NAVISTAR



THE NEW NAVISTAR

November 29, 2017

BANK OF AMERICA MERRILL LYNCH 2017 LEVERAGED FINANCE CONFERENCE

International® is a registered trademark of NAVISTAR, Inc.

NYSE: NAV

Safe Harbor Statement and Other Cautionary Notes

Information provided and statements contained in this presentation that are not purely historical are forward-looking statements within the meaning of the federal securities laws. Such forward-looking statements only speak as of the date of this presentation and Navistar International Corporation assumes no obligation to update the information included in this presentation. Such forward-looking statements include information concerning our possible or assumed future results of operations, including the results of our alliance with Volkswagen Truck & Bus and 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 year ended October 31, 2016. Although we believe that these forward-looking statements are based on reasonable assumptions, there are many factors that could affect our 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 herein 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.

The financial information herein contains audited and unaudited information and has been prepared by management in good faith and based on data currently available to the Company.

Certain non-GAAP measures are used in this presentation to assist the reader in understanding our core manufacturing business. We believe this information is useful and relevant to assess and measure the performance of our core manufacturing business as it illustrates manufacturing performance. It also excludes financial services and other items that may not be related to the core manufacturing business or underlying results. Management often uses this information to assess and measure the underlying performance of our operating segments. We have chosen to provide this supplemental information to investors, analysts, and other interested parties to enable them to perform additional analyses of operating results. The non-GAAP numbers are reconciled to the most appropriate GAAP number in the appendix of this presentation.

Today's Agenda

- Who We Are
- Strategy
- Financial Highlights



Who We Are

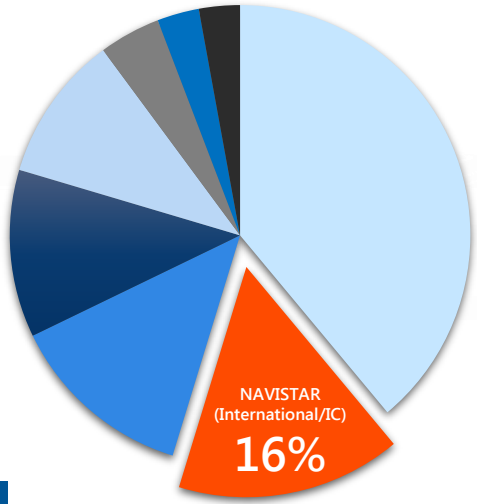


Leading North American Truck Company

- **Major manufacturer** of commercial trucks, buses and defense vehicles
- Headquartered in **Lisle, IL**
- **11,300 active employees**
- **Largest dealer network** in North America
- One of the **largest commercial parts distribution networks** in North America
- **Customer-centric** DNA

Strong North America market position in multiple segments

Navistar's share of 2016 retail sales in its core markets(A)



(A) 2016 U.S. and Canada school bus and class 6-8 truck retail sales.

Diverse and Expanding Product Lineup

NAVISTAR

Renewing and expanding entire vehicle portfolio by 2018

On Highway





- Industry retail deliveries: **165,700**
- Navistar chargeouts: **16,300**

Severe Service





- Industry retail deliveries: **61,100**
- Navistar chargeouts: **7,600**

Medium





- Industry retail deliveries: **86,800**
- Navistar chargeouts: **17,800**

Bus





- Industry retail deliveries: **32,800**
- Navistar chargeouts: **11,200**

All figures are for FY 2016.

Transforming Navistar

NAVISTAR

- Lowered Break-Even Point
- Improved EBITDA
- Reduced Working Capital
- Invested in New Products and Technologies
- Strengthened Management Team

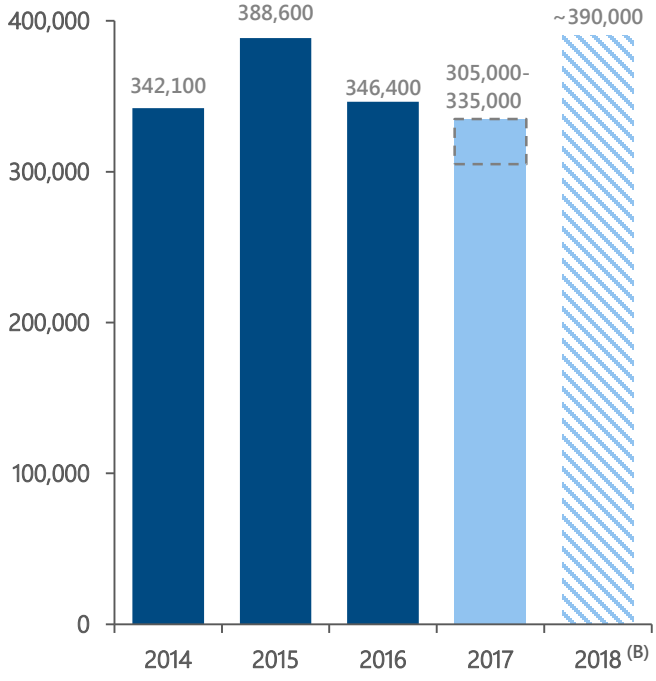


- Divested Non-Core Businesses
- Implemented Lean Initiatives
- Focused Factory Manufacturing Approach
- Reduced Warranty
- Improved Quality

