June 4, 2015

Navistar Reports Second Quarter Results

- Reports net loss of $64 million, or $0.78 per share, on revenues of $2.7 billion
- Generates $102 million of adjusted EBITDA in the quarter
- Chargeouts up 38 percent vs. last quarter; up 10 percent year-over-year
- Ends quarter with $784 million in manufacturing cash on positive cash flow for the quarter
- Expects to achieve in excess of 8 percent EBITDA margin run rate exiting FY2015
- Forecasts FY2016 industry retail deliveries of Class 6-8 trucks and buses in the United States and Canada to be in the same range as FY2015--350,000 to 380,000 units

LISLE, Ill., June 4, 2015 /PRNewswire/ -- Navistar International Corporation (NYSE: NAV) today announced a second quarter 2015 net loss of $64 million, or $0.78 per diluted share, compared to a second quarter 2014 net loss of $297 million, or $3.65 per diluted share. Revenues in the quarter were $2.7 billion. Chargeouts in the company's core markets (Class 6-8 trucks and buses in the United States and Canada) were up 38 percent over last quarter.

Second quarter 2015 EBITDA was $85 million versus an EBITDA loss of $119 million in the same period one year ago. The $204 million year-over-year improvement was driven by an increase in truck segment sales, favorable product mix and the continuation of lower warranty expense and cost reductions. Prior year results included $149 million in asset impairment charges related to the company's South American engine operations.

Second quarter 2015 adjusted EBITDA was $102 million compared to $82 million in the second quarter of 2014. The second quarter included one-time net charges of $17 million, compared to one-time charges of $201 million in the second quarter of 2014.

The company was cash flow positive in the second quarter 2015 and finished the quarter with $784 million in manufacturing cash, cash equivalents and marketable securities.

"Our results reflect continued progress in improving enterprise-wide business operations and positive momentum in the North American industry," said Troy A. Clarke, Navistar president and chief executive officer. "We continue to make solid improvements in our North American truck and parts businesses and are especially encouraged by the progress in our bus business as well as increased market share in our medium-duty business, where we saw significant improvement in sales to major rental and leasing fleets and strong results in dealer-led sales."

Highlights from the quarter include a 10 percent year-over-year increase in chargeouts in the company's core markets (Class 6-8 trucks and buses in the United States and Canada). This included a 24 percent increase in Class 6 and 7 medium trucks and a 9 percent increase in combined Class 8 trucks.

During the quarter, the company continued its best-in-class technology integration strategy with its first-to-market announcement of Bendix® Wingman® Fusion®—the industry's most advanced safety system—available on the company's International® brand Class 8 on-highway tractors.

In addition, the company continued its mission to be the 'Uptime' leader in the industry with the purchase of a test track and proving grounds in New Carlisle, Ind. The Navistar Proving Grounds is a key strategic addition to the company's product development operations, allowing for comprehensive testing and validation of new vehicles and innovative technologies. The site will also be used as a customer center to showcase new products and give customers an opportunity to experience new products firsthand.

The company continued to take actions to reduce fixed costs and improve its manufacturing capacity utilization with the sale of its foundry operations in Waukesha, Wis. Navistar will complete its exit from the foundry business as operations in Indianapolis wind down by the end of the summer. As a result, the company anticipates more than $13 million in annual savings.

The company provided the following guidance for the third quarter:

- Q3-2015 EBITDA of $125 million - $175 million, excluding pre-existing warranty and one-time items.
- Q3-2015 manufacturing cash, cash equivalents and marketable securities between $750 million - $850 million.

Additionally, the company projects a continued strong North American industry for FY2016 with retail deliveries of Class 6-8 trucks and buses in the United States and Canada to be in the same range as FY2015—350,000 to 380,000 units—with a stronger mix of school buses and medium-duty trucks.

"We continue to take the right actions to improve the business and expect to achieve in excess of an 8 percent EBITDA margin run rate as we exit the year," Clarke added. "We think 2016 will be another strong year for the North American industry and we believe we're well positioned to take advantage of favorable market conditions for our core businesses."

Summary of Financial Results:

	(Unaudited)			
	Second Quarter		First Half	
(in millions, except per share data)	**2015**	**2014**	**2015**	**2014**
Sales and revenues, net	**$ 2,693**	$ 2,746	**$ 5,114**	$ 4,954
Segment Results:				
Truck	**$ (51)**	$ (129)	**$ (69)**	$ (337)
Parts	**133**	133	**278**	241
Global Operations	**1**	(162)	**(14)**	(197)
Financial Services	**22**	24	**46**	47
Loss from continuing operations, net of tax[(A)]	**$ (64)**	$ (298)	**$ (106)**	$ (547)
Net loss[(A)]	**(64)**	(297)	**(106)**	(545)
Diluted loss per share from continuing operations[(A)]	**$ (0.78)**	$ (3.66)	**$ (1.30)**	$ (6.73)
Diluted loss per share[(A)]	**$ (0.78)**	$ (3.65)	**$ (1.30)**	$ (6.70)

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(A) Amounts attributable to Navistar International Corporation.

