has improved, upfitters are adjusting to a new supply chain environment and working to improve on-time delivery metrics



### Business Sentiment

**“Business sentiment on 2024 improved vs. last quarter... sentiment on 2025 declined vs. last quarter, but remains firmly positive”**

–Davidson Research (10/16/2024)

- 71% of the fleet respondents noted that they feel "positive" about their business in 2024, up from 62% last quarter. Just 6% of the fleet respondents felt negative
- 62% of the respondents felt "positive" about 2025 in the October 2024 survey, which is in-line with last quarter but slightly below the 69% noted two quarters ago

Note: Complimentary Davidson Research reports referenced above are available upon request.



# EPA Emission Standard Changes Overview

## Overview of Upcoming Vehicle Emission Standard Changes

- **Low NOx Rule:** Requires an 80%+ reduction in NOx emissions for class 5 – 8 vehicles; standard was published in December 2022 and goes into effect in 2027 for all relevant vehicle classes
- **EPA 2027 GHG Emissions Mandate:** Establishes stricter emission standards for engine manufacturers for class 5 – 8 vehicles; final rule was published in March 2024 with implementation staggered from 2027 – 2030 based on vehicle type
- New standards are expected to increase the total cost of ownership of a truck, which will drive pre-buy activity ahead of the phase-in date
  - Low NOx rule is expected to increase upfront costs by ~\$5,000 and total costs over the useful life of the truck by \$20,000 - \$25,000
  - EPA 2027 GHG Emissions Mandate is expected to increase total costs over the useful life of a class 8 truck by ~\$30,000
- Emission changes occur routinely, and industry participants plan for and work through these changes to minimize disruption in the vehicle production and sales cycle
  - Engine manufacturers have already announced that they will have EPA-compliant engines available ahead of the 2027 phase-in

## Expected Pre-Buy Years by Chassis Type and Emission Standard

■ Expected Pre-Buy Years

Standard	Chassis Type	Phase-In Year	2024	2025	2026	2027	2028	2029
Low NOx Rule	Class 5 – 7	2027						
	Class 8 Straight Trucks	2027						
	Class 8 Tractor Day Cabs	2027						
	Class 8 Tractor Sleepers	2027						
EPA 2027 GHG Emissions Mandate	Class 5 – 7	2027						
	Class 8 Straight Trucks	2029						
	Class 8 Tractor Day Cabs	2028						
	Class 8 Tractor Sleepers	2030						

Sources: United States Environmental Protection Agency (EPA) and D.A. Davidson investment banking.



# Rental Equipment Market Update

## U.S. Rental Equipment Revenue & Near-Term Outlook

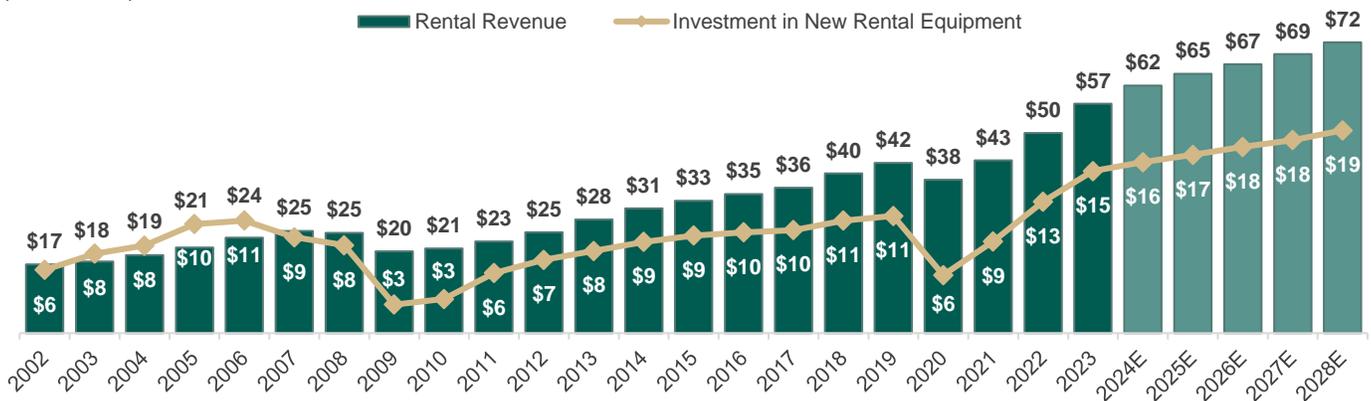
(\$ in billions)



- Equipment rental revenue reached ~\$57 billion for full-year 2023, representing a ~15% increase over the prior year; strong growth over the past several quarters was driven by a continued recovery in demand and new rental equipment investment following pandemic-driven lows experienced in 2020
- Latest available U.S. industrial and construction equipment rental revenue increased in 2Q2024, rising ~10% over the prior year period; 2Q2024 actual results slightly exceeded ARA's February 2024 forecast of \$14.7B for the quarter
- Revenue growth is expected to remain strong in 2024, albeit decelerating slightly to ~8% after two consecutive years of ~15% annual revenue growth

## Long-Term U.S. Rental Equipment Revenue & Investment Trends

(\$ in billions)



- Latest available November 2024 rental revenue forecast was revised from ARA's February 2024 forecast to reflect slightly stronger growth in 2024, largely driven by stronger-than-expected 2Q2024 performance and a balanced mix of higher forecasted unit volume and pricing; rental revenue is now expected to grow by ~8% (up from ~7%)
- Investment in new rental equipment is expected to normalize in 2024 – 2028 as rental fleets will have largely caught up with their replacement cycles following strong growth in 2021 – 2023
- Following similar trends as new rental equipment investment, rental revenue growth is expected to moderate into the low single digits after 2024

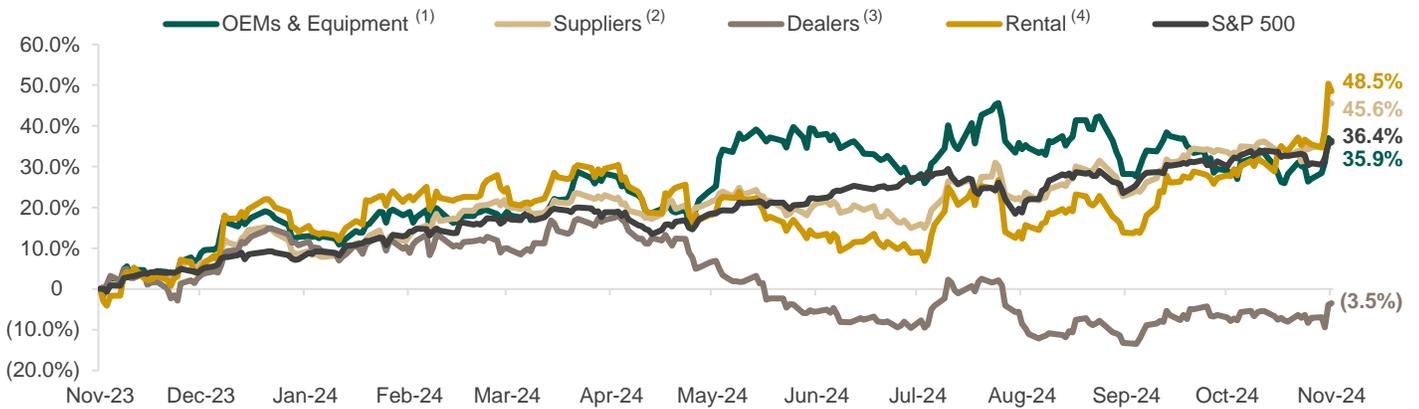
Note: Data includes rental revenue and investment associated with construction (e.g. loaders, excavators, dump trucks, access equipment, etc.) and industrial (e.g. transportation, machinery, etc.) equipment, and was recently updated to include specialty rental equipment.  
Sources: American Rental Association and D.A. Davidson investment banking.



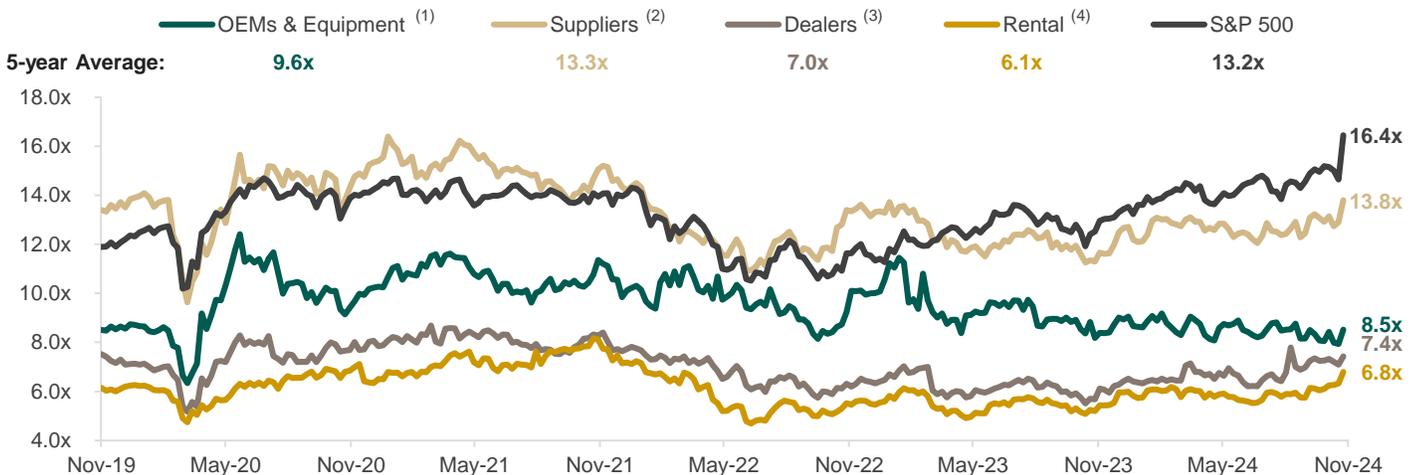
# Specialty Vehicle – OEMs & Equipment, Suppliers, Dealers and Rental Trading Update

- Most specialty vehicle indices have grown alongside the broader market over the past twelve months; Dealers index has underperformed given its heavier exposure to agriculture, which is currently facing headwinds due to commodity price trends
- OEMs & Equipment index is currently trading modestly below its 5-year EV/NTM EBITDA multiple average, while Suppliers, Dealers and Rental indices are trading modestly above their 5-year averages

## Stock Price Performance



## EV / NTM EBITDA Multiples



Sources: D.A. Davidson investment banking and CapitalIQ as of November 7, 2024.

