NAVISTAR



CREATING A CHAMPION

May 2017

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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 Overview
- Financial Highlights



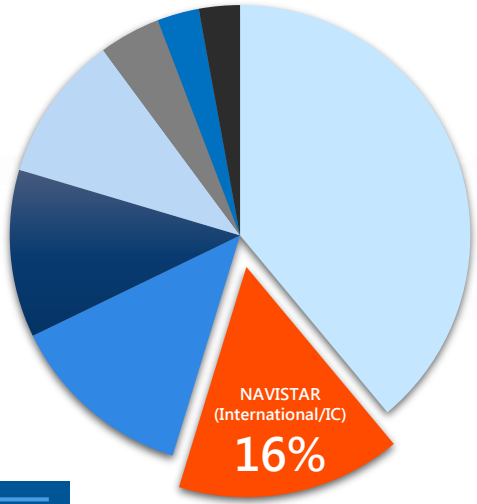
Who We Are



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

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



Strong North America market position in multiple segments

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

Diverse and Expanding Product Lineup

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Plan to renew and expand entire vehicle portfolio between now and 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

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

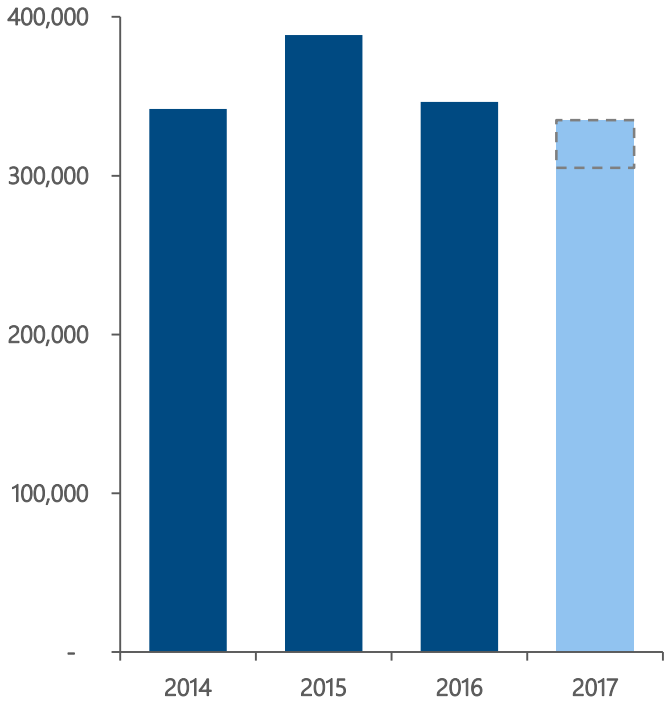


- Divested Non-Core Businesses
- Implemented Lean Initiatives
- Focused Factory Manufacturing Approach
- Reduced Warranty
- Improved Quality

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

Industry Cycle Expected to Trough in 2017

Core Markets[A] Industry Retail Deliveries



Action Plans

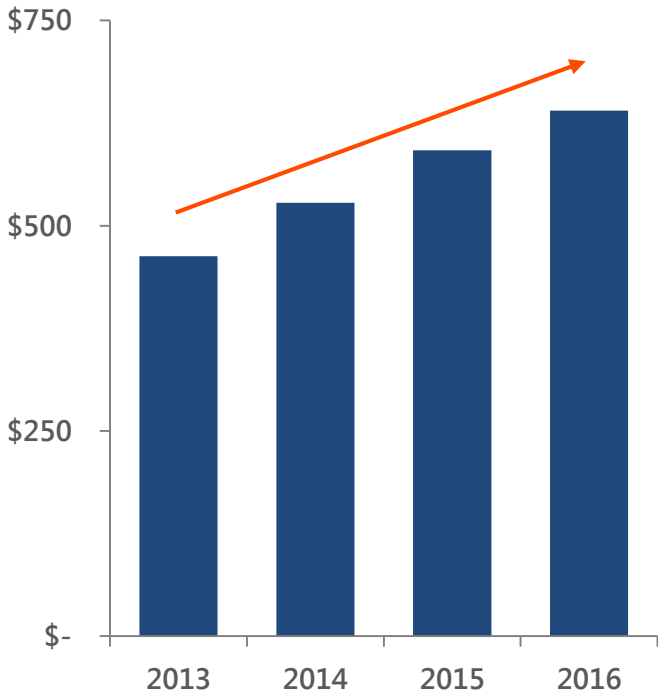
- **Launch new products**
  - Recently launched LT and HX truck series
  - Expanding powertrain offerings
  - Launching new medium, vocational and regional haul trucks
- **Engage the dealer network**
  - Industry leader in uptime
- **Focus on the industry's top customers**
  - Quoting more customers today
  - Growing share with rental/leasing companies
- **Growing our share of wallet[B]**
  - Heavy customers up 5 share points
  - Medium customer up 2 share points