Achieved 10 years' worth of progress in the last three years

Stronger Industry Conditions

Core Markets(A) Industry Retail Deliveries



Action Plans

- **Launch new products**
  - New Class 8 heavy and vocational vehicles
  - A26 (13L) powertrain
  - ISL engine offering
  - New MV Class 6/7 in 2018
- **Engage the dealer network**
  - Industry leader in Uptime
  - Increase dealer sales resources
  - Increase focus on small fleet and vocational customers
- **Focus on the customer**
  - Large fleet customers
  - Detailed customer segmentation
  - Growing share with rental/leasing companies

Goal: Recapture lost market share as industry conditions improve

(A) U.S. and Canada school bus and class 6-8 truck.
(B) Includes ACT's Class 8 retail delivery estimate with comparable Class 6-7 and Bus retail deliveries to 2017.

Turbocharging our Strategy: Volkswagen Truck & Bus Alliance

Procurement Joint Venture



Pursue joint global sourcing opportunities

Technology & Supply Partnership



Source technology for powertrains and other advanced technologies

Equity Investment



Volkswagen took an 16% equity stake in Navistar by way of a capital increase and has grown it to nearly 17%

A common vision of the industry and its future

Volkswagen Truck & Bus Alliance: Recent Developments



North America Commercial Vehicle Show

- Fully integrated, next-generation **big bore diesel powertrains** launching in 2021
- **Electric medium-duty vehicle and school bus** as early as 2019
- **Global connected vehicle platform** OnCommand Connection and RIO digital brands
- **Procurement joint venture synergies**
  - Met with 250 new or existing suppliers
  - Negotiations ongoing for $1B of annual purchase value
  - Completed 40 jointly bid contracts

On track to deliver cumulative savings of $500 million over the first five years, reaching an annual run rate of $200 million by year 5

chargE – All New Electric School Bus



- Introduces a zero-emissions, fully- operational electric concept school bus
- Represents second electric powertrain vehicle developed via the alliance with Volkswagen Truck & Bus
- Launch expected as early as 2019

Alliance with Volkswagen Truck & Bus allows us to move faster into new powertrains and other advanced technologies

Strategy



Strategic Direction

NAVISTAR



DRIVE OPERATIONAL EXCELLENCE

- Quality and Reliability
- Product Cost
- Structural Cost



GROW THE CORE BUSINESS

- New Product Introductions
- Sales Effectiveness
- Service Parts Growth



INNOVATIVE TECHNOLOGY SOLUTIONS

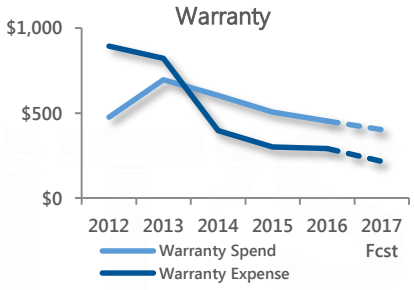
- Digital Supply-Chain
- Autonomous Driving
- Electrification

Goal: Steadily grow revenue and be profitable at all points of the cycle

Drive Operational Excellence

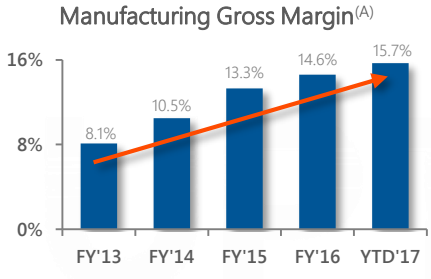
Quality and Reliability

- Improved reliability of new products
- Predictive analytics from OCC improves Uptime by reducing unscheduled maintenance events



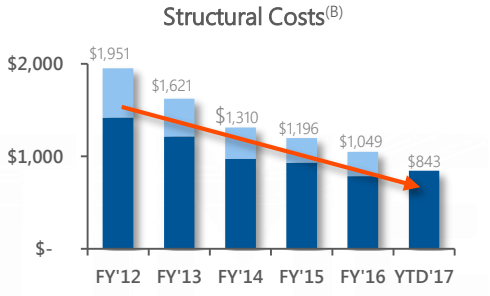
Product Costs

- **Material:** Leveraging Volkswagen Truck & Bus alliance
- **Manufacturing:** Contract manufacturing for General Motors