Note: Enterprise value ("EV") excludes floor plan financing.

(1) Includes Alamo Group Inc., Blue Bird Corporation, Federal Signal Corporation, The Manitowoc Company, Inc., Miller Industries, Inc., NFI Group Inc., Oshkosh Corporation, Palfinger AG, REV Group Inc., Rosenbauer International AG, The Shyft Group Inc. and Wabash National Corporation.

(2) Includes Allison Transmission, Douglas Dynamics, Inc., IDEX Corporation, The Toro Company and Wabtec Corporation.

(3) Includes Alta Equipment Group, Finning International, Rush Enterprises, Titan Machinery, Toromont Industries and Wajax Corporation.

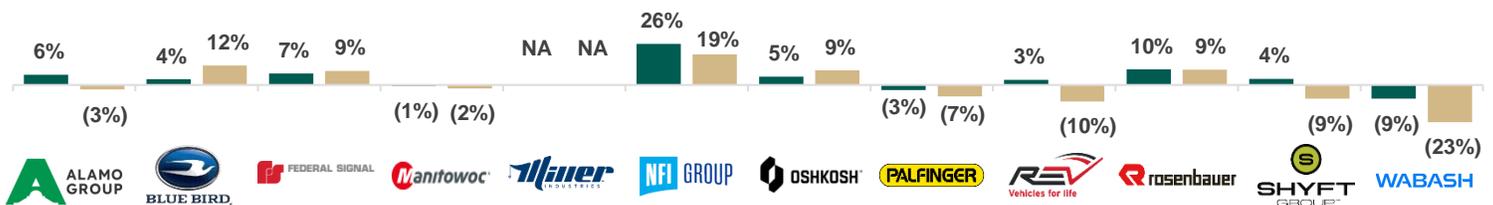
(4) Includes Ashtead Group plc, Custom Truck One Source, Inc., H&E Equipment Services, Inc., Herc Holdings, Inc., Ryder Systems, Inc., U-Haul and United Rentals, Inc.

# Specialty Vehicle – OEMs and Equipment Valuation and Operating Metrics

- CY 2024 outlook for specialty vehicle OEMs and equipment companies has slipped as revenue growth estimates for companies in this sub-sector are now expected to remain flat, on average
  - Outlooks for OEMs with exposure to agriculture (e.g., Alamo) and commercial trailers (e.g., Wabash) have been impacted by growing headwinds specific to those markets
- 2024P EV/EBITDA multiples are currently trending slightly below the 5-year EV/NTM EBITDA average of 9.6x for this sub-sector

## CY2024 Revenue Growth Estimates

■ 11/7/2023 (~-5% Avg.)<sup>(1)</sup> ■ 11/7/2024 (~-0% Avg.)<sup>(2)</sup>



## Valuation Statistics

Comparable Companies	Share Price	As % of		Market Cap	Enterprise Value (EV)	EV/EBITDA		EV/EBIT		Dividend Yield
		LTM High	Cap			2024P	2025P	2024P	2025P	
Alamo Group Inc.	\$ 197.43	85.3%	\$ 2,381.0	\$ 2,465.2	11.1x	10.2x	14.6x	13.0x	0.5%	
Blue Bird Corporation	41.29	69.5%	1,336.0	1,344.8	7.8	6.7	9.5	8.2	NA	
Federal Signal Corporation	88.66	86.8%	5,417.7	5,576.4	15.7	14.4	19.4	17.5	0.5%	
The Manitowoc Company, Inc.	10.71	60.7%	376.2	820.5	6.4	5.6	12.7	10.5	NA	
Miller Industries, Inc.	74.83	98.1%	857.1	903.3	8.5	8.2	9.8	9.2	1.0%	
NFI Group Inc.	11.72	83.2%	1,395.1	2,536.0	11.3	7.2	19.4	9.6	NA	
Oshkosh Corporation	112.26	87.7%	7,304.2	8,680.1	6.7	6.9	7.8	8.3	1.6%	
Palfinger AG	21.79	79.1%	757.5	1,676.3	6.0	6.0	9.1	9.4	5.2%	
REV Group, Inc.	29.56	92.8%	1,537.1	1,701.6	10.1	8.2	13.7	NA	0.7%	
Rosenbauer International AG	37.00	79.2%	251.6	793.2	8.3	7.1	12.1	10.0	NA	
The Shyft Group, Inc.	14.60	83.1%	503.6	624.3	13.3	9.8	NM	20.2	1.4%	
Wabash National Corporation	19.32	64.3%	837.3	1,153.1	7.3	7.2	11.6	12.1	1.7%	
<b>Mean</b>		<b>80.8%</b>	<b>\$ 1,912.9</b>	<b>\$ 2,356.2</b>	<b>9.4x</b>	<b>8.1x</b>	<b>12.7x</b>	<b>11.7x</b>	<b>1.6%</b>	
<b>Median</b>		<b>83.2%</b>	<b>1,096.5</b>	<b>1,510.6</b>	<b>8.4</b>	<b>7.2</b>	<b>12.1</b>	<b>10.0</b>	<b>1.2%</b>	

## Operating Statistics

Comparable Companies	Latest Period	LTM Revenue	LTM Gross Margin	LTM EBITDA Margin	Revenue CAGR		EBITDA CAGR		Net Debt / LTM EBITDA
					'21-'23	'23-'25	'21-'23	'23-'25	
Alamo Group Inc.	9/30/2024	\$ 1,660.7	25.9%	13.7%	12.5%	(1.1%)	23.4%	(1.0%)	0.4x
Blue Bird Corporation	6/29/2024	1,299.9	19.0%	14.0%	33.4%	10.9%	66.0%	50.7%	0.0
Federal Signal Corporation	9/30/2024	1,837.9	28.3%	18.3%	19.2%	8.1%	25.8%	16.4%	0.5
The Manitowoc Company, Inc.	9/30/2024	2,177.8	17.4%	5.8%	13.8%	(0.2%)	33.7%	(6.9%)	3.5
Miller Industries, Inc.	6/30/2024	1,292.1	13.7%	8.6%	26.8%	10.9%	62.9%	9.7%	0.4
NFI Group Inc.	9/29/2024	3,074.8	11.2%	NM	7.0%	21.7%	(35.1%)	126.0%	NM
Oshkosh Corporation	9/30/2024	10,598.9	18.6%	11.8%	10.2%	3.5%	32.3%	12.1%	1.1
Palfinger AG	9/30/2024	2,667.8	26.0%	11.1%	13.6%	(3.9%)	16.6%	(3.0%)	2.9
REV Group, Inc.	7/31/2024	2,475.6	12.7%	6.8%	5.7%	(1.8%)	5.2%	15.1%	1.0
Rosenbauer International AG	6/30/2024	1,220.0	16.6%	6.4%	3.0%	8.9%	2.7%	31.3%	NM
The Shyft Group, Inc.	9/30/2024	787.1	18.1%	4.5%	(6.2%)	(0.1%)	(35.3%)	26.2%	3.4
Wabash National Corporation	9/30/2024	2,126.0	15.5%	9.8%	18.6%	(12.7%)	82.5%	(33.4%)	1.5
<b>Mean</b>		<b>\$ 2,601.6</b>	<b>18.6%</b>	<b>10.1%</b>	<b>13.1%</b>	<b>3.7%</b>	<b>23.4%</b>	<b>20.3%</b>	<b>1.5x</b>
<b>Median</b>		<b>1,982.0</b>	<b>17.7%</b>	<b>9.8%</b>	<b>13.1%</b>	<b>1.7%</b>	<b>24.6%</b>	<b>13.6%</b>	<b>1.0</b>

Sources: D.A. Davidson research, D.A. Davidson investment banking and CapitalIQ as of November 7, 2024. Represents consensus estimates as of November 7, 2024. Future estimates may be subsequently updated. Note: All figures shown in USD at historical exchange rates.

(1) Revenue growth estimates use consensus estimates as of November 7, 2023.

(2) Revenue growth estimates use consensus estimates as of November 7, 2024.