Truck Segment — For the second quarter 2015, the Truck segment recorded a loss of $51 million, compared with a year-ago second quarter loss of $129 million. The Truck segment's year-over-year improvement was driven by increased chargeouts, improved product costs and lower charges for adjustments to pre-existing warranties—reflecting quality improvements in recent model years and continued efforts to reduce overall cost per repair.

Parts Segment — For the second quarter 2015, the Parts segment recorded a profit of $133 million, flat compared to second quarter 2014. Sales and margin improvements in North American commercial markets were offset by a decrease in export and Blue Diamond Parts sales.

Global Operations Segment — For the second quarter 2015, the Global Operations segment recorded a profit of $1 million compared to a year-ago second quarter loss of $162 million. The year-over-year improvement was primarily due to one-time non-cash asset impairment charges that occurred in the second quarter of 2014. The remaining improvements in segment loss were primarily due to lower manufacturing and structural costs as a result of restructuring and cost-reduction efforts.

Financial Services Segment — For the second quarter 2015, the Financial Services segment recorded a profit of $22 million compared to second quarter 2014 profit of $24 million, reflecting an increase in revenue that was more than offset by a higher provision for loan losses in Mexico and lower income from intercompany loans.

About Navistar

Navistar International Corporation (NYSE: NAV) is a holding company whose subsidiaries and affiliates produce International® brand commercial and military trucks, proprietary diesel engines, and IC Bus™ brand school and commercial buses. An affiliate also provides truck and diesel engine service parts. Another affiliate offers financing services. Additional information is available at www.Navistar.com.

Forward-Looking Statement

Information provided and statements contained in this report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. Such forward-looking statements only speak as of the date *of this report and the company assumes no obligation to update the information included in this report. Such forward-looking statements include information concerning our possible or assumed future results of operations, including descriptions of our business strategy. These statements often include words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," or similar expressions. These statements are not guarantees of performance or results and they involve risks, uncertainties, and assumptions. For a further description of these factors, see the risk factors set forth in our filings with the Securities and Exchange Commission, including our annual report on Form 10-K for the fiscal year ended October 31, 2014 and our quarterly report on Form 10Q for the quarter ended April 30, 2015.Although we believe that these forward-looking statements are based on reasonable assumptions, there are many factors that could affect our actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements. All future written and oral forward-looking statements by us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to above. Except for our ongoing obligations to disclose material information as required by the federal securities laws, we do not have any obligations or intention to release publicly any revisions to any forward-looking statements to reflect events or circumstances in the future or to reflect the occurrence of unanticipated events.*

Navistar International Corporation and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

	Three Months Ended April 30,		Six Months Ended April 30,	
(in millions, except per share data)	**2015**	**2014**	**2015**	**2014**
Sales and revenues				
Sales of manufactured products, net	**$ 2,658**	$ 2,708	**$ 5,043**	$ 4,877
Finance revenues	**35**	38	**71**	77
Sales and revenues, net	**2,693**	2,746	**5,114**	4,954
Costs and expenses				
Costs of products sold	**2,360**	2,468	**4,405**	4,482
Restructuring charges	**6**	8	**9**	11
Asset impairment charges	**1**	151	**8**	169
Selling, general and administrative expenses	**243**	237	**484**	476
Engineering and product development costs	**76**	83	**155**	173
Interest expense	**75**	74	**152**	156
Other (income) expense, net	**(28)**	(8)	**(31)**	6
Total costs and expenses	**2,733**	3,013	**5,182**	5,473
Equity in income of non-consolidated affiliates	**1**	3	**3**	3
Loss from continuing operations before income taxes	**(39)**	(264)	**(65)**	(516)
Income tax expense	**(18)**	(23)	**(25)**	(11)
Loss from continuing operations	**(57)**	(287)	**(90)**	(527)
Income from discontinued operations, net of tax	**—**	1	**—**	2
Net loss	**(57)**	(286)	**(90)**	(525)
Less: Net income attributable to non-controlling interests	**7**	11	**16**	20
Net loss attributable to Navistar International Corporation	**$ (64)**	$ (297)	**$ (106)**	$ (545)
Amounts attributable to Navistar International Corporation common shareholders:				
Loss from continuing operations, net of tax	**$ (64)**	$ (298)	**$ (106)**	$ (547)
Income from discontinued operations, net of tax	**—**	1	**—**	2
Net loss	**$ (64)**	$ (297)	**$ (106)**	$ (545)
Earnings (loss) per share:				
Basic:				
Continuing operations	**$ (0.78)**	$ (3.66)	**$ (1.30)**	$ (6.73)
Discontinued operations	**—**	0.01	**—**	0.03
	$ (0.78)	$ (3.65)	**$ (1.30)**	$ (6.70)
Diluted:				
Continuing operations	**$ (0.78)**	$ (3.66)	**$ (1.30)**	$ (6.73)