Structural Costs(B)

- Strengthening engineering productivity, while driving SG&A costs to best in class



Since 2012, Navistar has reduced structural costs by nearly $1 billion

Impact of Volkswagen Truck & Bus Alliance:

- **Procurement JV** uses global scale to drive new cost reduction opportunities
- **Technology alliance** enables more efficient R&D spend
- **Cumulative synergies**: at least $500 million of savings for Navistar over first five years, with annual run rate expected to reach $200 million by year five

$'s in millions

(A) Manufacturing gross margin is defined as Sales of manufactured products, net less Costs of products sold, divided by Sales of manufactured products, net.

(B) Structural costs consists of selling, general and administrative expenses and engineering and product development costs. Dollars in millions.

Grow the Core Business

New Product Introductions

- Product refresh (Project Horizon)
- GM-VISTA (Class 4/5)



Sales Effectiveness

- Dedicated product teams to address customer segments
- Reduced dwell time by 50%



Service Parts Growth

- Consecutive years of record results
- Double-digit sales growth of all-makes and remanufactured parts



During turnaround, Navistar continued to make strategic investments in products, services and network

Impact of Volkswagen Truck & Bus Alliance:

- **Enhances product and component offerings**: source of powertrain options and other high-value technologies, including advanced driver assistance systems, connected vehicle solutions, platooning and autonomous technologies, electric vehicles, and cab and chassis subsystems
- **Increases consideration** as part of a leading global truck alliance
- **Creates increasing parts sales and growth opportunities** afforded by integrated systems

Best In Class Product Offering

NAVISTAR



LONESTAR



LT INTERNATIONAL



RH INTERNATIONAL



HX INTERNATIONAL



HV INTERNATIONAL



A26™



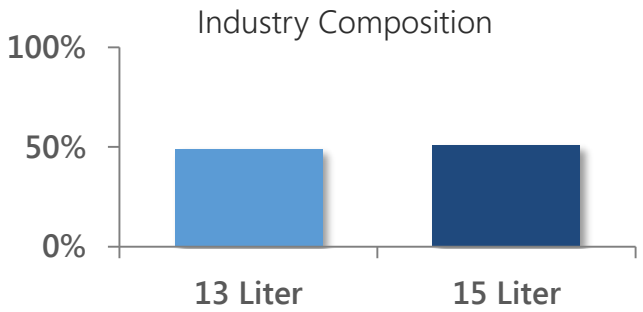


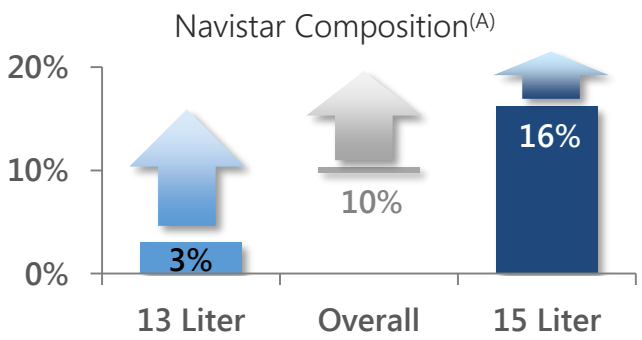
Renewed product line-up to grow market share

A26 Engine – Key to Class 8 Market Share

NAVISTAR

2017 Class 8 Heavy Truck Market Share By Powertrain





- **Class 8 Heavy industry powertrains split between 13L and 15L engines**
- **Navistar's 15L share outpaces 13L share**
- **International® A26 engine: Catalyst for share growth**
  - >17,000 International® LT™ truck series orders
  - >3,500 orders with International® A26 powertrain since launch in late February

Increasing consideration for our new products

(A) Figures computed through the first nine months of 2017.

Innovative Technology Solutions

Digital Supply Chain

- Leading open architecture telematics product with more than 350,000 active VINs
- Digital backbone providing solutions for supply chain needs (i.e. load matching)



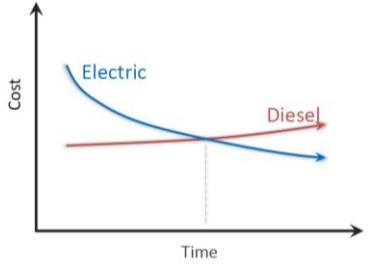
Autonomous Revolution

- Platooning technology as a first step to full autonomy
- Led by developments in auto sector, advancements in ADAS will lead to fully autonomous commercial vehicles