# Specialty Vehicle – Selected OEMs and Equipment Commentary



- **“ALG had positive things to say about all of its Industrial businesses—even snow removal. The company cited ongoing government maintenance-fleet replacement. Backlogs were up 8.5% Y/Y”** –Davidson Research (10/31/2024)
- Announced FY 3Q2024 results; net sales of \$401M and adj. EBITDA of \$54M decreased by 4% and 14% from the prior year period, respectively –Press Release (10/31/2024)



BLUE BIRD

- **“BLBD did not seem concerned about EPA subsidy funding being pulled, noting broad bipartisan support for the program; the fact that it is already funded; and the fact that awards will largely be complete early in the next Presidency”** –Davidson Research (10/18/2024)
- Announced FY 3Q2024 results; net sales of \$333M and adj. EBITDA of \$48M increased by 13% and 63% from the prior year period, respectively –Press Release (8/7/2024)



- **“We inquired about the recent [Standard Equipment Company] deal...FSS sees Standard as filling a good niche in its larger parts & service business, with a view toward expanding the products offered in these locations by adding other brands in the portfolio”** –Davidson Research (11/4/2024)
- Announced FY 3Q2024 results; net sales of \$474M and adj. EBITDA of \$93M increased by 6% and 18% from the prior year period, respectively –Press Release (10/31/2024)



- **“Infrastructure and CHIPS bills are still in the early innings. In addition, the average age of cranes at most large rental houses is greater than 15 years. Clearly, crane fleets continue to age and we believe the replacement cycle is inevitable”** –Aaron Ravenscroft (President, CEO & Director), Investor Transcript (10/31/2024)
- Announced FY 3Q2024 results; net sales of \$525M and adj. EBITDA of \$26M increased by 1% and decreased by 21% from the prior year period, respectively –Press Release (10/30/2024)



- **“Overall, our takeaways were positive following our initiation of coverage earlier this month. Most notably, we were surprised to hear how many opportunities the company is pursuing in its Military business, which has been modest in recent years. Warranty packages and rental fleets are sources of growth beyond the trends we have noted in the core towing industry”** –Davidson Research (10/25/2024)
- “Announced FY 2Q2024 results; net sales of \$371M and diluted income per share of \$1.78 increased by 24% and 38% from the prior year period, respectively –Press Release (8/7/2024)



- **“OSK noted that Access will be down more than 1%-2% in 2025, but this will not be a cliff event. With considerable IIJA funds yet to be put to work and large swaths of tailwinds in the construction industry, a major downturn does not appear to be imminent. OSK will also have its new Telehandler facility opening in late 2025”** –Davidson Research (10/31/2024)
- Announced FY 3Q2024 results; net sales of \$2.7B and adj. operating income of \$283M increased by 9% and 2% from the prior year period, respectively –Press Release (10/30/2024)



- **“REVG sounded quite confident in earnings growth in both FY:25 and FY:26. Much of it was underpinned by the record backlog in Fire & Emergency, which runs through 2027”** –Davidson Research (9/5/2024)
- Announced FY 3Q2024 results; net sales of \$579M and adj. EBITDA of \$45M decreased by 15% and increased by 50% from the prior year period, respectively (excluding the impact of the Collins divestiture) –Press Release (9/4/2024)



- **“At this point, the company has finally begun to hear at least a small amount of chatter that Final Mile conditions are improving, and Motorhome is also likely to have bottomed in 3Q”** –Davidson Research (10/25/2024)
- Announced FY 3Q2024 results; net sales of \$194M and adj. EBITDA of \$14M decreased by 4% and increased by 31% from the prior year period, respectively –Press Release (10/24/2024)



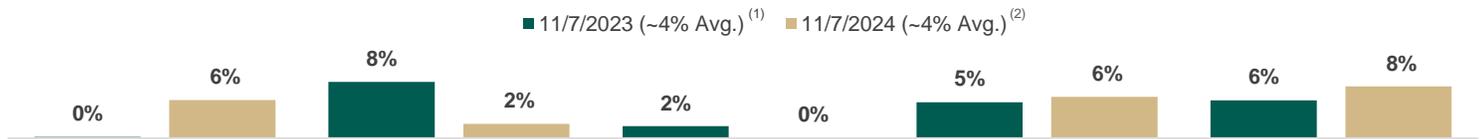
- **“WNC expressed considerable excitement about the high-ASP Tank Trailer market. End-markets such as Dairy are doing well and companies in the industry continue to invest in logistics”** –Davidson Research (10/27/2024)
- Announced FY 3Q2024 results; net sales of \$464M and adj. EBITDA of \$34M decreased 27% and 63% from the prior year period, respectively –Press Release (10/24/2024)

Note: Complimentary Davidson Research reports referenced above are available upon request.

# Specialty Vehicle – Suppliers Valuation and Operating Metrics

- CY 2024 outlook for specialty vehicle suppliers is in-line with the prior year as revenue growth estimates for companies in this sub-sector remain at ~4%, on average
- 2024P EV/EBITDA multiples for suppliers are currently trending modestly above the 5-year EV/NTM EBITDA average of 13.3x for this sub-sector

## CY2024 Revenue Growth Estimates



## Valuation Statistics

Comparable Companies	Share Price	As % of			EV/EBITDA		EV/EBIT		Dividend Yield
		LTM High	Market Cap	Enterprise Value (EV)	2024P	2025P	2024P	2025P	
		Allison Transmission	\$ 118.02	99.5%	\$ 10,223.2	\$ 11,830.2	10.3x	9.6x	
Douglas Dynamics, Inc.	25.55	81.4%	590.1	797.8	10.4	8.7	9.0	11.4	4.6%
IDEX Corporation	228.90	92.9%	17,333.1	18,775.0	21.2	19.2	26.7	23.9	1.2%
The Toro Company	86.42	84.7%	8,868.0	9,638.8	13.2	12.4	16.5	15.1	1.7%
Wabtec Corporation	198.72	98.3%	34,812.4	38,463.4	17.5	16.2	19.3	17.8	0.4%
<b>Mean</b>		<b>91.4%</b>	<b>\$ 14,365.3</b>	<b>\$ 15,901.0</b>	<b>14.5x</b>	<b>13.2x</b>	<b>16.7x</b>	<b>15.8x</b>	<b>1.7%</b>
<b>Median</b>		<b>92.9%</b>	<b>10,223.2</b>	<b>11,830.2</b>	<b>13.2</b>	<b>12.4</b>	<b>16.5</b>	<b>15.1</b>	<b>1.2%</b>

## Operating Statistics

Comparable Companies	Latest Period	LTM Revenue	LTM Gross Margin	LTM EBITDA Margin	Revenue CAGR		EBITDA CAGR		Net Debt / LTM EBITDA
					'21-'23	'23-'25	'21-'23	'23-'25	
					Allison Transmission	9/30/2024	\$ 3,204.0	48.1%	
Douglas Dynamics, Inc.	9/30/2024	559.2	25.1%	11.9%	2.4%	4.6%	(4.3%)	17.2%	3.1
IDEX Corporation	9/30/2024	3,194.8	44.4%	27.0%	8.8%	3.7%	9.4%	3.8%	1.7
The Toro Company	8/2/2024	4,491.0	34.2%	15.3%	4.7%	5.0%	8.0%	7.0%	1.1
Wabtec Corporation	9/30/2024	10,330.0	32.6%	20.7%	11.2%	6.8%	16.5%	14.1%	1.7
<b>Mean</b>		<b>\$ 4,355.8</b>	<b>36.9%</b>	<b>22.0%</b>	<b>7.9%</b>	<b>5.0%</b>	<b>8.8%</b>	<b>9.7%</b>	<b>1.8x</b>
<b>Median</b>		<b>3,204.0</b>	<b>34.2%</b>	<b>20.7%</b>	<b>8.8%</b>	<b>5.0%</b>	<b>9.4%</b>	<b>7.0%</b>	<b>1.7</b>

Sources: D.A. Davidson research, D.A. Davidson investment banking and CapitalIQ as of November 7, 2024. Represents consensus estimates as of November 7, 2024. Future estimates may be subsequently updated. Note: All figures shown in USD at historical exchange rates.

(1) Revenue growth estimates use consensus estimates as of November 7, 2023.

(2) Revenue growth estimates use consensus estimates as of November 7, 2024.



## Specialty Vehicle – Selected Suppliers Commentary



- “Allison continues to see robust demand for our on-highway products, particularly our 3000 and 4000 Series fully automatic transmissions due to unprecedented Class 8 vocational vehicle demand stemming from sustained infrastructure spending in North America” –David Graziosi (Chairman, President & CEO), Investor Transcript (10/29/2024)
- Announced FY 3Q2024 results; net sales of \$824M and adj. EBITDA of \$305M increased by 12% and 14% from the prior year period, respectively –Press Release (10/29/2024)



- **“PLOW appears to still be dealing with the effects of two years of low snowfall in core East Coast markets...It may take just one or two storms to create more wholesale demand”** –Davidson Research (10/28/2024)
- Announced FY 3Q2024 results; net sales of \$129M and adj. EBITDA of \$17M decreased by 10% and 12% from the prior year period, respectively –Press Release (10/28/2024)



- **“FSDP [Fire & Safety / Diversified Products] experienced a 4% Y/Y rise in core orders, led by ramping production at North American fire OEMs and BAND-IT aero strength, while we remain under the impression that dispense demand remains healthy within its emerging market business”** –Davidson Research (11/4/2024)
- Announced FY 3Q2024 results; net sales of \$798M and adj. EBITDA of \$214M increased by 1% and decreased by 5% from the prior year period, respectively –Press Release (10/30/2024)



- **“Several of TTC’s end-markets that have shown strong tailwinds in recent quarters, such as Golf and Underground, continued these trends as we expected. The outlook for both appear favorable into next year. Snow/ice remains challenged, as expected, and consumer and professional landscaping continue to navigate a bumpy path”** –Davidson Research (9/9/2024)
- Announced FY 3Q2024 results; net sales of \$1.2B increased by 7% from the prior year period; reaffirmed guidance for low single digit net sales growth in FY 2024 –Press Release (9/5/2024)