Goal: Grow share in a down market

(A) U.S. and Canada school bus and class 6-8 truck.
(B) Based on annual year-over-year growth our top 10 customers in each segment

Consistent Growth in Parts Profitability

Parts Segment Profitability



- **Growing parts margins(A)**
  - From 21% in 2014 to 26% for 2016
- **Strong truck parc**
  - Over 1 million International trucks and IC buses in service today
- **Expand customer reach**
  - Fleetrite business revenues have doubled since 2012
  - Increasing investment in remanufactured product offerings

2016 was third consecutive year of record parts profitability

Dollars in millions
(A) Margins are defined as segment profit divided by segment revenue.

Turbocharging our Strategy: Volkswagen Truck & Bus Alliance

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Procurement Joint Venture



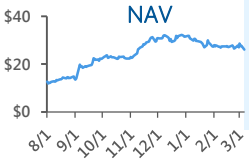
Pursue joint global sourcing opportunities

Technology & Supply Partnership



Source technology for powertrains and other advanced technologies

Equity Investment



Volkswagen took a 16.6% equity stake in Navistar by way of a capital increase

The two companies have a common vision of the industry and its future

Strategy Overview



Our Strategic Foundation

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DRIVE OPERATIONAL EXCELLENCE

Material Cost

Structural Cost

Manufacturing Cost



GROW THE CORE BUSINESS

Invest in Products

Increase Consideration

Improve Channel Effectiveness

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

BUILD NEW SOURCES OF REVENUE

Grow Core Services

Expand Parts Business

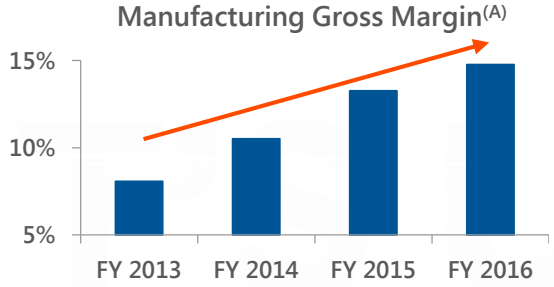
Offer New Connected Services

Drive Operational Excellence

Product Costs

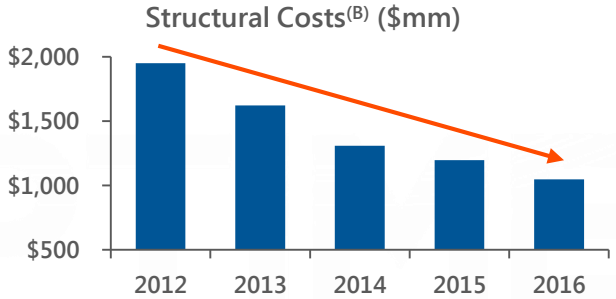
Material costs: Leveraging product launches to reduce material costs

Manufacturing costs: Improving plant utilization



Structural Costs

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

(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

Grow the Core Business

Invest in Products:
HX, LT (Project Horizon), GM-VISTA



Increase Consideration:
New products, strategic partners, diminished legacy issues, open integration



Improve Channel Effectiveness:
Working with our dealer network, we reduced dwell time by 50%



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

Steady Cadence of New Product Introductions

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2016 | 2017 | 2018



HX Premium Series

- Rollout of HX Series
- Additional Cab Configurations



LT – Class 8 On Highway

- Launch with X15
- Launch with new A26



Additional Project Horizon Products

- Cadence of new launches: Regional Haul / Medium Duty / Vocational



IC Bus

- Propane Engine
- ISL in Bus
- Gasoline Engine

OnCommand Connection

- Over-the-Air Programming
- Accelerator Write-up Mobile Application
- OTA on Cummins Engines

Build New Sources of Revenue

Grow Core Services:
Contract manufacturing cutaway G van for General Motors



Expand Parts Business:
Double-digit Fleetrite brand sales growth in 2015 and 2016



Offer New Connected Services:
Leading open architecture telematics product has more than 270,000 subscribers