Electric Commercial Vehicles

- Electric and diesel cost inflection point is rapidly approaching
- Initial applications – Last mile delivery vehicles and school buses



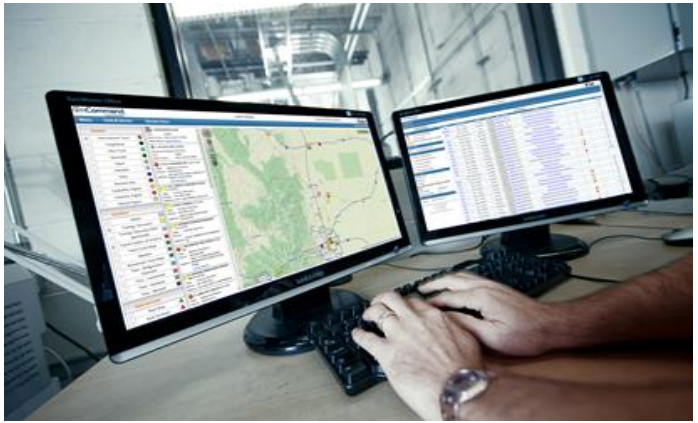
Three-prong strategy enabling us to provide offerings to operate at the speed of the industry transformation

Impact of Volkswagen Truck & Bus Alliance:

- **Similar vision for role of technology**: Driver-focused open architecture solutions
- Becoming a **broader solution provider**, not just a hardware manufacturer
- Opportunity to **leverage technology developments** through access to Volkswagen family

Industry Leading Connected Vehicle Solutions

OnCommand Connection



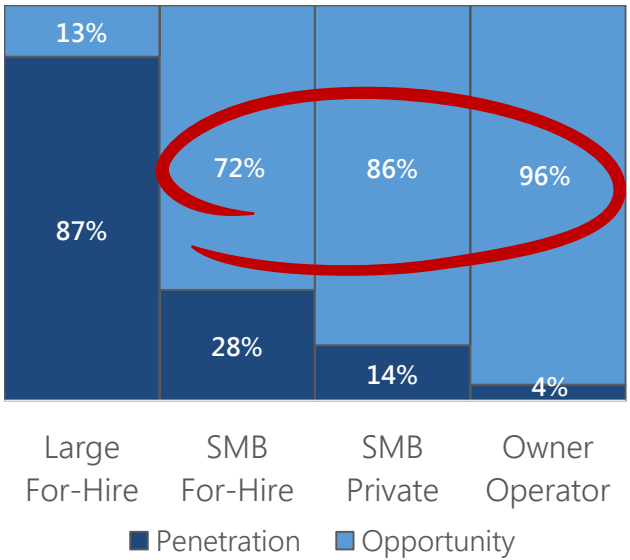
FIRST TO MARKET

- **OnCommand Connection**
  - 350,000 Active VINs
  - Complete telematics offering
  - Electronic Driver Log
  - App Marketplace
- **Over-the-Air Programming**
- **Live Fault Code Action Plans**
- **Automated Driver Vehicle Inspection Reports**
- **GPS Fleet Trailer Tracking**

OnCommand Connection is expected to be the digital backbone, providing solutions for the digital supply chain

OnCommand Connection and Electric Driver Log Benefits

Small and Medium Business (SMB) Fleets and Owner-Operators are Highly Under-Penetrated by Telematics



- **Large fleets**
  - Data from telematics improve operational efficiency
- **SMBs and owner operators**
  - Lack scale, are less efficient, and have higher operating costs
- **Digital disruptors, like load matching, offer**
  - Access to prime customers
  - Economies of scale via buying groups, leading to lower costs
  - Automated exchange

Three-prong strategy enabling us to provide offerings to operate at the speed of the industry transformation

Small and Medium Business (SMB) – Fleets with less than 500 trucks

Financial Highlights



Financial Summary – Returning to Profitability

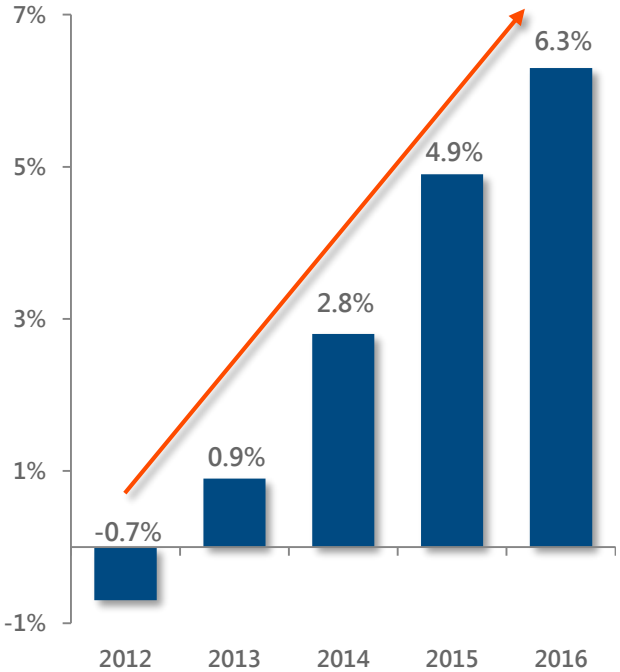
($ in millions, except per share and units)