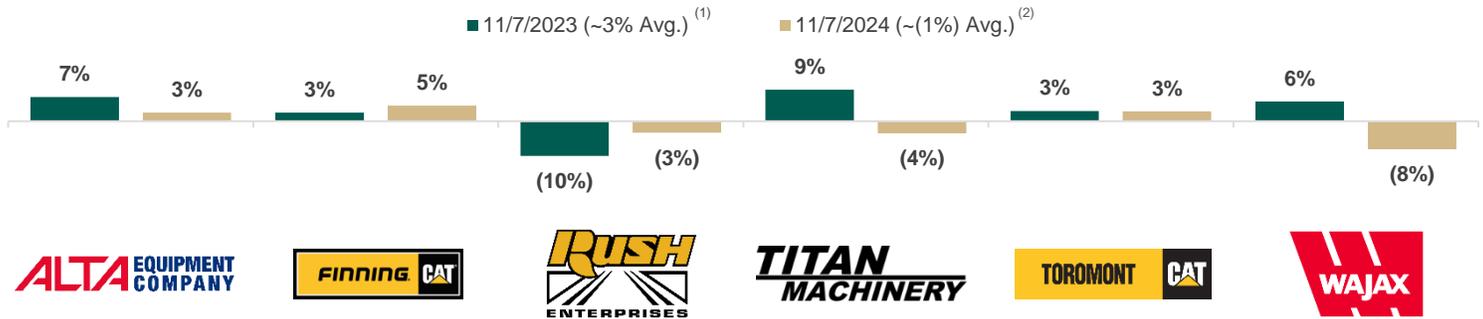
- “Looking at the North American railcar build. Last quarter, the industry outlook for 2024 was 38,000 cars to be delivered, which has now been raised by the industry sources to 41,000 cars...Internationally, we’re seeing significant investments to expand and upgrade infrastructure, which are supporting a robust international locomotive borders pipeline. This is the strongest it has been over the last 5 years” –Rafael Santana (CEO, President & Director), Investor Transcript (10/23/2024)
- Announced FY 3Q2024 results; net sales of \$2.7B and adj. EBITDA of \$567M increased by 4% and 10% from the prior year period, respectively –Press Release (10/23/2024)

Note: Complimentary Davidson Research reports referenced above are available upon request.

# Specialty Vehicle – Dealers Valuation and Operating Metrics

- CY 2024 outlook for specialty vehicle dealers has moderated as revenue growth estimates for companies in this sub-sector are now ~(-1%), on average
  - Retail sales expectations for 2024 are mixed across vehicle classes; Rush's class 8 tractor exposure and Titan Machinery's agriculture exposure are impacting their respective growth outlooks
- 2024P EV/EBITDA multiples continue to trend slightly above the 5-year EV/NTM EBITDA average of 7.0x for this sub-sector

## CY2024 Revenue Growth Estimates



## Valuation Statistics

Comparable Companies	Share Price	As % of		Market Cap	Enterprise Value (EV)	EV/EBITDA		EV/EBIT		Dividend Yield
		LTM High	Market Cap			2024P	2025P	2024P	2025P	
Alta Equipment Group	\$ 8.00	58.5%	\$ 264.7	\$ 1,008.3	5.4x	5.1x	30.5x	23.1x	2.9%	
Finning International	30.13	92.5%	4,150.0	6,142.4	6.6	6.4	9.4	9.1	2.6%	
Rush Enterprises	56.66	96.7%	4,868.5	5,233.6	7.7	7.4	11.3	10.7	NA	
Titan Machinery	15.17	51.8%	345.8	441.1	7.8	11.7	8.8	18.0	NA	
Toromont Industries	85.93	88.0%	7,041.3	7,046.6	11.5	11.0	15.1	14.1	1.6%	
Wajax Corporation	15.44	61.3%	335.5	780.8	6.3	6.3	9.9	9.7	6.5%	
<b>Mean</b>		<b>74.8%</b>	<b>\$ 2,834.3</b>	<b>\$ 3,442.2</b>	<b>7.6x</b>	<b>8.0x</b>	<b>14.2x</b>	<b>14.1x</b>	<b>3.4%</b>	
<b>Median</b>		<b>74.6%</b>	<b>2,247.9</b>	<b>3,121.0</b>	<b>7.1</b>	<b>6.9</b>	<b>10.6</b>	<b>12.4</b>	<b>2.7%</b>	

## Operating Statistics

Comparable Companies	Latest Period	LTM Revenue	LTM Gross Margin	LTM EBITDA Margin	Revenue CAGR		EBITDA CAGR		Net Debt / LTM EBITDA
					'21-'23	'23-'25	'21-'23	'23-'25	
Alta Equipment Group	6/30/2024	\$ 1,917.4	26.7%	8.6%	24.4%	2.8%	27.1%	6.9%	4.5x
Finning International	6/30/2024	6,923.5	27.1%	12.4%	3.3%	3.8%	24.8%	2.9%	2.3
Rush Enterprises	9/30/2024	7,824.6	19.9%	9.0%	24.3%	(0.3%)	23.9%	(1.6%)	0.5
Titan Machinery	7/31/2024	2,808.6	18.3%	5.8%	26.9%	(4.6%)	32.7%	(56.7%)	0.6
Toromont Industries	9/30/2024	3,657.5	25.0%	17.3%	6.8%	2.5%	15.7%	(1.7%)	0.0
Wajax Corporation	9/30/2024	1,535.4	20.8%	6.1%	12.3%	(2.7%)	21.7%	5.1%	4.7
<b>Mean</b>		<b>\$ 4,111.2</b>	<b>23.0%</b>	<b>9.9%</b>	<b>16.3%</b>	<b>0.3%</b>	<b>24.3%</b>	<b>(7.5%)</b>	<b>2.1x</b>
<b>Median</b>		<b>3,233.1</b>	<b>22.9%</b>	<b>8.8%</b>	<b>18.3%</b>	<b>1.1%</b>	<b>24.4%</b>	<b>0.7%</b>	<b>1.5</b>

Sources: D.A. Davidson research, D.A. Davidson investment banking and CapitalIQ as of November 7, 2024. Represents consensus estimates as of November 7, 2024. Future estimates may be subsequently updated. Note: Debt excludes floorplan financing. All figures shown in USD at historical exchange rates.

(1) Revenue growth estimates use consensus estimates as of November 7, 2023.

(2) Revenue growth estimates use consensus estimates as of November 7, 2024.



## Specialty Vehicle – Selected Dealers Commentary



- **“Demand for core Material Handling solutions appears to be healthy, underpinned by healthy ALTG backlog visibility, while strong industry backlogs and trends towards nearshoring and electrification of commercial equipment continue to post longer term tailwinds” –Davidson Research (8/12/2024)**
- Announced FY 2Q2024 results; net sales of \$488M and adj. EBITDA of \$50M increased 4% and 1% from the prior year period, respectively –*Press Release (8/7/2024)*



- **“Construction activity is bottoming out in these regions (Canada and the UK) and we expect to see incrementally better machine utilization hours heading into the fall. Construction markets in Western Canada will continue to be in a transitional phase, until we see the commissioning of major infrastructure projects. Mine product support fundamentals and outlook remain strong” –Kevin Parkes (President & CEO), Investor Transcript (8/7/2024)**
- Announced FY 2Q2024 results; net sales of CAD \$2.9B and adj. EBITDA of CAD \$326M increased by 5% and decreased by 3% from the prior year period, respectively –*Press Release (8/6/2024)*



- **“While the over-the-road carrier segment faced some challenges, we saw good activity from Class 8 vocational and public sector customers. Medium-duty demand also held up well, helping us outperform in Class 4 through 7 sales” –W.M. Rush (Chairman of the Board, President & CEO), Investor Transcript (10/30/2024)**
- Announced FY 3Q2024 results; quarter net sales of \$1.9B and LTM adj. EBITDA of \$472M decreased by 4% and 13% from the prior year period, respectively –*Press Release (10/29/2024)*



- **“Agriculture fundamentals have materially weakened, driven by the anticipated decrease in net farm income and sustained higher interest rates. The decrease in net farm income is largely being driven by significantly lower commodity prices for most key cash crops in our footprint” –Bryan Knutson (President, CEO & Director), Investor Transcript (8/29/2024)**
- Announced FY 2Q2025 results; net sales of \$634M and adj. EBITDA of \$20M decreased by 1% and 60% from the prior year period, respectively –*Press Release (8/29/2024)*



- **“On September 9, 2024, the company completed the acquisition of the business and net operating assets of Tri-City Equipment Rentals. Tri-City is an industry leader in heavy equipment rentals with operations in Southwestern Ontario. The acquisition expands Toromont Cat's heavy rents business to better serve our customer base and aligns with our positive longer-term view of the rental market” –Mike McMillan (President & CEO), Investor Transcript (11/5/2024)**
- Announced FY 3Q2024 results; net sales of CAD \$1.3B and operating income of CAD \$175M increased by 14% and decreased by 9% from the prior year period, respectively –*Press Release (11/4/2024)*



- **“We continue to see strong customer demand in the mining and energy sectors and reduced activity in industrial and forestry” –Iggy Domagalski (President & CEO), Investor Transcript (11/5/2024)**
- Announced FY 3Q2024 results; net sales of CAD \$481M and adj. EBITDA of CAD \$37M decreased by 6% and 25% from the prior year period, respectively –*Press Release (11/4/2024)*

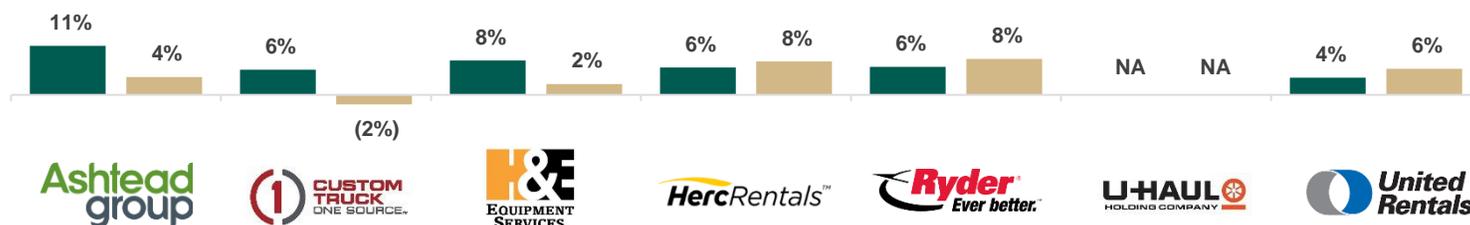
Note: Complimentary Davidson Research reports referenced above are available upon request.