	2017		
	Q1	Q2	Q3
Chargeouts[A]	10,200	15,000	**15,100**
Sales and Revenues	$1,663	$2,096	**$2,213**
Net Income (loss)[B]	($62)	($80)	**$37**
Diluted Income (Loss) Per Share[B]	($0.76)	($0.86)	**$0.38**
Adjusted EBITDA	$55	$65	**$194**

(A) Includes U.S. and Canada School buses and Class 6-8 trucks.
(B) Amounts attributable to Navistar International Corporation, net of tax.
Note: This slide contains non-GAAP information; please see the REG G in appendix for a detailed reconciliation.

Delivering Year-Over-Year Adjusted EBITDA Dollar and Margin Improvement

Adjusted EBITDA Margin



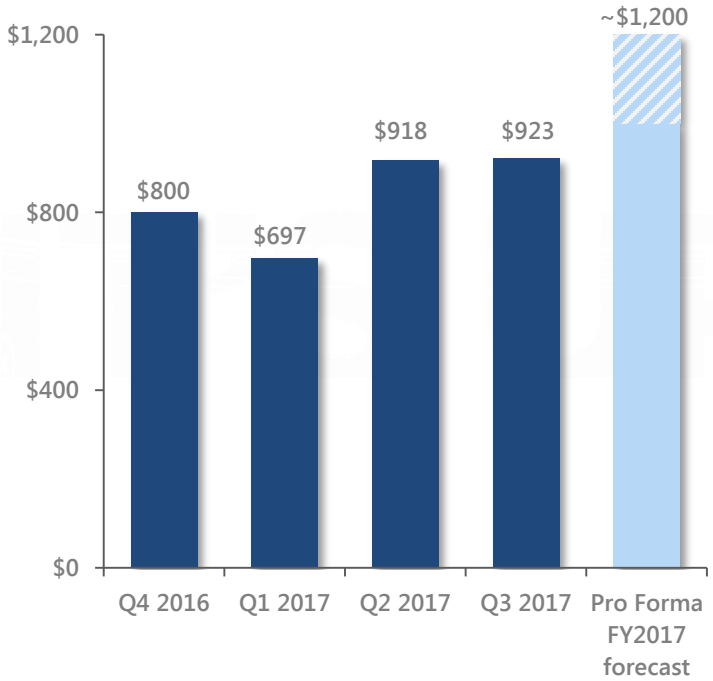
- Savings from cost reduction actions driving year-over-year adjusted EBITDA margin improvement
- Well-positioned to participate in growth of North American truck industry

Continued improvement in adjusted EBITDA

Note: This slide contains non-GAAP information; please see the REG G in appendix for a detailed reconciliation.

Improving Financial Flexibility

Manufacturing Cash(A)



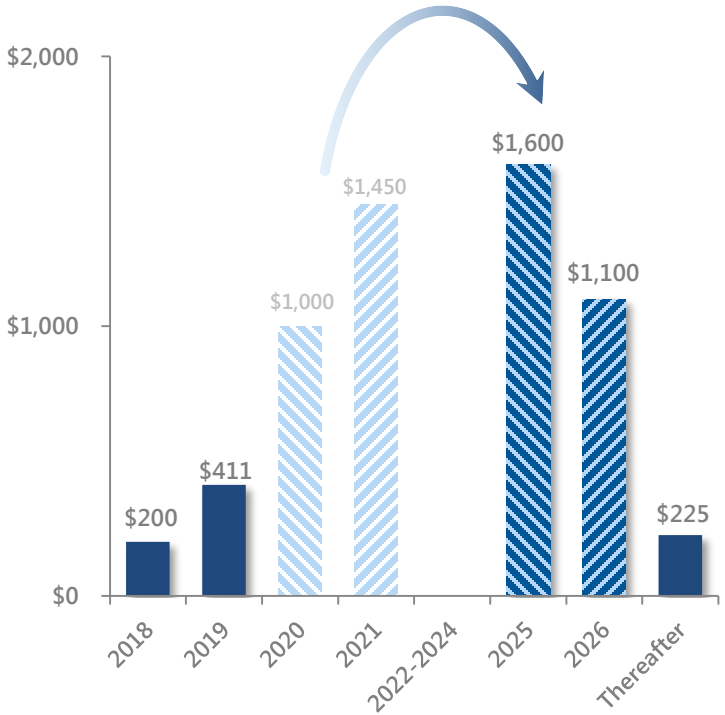
- **2017 Q3 Cash Balance(A)**
  - Consolidated: $973 million
  - Manufacturing: $923 million
- **VW T&B equity injection March 2017**
- **Pro Forma(B) includes incremental cash from recent refinancing transactions**
  - Incremental cash expected to be used for 2018 convertible notes maturity