# Specialty Vehicle – Rental Valuation and Operating Metrics

- CY 2024 outlook for specialty vehicle rental companies has moderated slightly as revenue growth estimates for companies in this sub-sector are now ~4%, on average
- 2024P EV/EBITDA multiples are currently trending modestly above the 5-year EV/NTM EBITDA average of 6.1x for this sub-sector
- Continued infrastructure spending on large projects is expected to support steady demand for rental equipment into 2025 and beyond, supporting growth outlooks for companies in this subsector

## CY2024 Revenue Growth Estimates

■ 11/7/2023 (~7% Avg.)<sup>(1)</sup> ■ 11/7/2024 (~4% Avg.)<sup>(2)</sup>



## Valuation Statistics

Comparable Companies	Share Price	As % of			EV/EBITDA		EV/EBIT		Dividend Yield
		LTM High	Market Cap	Enterprise Value (EV)	2024P	2025P	2024P	2025P	
Ashtead Group plc	\$ 82.20	98.2%	\$ 35,874.1	\$ 46,635.1	9.1x	8.4x	16.4x	14.7x	1.3%
Custom Truck One Source, Inc.	5.01	71.6%	1,169.5	2,729.6	8.0	7.0	23.5	16.4	NA
H&E Equipment Services, Inc.	58.51	88.4%	2,112.6	3,625.9	5.3	5.1	15.4	14.6	1.9%
Herc Holdings Inc.	233.09	94.4%	6,620.8	10,762.8	6.9	6.3	14.4	12.9	1.1%
Ryder System, Inc.	158.81	98.1%	6,716.1	14,157.1	5.0	4.5	13.6	12.4	2.0%
U-Haul Holding Company	74.75	94.6%	13,271.5	18,444.7	NA	NA	22.0	NA	NA
United Rentals, Inc.	862.43	97.1%	56,594.7	69,509.7	9.7	9.3	16.8	15.8	0.8%
<b>Mean</b>		<b>91.8%</b>	<b>\$ 17,479.9</b>	<b>\$ 23,695.0</b>	<b>7.3x</b>	<b>6.8x</b>	<b>17.4x</b>	<b>14.5x</b>	<b>1.4%</b>
<b>Median</b>		<b>94.6%</b>	<b>6,716.1</b>	<b>14,157.1</b>	<b>7.4</b>	<b>6.7</b>	<b>16.4</b>	<b>14.7</b>	<b>1.3%</b>

## Operating Statistics

Comparable Companies	Latest Period	LTM Revenue	LTM Gross Margin	LTM EBITDA Margin	Revenue CAGR		EBITDA CAGR		Net Debt / LTM EBITDA
					'21-'23	'23-'25	'21-'23	'23-'25	
Ashtead Group plc	7/31/2024	\$ 10,916.3	NM	43.3%	18.2%	6.1%	17.6%	9.8%	2.3x
Custom Truck One Source, Inc.	9/30/2024	1,803.3	22.1%	19.7%	12.1%	0.3%	24.0%	(4.6%)	4.4
H&E Equipment Services, Inc.	9/30/2024	1,518.3	45.7%	45.8%	17.6%	3.2%	29.2%	1.3%	2.2
Herc Holdings Inc.	9/30/2024	3,449.0	37.7%	44.3%	25.8%	7.1%	27.4%	8.5%	2.7
Ryder System, Inc.	9/30/2024	12,470.0	19.2%	20.0%	10.4%	8.2%	3.3%	10.6%	3.0
U-Haul Holding Company	9/30/2024	5,642.1	28.2%	29.5%	1.0%	NA	(8.5%)	NA	3.2
United Rentals, Inc.	9/30/2024	14,978.0	41.0%	47.2%	21.5%	5.2%	24.6%	4.4%	1.8
<b>Mean</b>		<b>\$ 7,253.9</b>	<b>32.3%</b>	<b>35.7%</b>	<b>15.2%</b>	<b>5.0%</b>	<b>16.8%</b>	<b>5.0%</b>	<b>2.8x</b>
<b>Median</b>		<b>5,642.1</b>	<b>32.9%</b>	<b>43.3%</b>	<b>17.6%</b>	<b>5.6%</b>	<b>24.0%</b>	<b>6.5%</b>	<b>2.7</b>

Sources: D.A. Davidson research, D.A. Davidson investment banking and CapitalIQ as of November 7, 2024. Represents consensus estimates as of November 7, 2024.

Future estimates may be subsequently updated.

Note: Debt excludes floorplan financing. Custom Truck One Source financial metrics are adjusted for its combination with Nesco. All figures shown in USD at historical exchange rates.

(1) Revenue growth estimates use consensus estimates as of November 7, 2023.

(2) Revenue growth estimates use consensus estimates as of November 7, 2024.



## Specialty Vehicle – Selected Rental Commentary



- “The outlook for construction growth continues to be underpinned by mega projects, which are representing an increasing proportion of our rental revenue...This mega project landscape reality, driven by de-globalization, manufacturing modernization, technology and infrastructure, is here to stay for quite some time to come”  
–Brendan Horgan (CEO), Investor Transcript (9/3/2024)
- Announced FY 1Q2025 results; net sales of £2.8B and EBITDA of £1.3B increased by 2% and 5% from the prior year period, respectively –Press Release (9/3/2024)



- **“Utilization improved sequentially for the first time in two years and appears to have improved thus far in October. Management’s comments indicated that the temporary Transmission & Distribution headwinds seen in recent quarters appear to be abating—and recent storms are not the key driver”** –Davidson Research (10/30/2024)
- Announced FY 3Q2024 results; net sales of \$447M and adj. EBITDA of \$80M increased by 3% and decreased by 20% from the prior year period, respectively –Press Release (10/30/2024)



- “Beyond the fourth quarter, the developing outlook for our industry is more encouraging into 2025 with many factors to consider. For example, the Dodge Momentum Index, or DMI, a leading indicator of construction spending, has exhibited gains for 5 of the last 6 months and remains at robust levels”  
–Brad Barber (CEO & Director), Investor Transcript (10/29/2024)
- Announced FY 3Q2024 results; net sales of \$385M and adj. EBITDA of \$175M decreased by 4% and 8% from the prior year period, respectively –Press Release (10/29/2024)



- “The underlying long-term fundamentals supporting equipment rental demand remains strong. The trends of rental over ownership, reshoring manufacturing, fortifying North America’s infrastructure, modernizing the electrical grid, rapid growth in AI and data centers and the move towards clean energy, all represent significant future opportunities”  
– Aaron Birnbaum (Senior VP & COO), Investor Transcript (10/22/2024)
- Announced FY 3Q2024 results; net sales of \$965M and adj. EBITDA of \$446M increased by 6% and 9% from the prior year period, respectively –Press Release (10/22/2024)



- “The extended freight downturn and economic uncertainty have been causing some customers and prospects in lease, dedicated and supply chain to delay decisions and downsize their fleets. These near-term contractual sales headwinds are consistent with the current economic environment. We remain confident in the long-term secular growth trends in all our businesses” –Robert Sanchez (Chairman & CEO), Investor Transcript (10/24/2024)
- Announced FY 3Q2024 results; net sales of \$3.2B and adj. EBITDA of \$716M increased by 8% and 5% from the prior year period, respectively –Press Release (10/24/2024)



- “We’ve increased [fiscal 2025 full year net CapEx projection] from \$1.090 billion to approximately \$1.115 billion, and that’s due to the availability of some additional equipment from our manufacturers that we can purchase this year”  
–Jason Berg (CFO), Investor Transcript (11/7/2024)
- Announced FY 2Q2025 results; net sales of \$1.7B and operating profit of \$302M remained unchanged and decreased by 29% from the prior year period, respectively –Press Release (11/6/2024)



- “By vertical, third quarter trends were similar to the second quarter. We saw growth in both construction led by nonres and our industrial end markets with particular strength in manufacturing. It will come as no surprise that we again had multiple new projects in the quarter across data centers, airports, health care and battery manufacturing to name a few”  
–Matt Flannery (President, CEO & Director) Investor Transcript (10/24/2024)
- Announced FY 3Q2024 results; net sales of \$4.0B and adj. EBITDA of \$1.9B increased by 6% and 3% from the prior year period, respectively –Press Release (10/23/2024)

Note: Complimentary Davidson Research reports referenced above are available upon request.



## EV Market Update – Selected Commentary

### LION ELECTRIC

- “LEV is looking to sell its internally-manufactured battery packs to external customers...we got the sense that the company is looking at end-markets off the highway, including rail, marine, and aerospace”  
–Davidson Research (8/12/2024)

### NIKOLA™

- “NKLA publicly pointed to Walmart Canada as an example of a fleet that is currently testing its FCEV, but on our follow-up call, management noted that a wide range of other industries are in various stages of interacting with NKLA or its products, including grocers, beverage, healthcare, industrial gas, and intermodal carriers”  
–Davidson Research (8/12/2024)

### R3E

- “Much like with UHaul, Penske has already evaluated the REE P7 platform. The vehicle is now being offered to customers as Penske's only Class 4-5 box truck. The upfitter is Wabash (WNC, NEUTRAL), which we believe is a top provider of this truck body. In our view, there are few better outlets to end-users than Penske”  
–Davidson Research (6/4/2024)

### RIVIAN

- “We got the sense that the company will remain focused on the R2, followed shortly behind by the VW partnership. That said, these are both heavy lifts and other OEMs may not be pursued until the JV and its related products stand on their own – this could take more than a few years, in our view” –Davidson Research (8/7/2024)

### Solid Power

- “We were perhaps most impressed by SLDP's progress and hires in Korea, as management sees some of its best new-customer opportunities there. We're still several years away from commercialization, but as this point draws closer we could turn more constructive on SLDP” –Davidson Research (8/19/2024)

### WORKHORSE

- “We had long viewed WKHS's products as primarily destined for Parcel Delivery fleets, especially given the original plan to incorporate the Aero drone to improve the driver's productivity. On our call-back with management, however, it was noted that the 141 units of W4 CC orders that have been received are for vocational upfits such as dump and stake bodies” –Davidson Research (6/4/2024)

### XOS

- “Put simply, XOS already has most of the key logos in the Step Van world, including FedEx, UPS, Aramark, UniFirst, Loomis and many others. At this point, XOS is focused on scaling up and smoothing out its delivery schedule for these customers' larger orders in 2025. Management did note that it is looking to scale in the Food & Beverage sector, but overall, we believe XOS has planted its flag with most key players already”  
–Davidson Research (8/16/2024)

Note: Complimentary Davidson Research reports referenced above are available upon request.



# Davidson's Leading Specialty Vehicle Transaction Experience

has completed a secondary offering of common stock

**\$41,112,500**

*Dealer & distributor of construction & material handling equipment*

a portfolio company of

has been acquired by

*Provider of hydraulic & pneumatic products for trucks & trailers*

has completed a secondary offering of common stock

**\$103,500,000**

*Designer & manufacturer of school buses*

IPO and follow-on offerings

*Manufacturer & upfitter of work truck equipment*

has been acquired by

*Distributor of agricultural and construction equipment*

has been acquired by

a portfolio company of

*Upfitter for law enforcement and specialty commercial vehicles*

has been acquired by

a portfolio company of

*Dealer & distributor of infrastructure & environmental equipment, parts and service*

a portfolio company of

has been acquired by

*Manufacturer & upfitter for municipal and commercial applications*

a portfolio company of

has been acquired by

*Manufacturer of recycling, forestry & biomass and tree care equipment*

has completed a secondary offering of common stock

**\$ 303,600,000**

*Designer & manufacturer of specialty vehicles*

has divested

Shuttle Bus Business

to

*Designer & manufacturer of shuttle buses*

has been acquired by

a portfolio company of

*Provider of construction and compact utility vehicles and equipment*

a portfolio company of

has acquired

*Manufacturer of van & truck shelving and storage systems*

has divested

Emergency Response Segment

to

*Manufacturer of custom fire truck cabs & chassis and apparatus*

has been acquired by

*Manufacturer of delivery & service vehicles*

a portfolio company of

has been acquired by

*Manufacturer of vehicle-mounted aerial lifts and bridge equipment*

Note: Includes transactions that Davidson investment bankers advised on at prior firms.



# Case Study: Sale of APSCO to Ingersoll Rand

## Transaction Overview

- Davidson served as financial advisor to Air Power Systems Co. (“APSCO”) on its sale to Ingersoll Rand
- APSCO is a leading provider of hydraulic and pneumatic products and engineered solutions for medium and heavy-duty trucks & trailers
- Ingersoll Rand is a leading provider of flow creation and compression technologies including pumps, compressors and fluid management systems
- Transaction closed in September 2024

a portfolio company of

**TGP INVESTMENTS, LLC**

has been acquired by

## APSCO Company Overview

Key Figures	Key Products	Mix
<p><b>100+</b> Employees</p> <p><b>~680</b> Customers</p> <p><b>9,000+</b> SKUs</p>	<p><b>Hydraulics</b></p> <p><b>Pneumatics</b></p>	<p><b>By Product Category</b></p> <ul style="list-style-type: none"> <li>Hydraulics: ~55%</li> <li>Pneumatics: ~45%</li> </ul> <p><b>By End Market</b></p> <ul style="list-style-type: none"> <li>Work Truck: ~40%</li> <li>Bulk Transport: ~35%</li> <li>Distribution: ~25%</li> </ul>



# Case Study: REV Group Secondary Offering

## Transaction Overview

- Davidson served as an underwriter on an upsized secondary common stock offering for REV Group, Inc. (“REVG” or the “Company”)
- Offering consisted of 18,400,000 shares of common stock priced at \$16.50 per share
- REVG is a leading designer, manufacturer and distributor of specialty vehicles and related aftermarket parts and services
- Provides customized vehicle solutions for several applications, including essential needs for public services, commercial infrastructure and consumer leisure
- Transaction closed in February 2024

has completed a secondary offering of common stock

**\$ 303,600,000**

## REV Group Company Overview

Key Figures <sup>(1)</sup>	Key Products	Select Brands
<p><b>~\$2.4B</b> Revenue</p> <p><b>\$140M+</b> Adj. EBITDA</p> <p><b>6,500+</b> Employees</p>	<p><b>Specialty Vehicles</b></p> <p><b>Recreational Vehicles</b></p>	

(1) As reported in REV Group’s January 2024 strategic update presentation. Financial metrics exclude Collins Bus and ENC.



## Case Study: Alta Equipment Group Secondary Offering

### Transaction Overview

- Davidson served as lead bookrunner on a secondary common stock offering for Alta Equipment Group Inc. (“ALTG” or the “Company”)
- Offering consisted of 2,530,000 shares of common stock priced at \$16.25 per share
- ALTG owns and operates one of the largest integrated equipment dealership platforms in the U.S. and has a presence in Canada
- Through the Company’s branch network, ALTG sells, rents and provides part and service support for several categories of specialized equipment
- Transaction closed in July 2023



has completed a secondary  
offering of common stock

**\$41,112,500**

### Alta Equipment Group Company Overview

#### Key Figures<sup>(1)</sup>

**~\$1.7B**  
Revenue

**~10%**  
Adj. EBITDA Margin

**~2,800**  
Employees

**14**  
Acquisitions  
Since 2020

#### Key Products



Material Handling



Construction



E-Mobility



Distribution

#### Select Brands



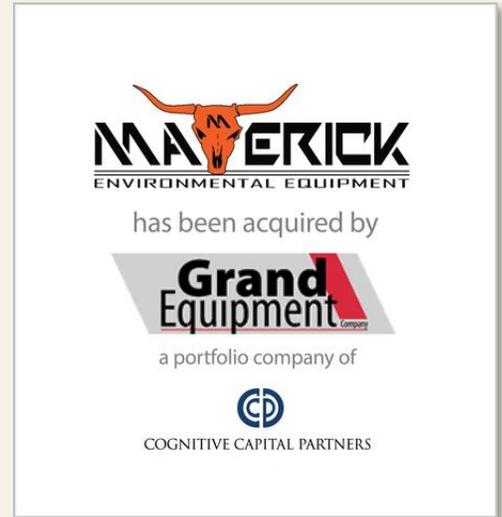
(1) As reported in Alta Equipment Group’s May 2023 investor presentation.



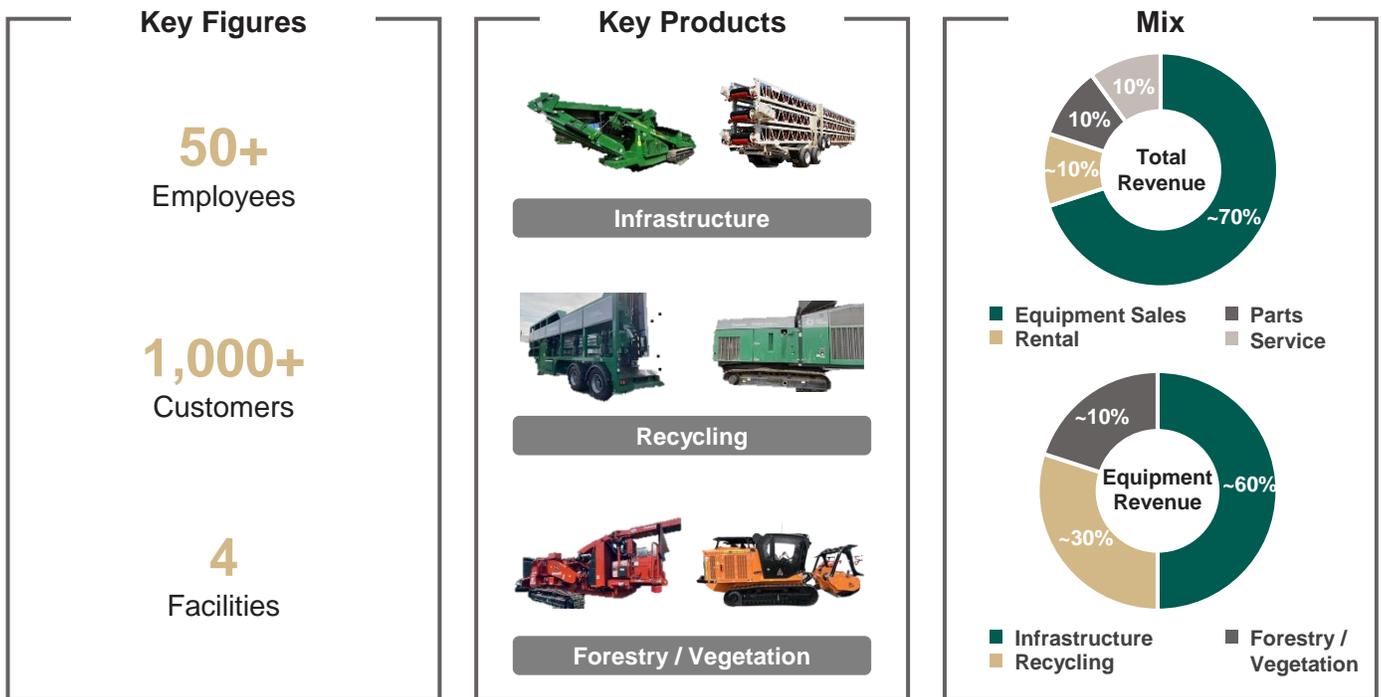
# Case Study: Sale of Maverick Environmental Equipment to Grand Equipment