Strong liquidity to address near term maturities

Dollars in millions
(A) Amounts include manufacturing cash, cash equivalents, and marketable securities.
(B) Reflects recent capital markets transactions.
Note: This slide contains non-GAAP information; please see the REG G in appendix for a detailed reconciliation.

Proactively Managing Debt Maturities

Significant Manufacturing Debt Maturity Schedule(A/B)



- **$200 million and $411 million Convertible Notes,** mature in October 2018 and April 2019, respectively
- **$1.6 billion Term Loan Credit Facility(B),** matures in 2025
  - Replaces $1 billion term loan facility due 2020
- **$1.1 billion 6.625% Senior Notes(B),** matures in 2026
  - Replaces $1.45 billion 8.25% senior notes due 2021
- **$225 million Tax Exempt Bonds,** matures in 2040

Extends maturities and lowers interest expense

Dollars in millions.

(A) Total manufacturing debt of $3.5B as of July 31, 2017. Graph does not include capital leases, financed lease obligations and other, totaling $197 million. Pro Forma manufacturing debt balance of $3.7B.

(B) Reflects recent capital market transactions.

Journey to Consistent Cash Flow Generation



- Invest in product portfolio
- Restructure operations and implement lean principles
- Divest non-core operations
- Lower cost structure and working capital needs
- Address legacy items
  - Warranty, Used truck inventory
- Form strategic alliances/ partnerships to increase asset utilization

- Grow market share
- Lead in technology
- Deliver sustainable annual profitability
- Generate free cash flow from operations
- De-leverage the balance sheet
  - Debt, Pension and OPEB

Goal: Investment Grade Rating

The New Navistar is Here!

- **A Leading North American Truck Manufacturer with Strong Market Position in Multiple Segments**
- **Poised for Growth in a Strong Industry**
  - Significant Investment in New Products
  - Largest Dealer Network in North America
- **New Products Driving Market Share Growth**
- **Strategic Alliance with Volkswagen Truck & Bus Tracking to Expectations**
- **Focused on Driving Operational Excellence**
- **Significant Margin Expansion and Cash Flow Improvement Opportunities**
- **Experienced Management Team Focused on Value Creation**



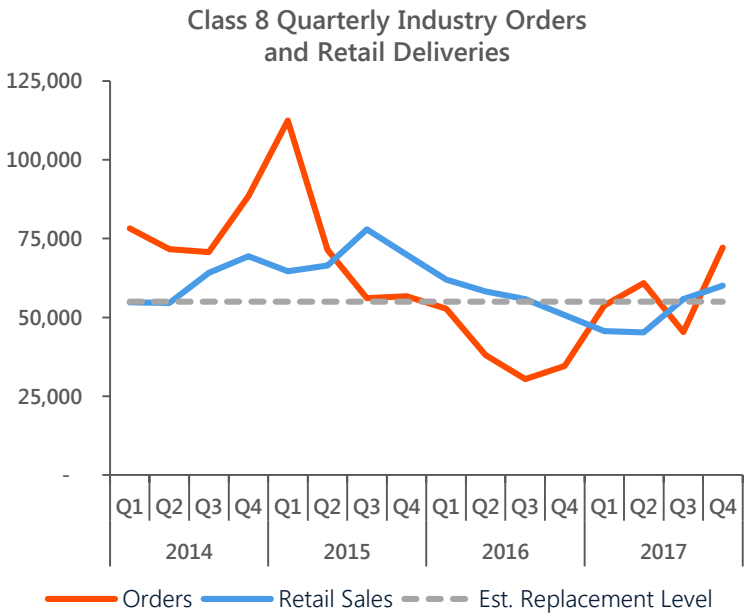

Thank you
NAVISTAR

Appendix



Improving Class 8 Industry Conditions

Industry Worked through 2015 "Overbuy"