## Transaction Overview

- Davidson served as financial advisor to Maverick Environmental Equipment (“Maverick”) on its sale to Grand Equipment Company (“Grand”), a portfolio company of Cognitive Capital Partners (“Cognitive”)
- Maverick is a leading regional dealer and distributor of critical infrastructure and environmental equipment, parts and service
- Grand is a full-service equipment dealer, offering new and used equipment sales, parts, service and a dedicated rental fleet
- Transaction closed in June 2023



## Maverick Environmental Equipment Company Overview





# Case Study: Blue Bird Corporation Secondary Offering

## Transaction Overview

- Davidson served as an underwriter on a secondary common stock offering for Blue Bird Corporation (“Blue Bird” or the “Company”)
- Offering consisted of 5,175,000 shares of common stock priced at \$20.00 per share
- Blue Bird is a leading designer and manufacturer of alternative powered school buses, including propane, gasoline, compressed natural gas and all-electric-powered buses
- Transaction closed in June 2023

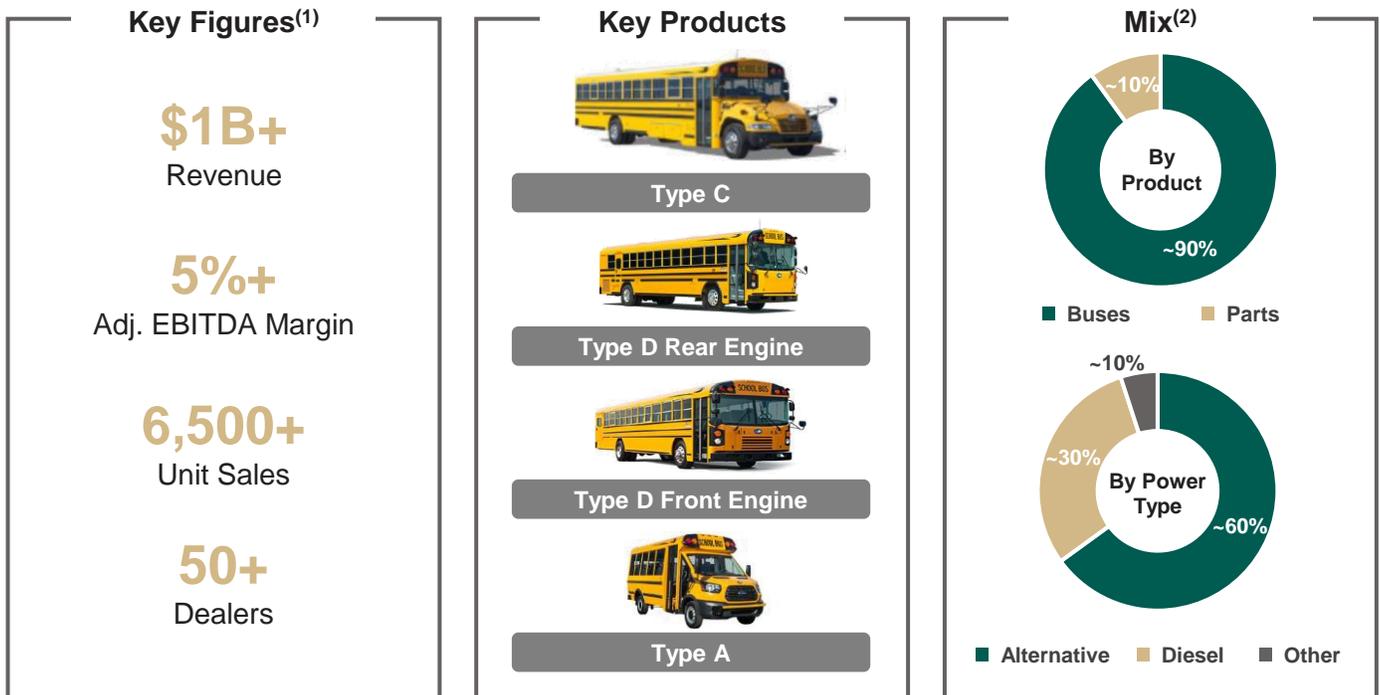


**BLUE BIRD**

has completed a secondary offering of common stock

**\$103,500,000**

## Blue Bird Corporation Company Overview



(1) Revenue and EBITDA margin based on FY2023 guidance as of May 2023.  
 (2) Based on April 2023 LTM financials



# Case Study: Sale of Kerr Industries to Safe Fleet

## Transaction Overview

- Davidson served as financial advisor to Kerr Industries (“Kerr” or “the Company”) on its sale to Safe Fleet, a portfolio company of Oak Hill Capital
- Kerr is a leading specialty vehicle upfitter, providing highly engineered, integrated solutions for the law enforcement, emergency response and specialty commercial vehicle markets
- Safe Fleet is a supplier of safety and productivity solutions for fleet vehicles
- Transaction closed in September 2022



has been acquired by



a portfolio company of



## Kerr Industries Company Overview

Key Figures	Key Products	Vehicle Types
<p><b>12,500+</b> Annual Vehicles Upfitted</p>	 <p>Lighting &amp; Technology</p>	 <p>Municipal / Law Enforcement</p>
<p><b>125+</b> Employees</p>	 <p>Safety / Prisoner Containment</p>	 <p>Specialty Commercial</p>
<p><b>5</b> Facilities</p>	 <p>Specialized Storage</p>	

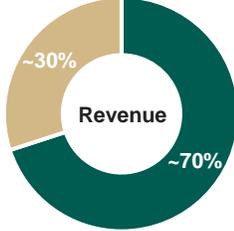
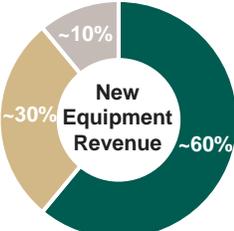


# Case Study: Sale of Heartland AG Systems to Titan Machinery

## Transaction Overview

- Davidson served as financial advisor to Heartland AG Systems (“Heartland” or “the Company”) on its sale to Titan Machinery (NASDAQ:TITN)
- Heartland is the largest CASE IH Application Equipment distributor in North America and one of the leading national distributors for sprayer parts and accessories to co-operatives and farm service providers
- Titan Machinery sells and repairs agricultural equipment, including machinery and attachments for large-scale farming and home and gardening purposes, as well as construction equipment
- Transaction closed in August 2022

## Heartland AG Systems Company Overview

<p><b>Key Figures</b></p> <p><b>\$200M+</b> Revenue</p> <p><b>~25%</b> Gross Margin</p> <p><b>12</b> Retail Stores</p> <p><b>4</b> Acquisitions Since 2014</p>	<p><b>Key Products</b></p>  <p><b>New Equipment</b></p>  <p><b>Used Equipment</b></p>  <p><b>Parts &amp; Service</b></p>	<p><b>Mix</b></p>  <p>■ Parts &amp; Service   ■ Equipment (New &amp; Used)</p>  <p>■ Case IH   ■ Other Brands   ■ Manufactured Products</p>
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# Case Study: Sale of Monroe Truck Equipment to Aebi Schmidt Group

## Transaction Overview

- Davidson served as financial advisor to Monroe Truck Equipment (“Monroe” or “the Company”) on its sale to Aebi Schmidt Holding AG (“ASH”)
- Monroe is a leading snow and ice equipment, truck bodies and trailer manufacturer and upfitter for municipal and commercial applications
- Aebi Schmidt Group manufactures special-purpose vehicles and attachments, offering winter maintenance technology products including snow clearance and de-icing equipment
- Transaction closed in December 2021

## Monroe Truck Equipment Overview

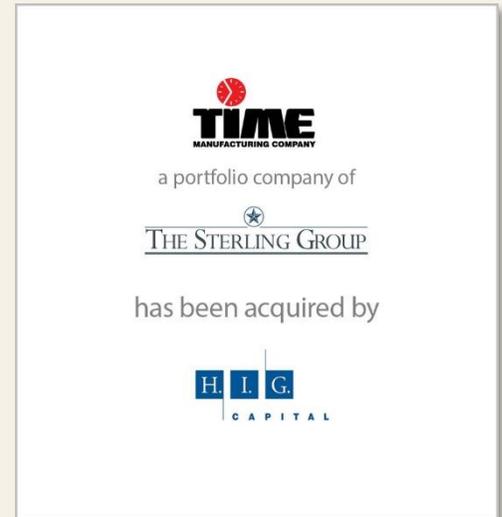
Key Figures	Key Products	Select Brands
<p><b>~\$270M</b> Revenue</p> <p><b>2</b> Acquisitions Since 2017</p> <p><b>9</b> Facilities</p>	<p> Snow &amp; Ice</p> <p> Truck Equipment</p> <p> Trailers</p>	<p> MONROE COMMERCIAL TRUCK EQUIPMENT</p> <p> MONROE MUNICIPAL TRUCK EQUIPMENT</p> <p><b>SOUTHERN COACH</b> A MONROE TRUCK EQUIPMENT, INC. COMPANY</p> <p> LOWMASTER TRUCK EQUIPMENT</p> <p> LOWMASTER TRAILERS</p>



## Case Study: Sale of Time Manufacturing to H.I.G. Capital

### Transaction Overview

- Davidson served as financial advisor to Time Manufacturing Company (“Time”) on its sale to H.I.G. Capital
- Time is a global designer, manufacturer and distributor of vehicle-mounted aerial lifts, truck bodies and bridge inspection units across critical applications
- H.I.G. Capital is a global alternative assets investment firm primarily focused on small and medium sized companies in specialty manufacturing, building products and industrials
- Transaction closed in December 2021



### Time Manufacturing Company Overview

#### Key Figures

**2,000+**  
Employees

**9**  
Manufacturing  
Facilities

**9**  
Acquisitions  
Since 2018

#### Key Products



Non-Insulated Lifts



Insulated Lifts



High Access Lifts



Fiberglass Bodies

#### Select Brands





# Case Study: Sale of RJV Equipment to Hills Machinery

## Transaction Overview

- Davidson served as financial advisor to RJV Equipment, LLC (“RJV”) on its sale to Hills Machinery Company, a portfolio company of Prophet Equity, in November 2021
- RJV is a Tennessee-based dealer and rental company of Ditch Witch and Kubota equipment complemented by an offering of parts and maintenance services
- RJV has dealerships in Nashville and Knoxville, and services a diverse customer base within the utility infrastructure and commercial construction end markets
- Transaction closed in November 2021

**RJV Equipment**  
has been acquired by  
**HILLS MACHINERY**  
a portfolio company of  
**Prophet Equity**

## RJV Equipment Company Overview

<p><b>Key Figures</b></p> <p><b>35</b> Employees</p> <p><b>~20</b> OEM Equipment Brands</p> <p><b>2</b> Facilities</p>	<p><b>Key OEMs</b></p> <p><b>Ditch Witch</b> <b>Kubota</b></p> <p>Primary OEMs</p> <p>ANA, BLUE DIAMOND ATTACHMENTS, CAM SUPERLIN, Chicago Pneumatic, Cummins, DEUTZ, Diamond MOWERS, Epiroc, ERSKINE, FELLING TRAILERS, KOHLER, Land Pride, PALADIN, USA ATTACHMENTS, VACUWORX, YANMAR</p> <p>Complementary OEMs</p>	<p><b>New Equipment Offering</b></p> <p><b>Ditch Witch</b></p> <ul style="list-style-type: none"> <li>Directional Drills</li> <li>Trenchless Tools</li> <li>Vacuum Excavators</li> <li>Track Loaders</li> </ul> <p><b>Kubota</b></p> <ul style="list-style-type: none"> <li>Excavators</li> <li>Skid Steers</li> </ul>
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## An Experienced, Proven and Trusted Advisor in the Specialty Vehicle Sector

- Eric Stetler leads Davidson's Specialty Vehicle practice with over 15 years of experience
- Davidson's investment bankers have advised on several high-profile transactions within the Specialty Vehicle space, with nearly \$2 billion in total transaction value over the last three years
- Deep experience working with privately owned, financial sponsor backed and public companies within the Specialty Vehicle sector

### Diversified Industrials Investment Banking Team



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# Comprehensive Research Coverage in the Specialty Vehicle Sector

- Michael Shlisky joined Davidson in 2021 with over 15 years of experience in equity research
- Previously worked at Colliers, Seaport Global and J.P. Morgan
- Comprehensive coverage focused on specialty vehicle, electric vehicle and mobile industrial equipment

## Specialty Vehicle Research Coverage



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Managing Director and Senior Research Analyst

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**Machinery and Clean Tech**  
Industry Update

**Business of Buys: February 2024 Update**

This industry data that we have reviewed for January revealed a 3% increase in the month, as good order receipts came up. That said, school was 1% in January. Closures were very difficult during the season. We are already modeling BLDG's slowed shipment quarter of the year production challenge resulted in an all-time high order year. Industry Research continues to expect healthy growth in units through 2026, if our coverage. Q2 2023 2024 and Q1 2025 participation in the school 2.

- Total bus orders up 9% Y/Y in January; school buses up 9%. Bus orders were 2.02 units, up 1% Y/Y, vs. up 10% in December. In the key school bus category, orders were up 9% Y/Y in January.
- Total bus production down 3% Y/Y in January; school buses total industry bus production was 1,825 units, down 3% Y/Y, vs. and down 10% in November. In the key school bus category, production was down 3% Y/Y in January.
- Total bus retail sales down 9% Y/Y in January; school buses total industry bus retail sales were 2,261 units, down 9% Y/Y, vs. up 1% in November. In the key school bus category, sales were up 1% Y/Y in January.
- Total bus backlog up 11% Y/Y in January; school bus backlog total industry bus backlog was 28,432 units, up 11% Y/Y, vs. up 7% in November. Total bus backlog was up 3% M/M. In the key school bus category, backlog was up 3% M/M. "Backlog need December."
- Total bus inventories up 19% Y/Y in January; school buses, industry bus inventories were 210,000 units, up 19% Y/Y, vs. up 1% in November. In the key school bus category, inventories were up 1% Y/Y in January.
- State and local tax receipts up Y/Y to 30-33 (based period) period break. A key driver of school bus procurement in the state and local is often driven by property tax receipts. Tax receipts were up 1.0% the first quarter of '24 following two consecutive quarters of decline since the Great Recession. We expect Q2-23 information.
- What to do with the stocks: Buy BLDG, LEV. The school bus industry continues to have strong order backlog and continues to be set and the multiple of growth from 2019. To look, the acquisition for the average selling price per vehicle in the industry group between 1% and 1.5% for different company-specific reasons on top of the index.

Please refer to pages 5 - 6 of this report for detailed disclosure and

**D|A|DAVIDSON**  
Institutional Equity Research

February 26, 2024

**Machinery**  
Industry Update

**Institutional Ownership & Trading Update: February 2024**

We analyzed recent 13F filings on companies within our coverage universe, tracking major institutional investors at end of these blocks. We have highlighted a few key institutional moves below. Interestingly, hedge funds were buyers of DE in Q4, while long-only players were sellers. We also reviewed which hedge funds were CTOS in Q4, opening the door for significant voluntary insider buying. We also provide an update in this note on the CAT vs. DE gap-point trade, an ever-evolving situation. Despite reports that the Ag sector will be returning to underprice in 2024, investors are positioned the longer toward DE at 7 years.

**CAT vs. DE: the long-term battle continues**

- Long DE/short CAT: long CAT/short DE: the never-ending trade. Some institutional players have been known to invest in DE and CAT simultaneously, closing one long and one short. For example, an investor can buy DE in an effort to be bullish on the Ag sector, while being a short position in CAT to hedge construction equipment risk. The investor can also be bullish for investors who wish to short the Ag sector. One stark example of the long-term battle took place in August 2023, when DE's CEO mentioned a \$500M structural cost reduction on the F320 H2 conference call. While DE's shares spiked at the time, short interest in CAT immediately peaked.
- The DE/CAT trade is the most-awakened toward long DE in 7 years. The CAT/DE trade has been long DE for most of the last three years, after many years of the reverse. That said, during Q4, the net trade also moved toward DE that we have seen since 2016. However, since October 2022, the net trade has favored CAT on the long side for an appropriate period of time, the general trend has gradually skewed more and more toward long DE/CAT (see Figure 1 and Page 2). While there could be any of fundamental expectations for the activity, the net long DE positioning suggests that news of the 2024 Ag downturn has already been received and digested as a response to the more rather than the beginning of a shift toward the sector.

**Key takeaways from recent institutional transactions:**

- Hedge fund buyers, long-only sellers of DE in Q4. A list of large institutional buyers and sellers of DE during Q4 reveals a broad-based hedge fund long position and long-only sellers driving the stock. Among buyers of DE shares, we noted Viking and Sitka as the top 2 owners in the quarter. Among sellers, Washington, Fidelity, and TAA-CREF made up the top 3 owners.
- CTOS had several large players close out their positions, this may explain the single day of significant downside in Q4. CTOS shares declined ~25% after 2023 earnings on annual basis have been consistent about the time on the operations call following a weaker annual outlook. CAT followed Davidson's management revealed all-time record at work, and the outlook for Electrical T&D and CTOS's leadership remained strong. However, large players such as Fidelity and J.P. Morgan Asset Management closed out significant positions in the quarter. Importantly, after the stock declined, CTOS's CEO and other members of management made significant voluntary purchases of the stock.
- Significant movement around CNH's move to a safe listing in New York. CNH officially moved to on-listing in Milan at the end of Q4, boosting sales on the NYSE. In advance of the event, we believe several large institutions used CNH's shares as they were no longer suitable for their portfolio. For example, institutional funds which are not permitted to hold US stocks. CNH's announcement of the move to the NYSE, and the fact that such funds were no longer permitted to hold CNH's stock, led to a significant increase in the quarter. We believe other market participants change after the start of H2 24, but by the end of the quarter CNH's institutional ownership should normalize.
- There were a few significant moves in Clean Tech in the quarter—beyond the issuance of new equity. During Q4, T. Rowe Price, already a top-5 holder of RHN, appears to have added 30% of "CSM shares" to its position. Credit Research and Washington were among the institutional investors who substantially reduced positions.

Please refer to pages 16 - 27 of this report for detailed disclosure and certification information.

D.A. Davidson & Co. Member SIPC

### SPECIALTY VEHICLE / MOBILE EQUIPMENT



(1) ALTA and IDEX are covered by Matt Summerville.

### ELECTRIC VEHICLE (EV)





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## Glossary of Terms & Other Important Information

**EBITDA** – Earnings before interest, taxes, depreciation & amortization. An approximate measure of a company's operating cash flow based on data from the company's income statement.

**EBIT** – Earnings before interest and taxes. A measure of a company's earning power from ongoing operations, equal to earnings before deduction of interest payments and income taxes.

**Enterprise Value (EV)** – Market value of equity plus debt less cash. A measure of what the market believes a company's ongoing operations are worth.

**LTM** – Last twelve months. Time period used when referencing a financial statistic.

**NTM** – Next twelve months. Time period used when referencing a financial statistic.

**The S&P 500** – An unmanaged common stock index commonly used to measure and report common stock performance.



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