Action Plans

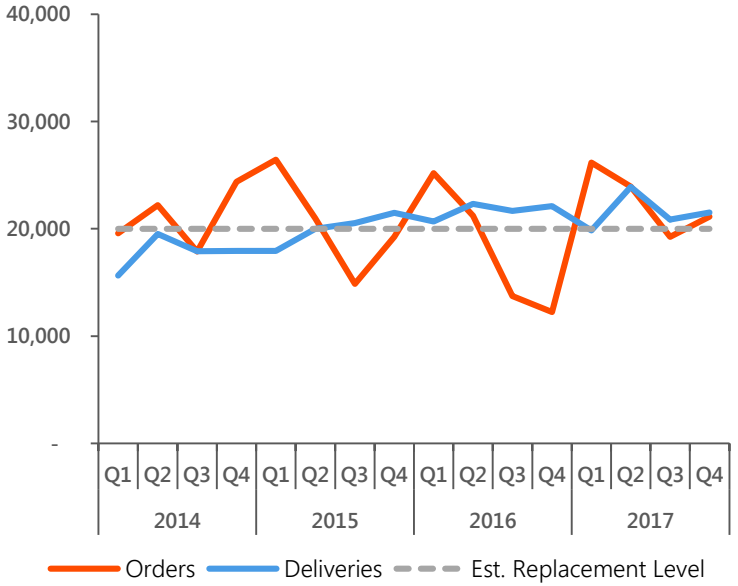
- **Launch new products**
  - New Class 8 heavy and vocational vehicles
  - A26 (13L) powertrain
- **Engage the dealer network**
  - Industry leader in Uptime
  - Increase dealer sales resources
- **Focus on the customer**
  - Large fleet customers
  - Detailed customer segmentation

Class 8 share up year over year

F – Forecast

Solid Class 6/7 Industry Outlook

Class 6/7 Quarterly Industry Orders and Retail Deliveries



Action Plans

- **Launch new products**
  - ISL engine offering
  - New MV Class 6/7 in 2018
- **Engage the dealer network**
  - Increase focus on small fleet and vocational customers
- **Focus on customer**
  - Growing share with rental/leasing companies

Medium share up year over year

F – Forecast

Financial Summary

($ in millions, except per share and units)

	Years Ended October 31		
	2016	2015	2014
Chargeouts[(A)]	52,900	65,000	61,500
Sales and Revenues	$8,111	$10,140	$10,806
Loss from Continuing Operations, Net of Tax[(B)]	($97)	($187)	($622)
Diluted Loss Per Share from Continuing Operations[(B)]	($1.19)	($2.29)	($7.64)
Adjusted EBITDA	$508	$494	$306

(A) Includes U.S. and Canada School buses and Class 6-8 trucks.
(B) Amounts attributable to Navistar International Corporation, net of tax.
Note: This slide contains non-GAAP information; please see the REG G in appendix for a detailed reconciliation.

SEC Regulation G Non-GAAP Reconciliations

SEC Regulation G Non-GAAP Reconciliation: The financial measures presented below are unaudited and not in accordance with, or an alternative for, financial measures presented in accordance with U.S. generally accepted accounting principles ("GAAP"). The non-GAAP financial information presented herein should be considered supplemental to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP and are reconciled to the most appropriate GAAP number below.

Earnings (loss) Before Interest, Income Taxes, Depreciation, and Amortization ("EBITDA"): We define EBITDA as our consolidated net income (loss) from continuing operations attributable to Navistar International Corporation, net of tax, plus manufacturing interest expense, income taxes, and depreciation and amortization. We believe EBITDA provides meaningful information to the performance of our business and therefore we use it to supplement our GAAP reporting. We have chosen to provide this supplemental information to investors, analysts and other interested parties to enable them to perform additional analyses of operating results.

Adjusted EBITDA and Adjusted EBITDA Margin: We believe that adjusted EBITDA, which excludes certain identified items that we do not consider to be part of our ongoing business, improves the comparability of year to year results, and is representative of our underlying performance. Management uses this information to assess and measure the performance of our operating segments. We define Adjusted EBITDA margin as a percentage of the Company's consolidated sales and revenues. We have chosen to provide this supplemental information to investors, analysts and other interested parties to enable them to perform additional analyses of operating results, to illustrate the results of operations giving effect to the non-GAAP adjustments shown in the below reconciliations, and to provide an additional measure of performance.

Structural Cost consists of Selling, general and administrative expenses and Engineering and product development costs.

Manufacturing Gross Margin: We define manufacturing gross margin as Sales of manufactured products, net less Costs of products sold, divided by Sales of manufactured products, net.

Annual View:

	Years Ended October 31,				
(in millions)	2016	2015	2014	2013	2012
Loss from continuing operations attributable to NIC, net of tax	$ (97)	$ (187)	$ (622)	$ (857)	$ (2,939)
Plus:					
Depreciation and amortization expense	225	281	332	417	323
Manufacturing interest expense (A)	247	233	243	251	171
Less:					
Income tax expense	(33)	(51)	(26)	171	(1,780)
EBITDA	$ 408	$ 378	$ (21)	$ (360)	$ (665)

(A) Manufacturing interest expense is the net interest expense primarily generated for borrowings that support the manufacturing and corporate operations, adjusted to eliminate intercompany interest expense with our Financial Services segment. The following table reconciles Manufacturing interest expense to the consolidated interest expense:

Interest expense	$ 327	$ 307	$ 314	$ 321	$ 259
Less: Financial services interest expense	80	74	71	70	88
Manufacturing interest expense	$ 247	$ 233	$ 243	$ 251	$ 171
EBITDA (reconciled above)	$ 408	$ 378	$ (21)	$ (360)	$ (665)
Less: Significant items (B)	100	116	327	462	574
Adjusted EBITDA	$ 508	$ 494	$ 306	$ 102	$ (91)
Adjusted EBITDA Margin	6.3%	4.9%	2.8%	0.9%	-0.7%

(B) Amounts reported in our quarterly earnings presentations under "Significant items included within our reports"

SEC Regulation G Non-GAAP Reconciliations

Quarterly view:

(in millions)	2017 Jul. 31	2017 Apr. 30	2017 Jan. 31	2016 Oct. 31	2016 Jul. 31	2016 Apr. 30	2016 Jan. 31
Loss from continuing operations attributable to NIC, net of tax...	**$ 36**	**$ (80)**	**$ (62)**	$ (34)	$ (34)	$ 4	$ (33)
Plus:							
Depreciation and amortization expense	**57**	**53**	**59**	61	53	53	58
Manufacturing interest expense (A)	**67**	**68**	**62**	60	63	62	62
Less:							
Income tax expense	**0**	**(6)**	**(4)**	(8)	(14)	(16)	5
EBITDA	**$ 160**	**$ 47**	**$ 63**	$ 95	$ 96	$ 135	$ 82

(A) Manufacturing interest expense is the net interest expense primarily generated for borrowings that support the manufacturing and corporate operations, adjusted to eliminate intercompany interest expense with our Financial Services segment. The following table reconciles Manufacturing interest expense to the consolidated interest expense:

Interest expense	**$ 91**	**$ 89**	**$ 82**	$ 81	$ 84	$ 81	$ 81
Less: Financial services interest expense	**24**	**21**	**20**	21	21	19	19
Manufacturing interest expense	**$ 67**	**$ 68**	**$ 62**	$ 60	$ 63	$ 62	$ 62

EBITDA (reconciled above)	**$ 160**	**$ 47**	**$ 63**	$ 95	$ 96	$ 135	$ 82
Less: Significant items (B)	**34**	**18**	**(8)**	17	36	52	(5)
Adjusted EBITDA	**$ 194**	**$ 65**	**$ 55**	$ 112	$ 132	$ 187	$ 77
Adjusted EBITDA Margin	**8.8%**	**3.1%**	**3.3%**	5.4%	6.3%	8.5%	4.4%

(B) Amounts reported in our quarterly earnings presentations under "Significant items included within our reports"

SEC Regulation G Non-GAAP Reconciliations

Manufacturing Cash, Cash Equivalents, and Marketable Securities: Manufacturing cash, cash equivalents, and marketable securities represents the Company's consolidated cash, cash equivalents, and marketable securities excluding cash, cash equivalents, and marketable securities of our financial services operations. We include marketable securities with our cash and cash equivalents when assessing our liquidity position as our investments are highly liquid in nature. We have chosen to provide this supplemental information to investors, analysts and other interested parties to enable them to perform additional analyses of our ability to meet our operating requirements, capital expenditures, equity investments, and financial obligations.

(in millions)	Jul. 31, 2017	Apr. 30, 2017	Jan. 31, 2017	Oct. 31, 2016
Manufacturing Operations:				
Cash and cash equivalents	**$ 868**	$ 747	$ 506	$ 761
Marketable securities	**55**	171	191	39
Manufacturing Cash and cash equivalents and Marketable securities	**$ 923**	$ 918	$ 697	$ 800
Financial Services Operations:				
Cash and cash equivalents	**$ 43**	$ 24	$ 67	$ 43
Marketable securities	**7**	7	7	7
Financial Services Cash and cash equivalents and Marketable securities	**$ 50**	$ 31	$ 74	$ 50
Consolidated Balance Sheet:				
Cash and cash equivalents	**$ 911**	$ 771	$ 573	$ 804
Marketable securities	**62**	178	198	46
Consolidated Cash and cash equivalents and Marketable securities	**$ 973**	$ 949	$ 771	$ 850