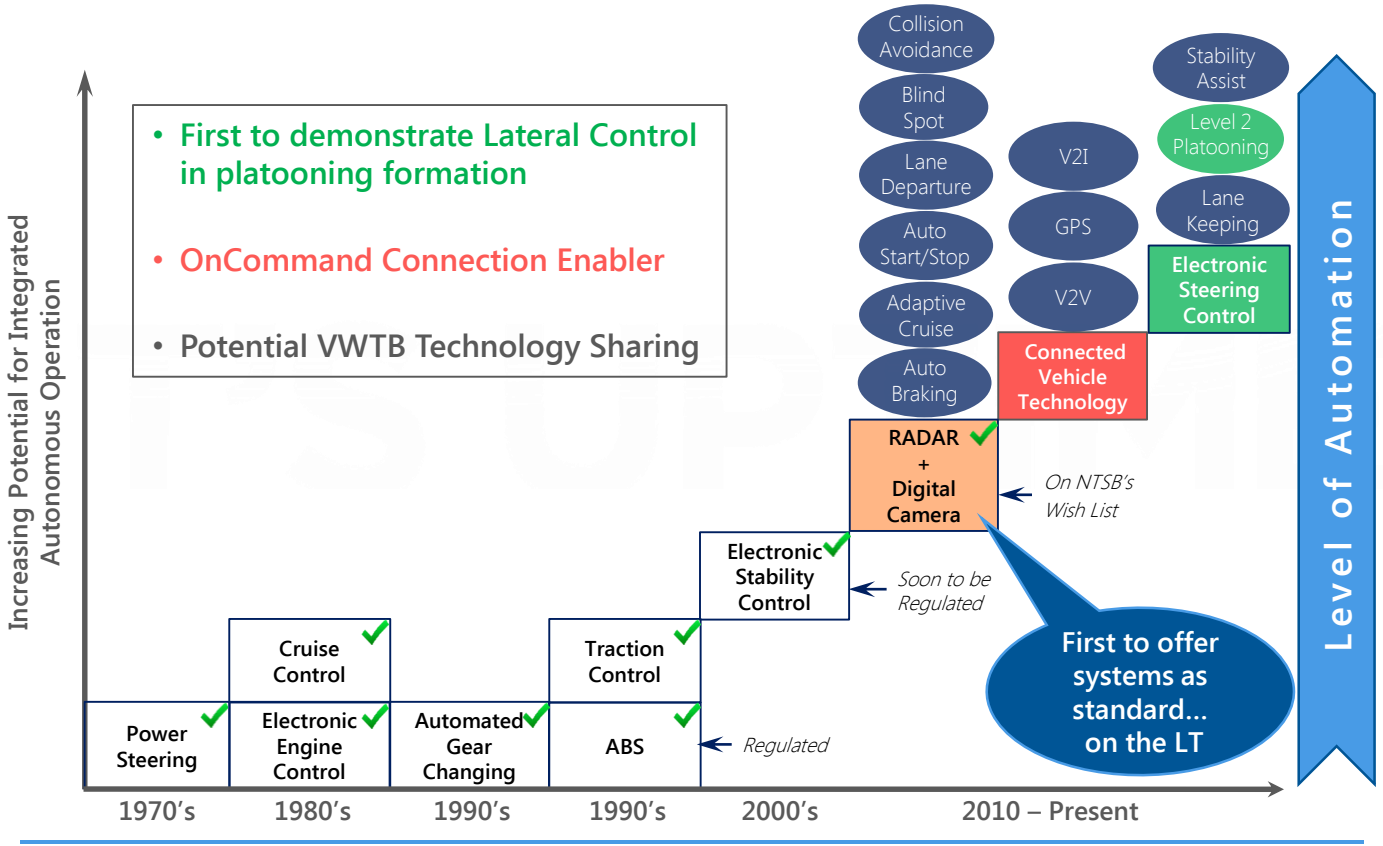


Navistar is leveraging our assets and capabilities to generate revenue opportunities

Impact of Volkswagen Truck & Bus Alliance:

- **Similar vision for role of technology:** Driver-focused open architecture solutions
- **Opportunity to expand service products** through access to Volkswagen Truck & Bus supply base
- Becoming a **broader solution provider**, not just a hardware manufacturer

Building Towards Autonomous Vehicles



The Future: Delivering Advanced Solutions Geared to Customer Needs

- **New technologies enhance opportunities to serve customers in a more complex, connected marketplace**
- **Software-based solutions will add new dimensions to customers' business performance, such as:**
  - Connected services to reduce maintenance cost and improve vehicle uptime
  - Advanced driver assistance systems and platooning to improve fuel efficiency and safety
  - Automated record-keeping to enhance driver productivity



Alliance with Volkswagen Truck & Bus will drive synergistic innovation …
…while optimizing the research and development process

Navistar is Well Positioned for the Future

By executing on our strategy, we expect to be profitable at all points of the cycle

- **Drive Operational Excellence**
  - Ongoing strong cost management
  - Delevering balance sheet over time
  - Creating synergies from Volkswagen Truck & Bus alliance
- **Grow the Core Business**
  - Converting higher order share into improved market share
  - Renewing and expanding vehicle portfolio
  - Leveraging dealer network and best-in-class parts distribution to lead in customer uptime
- **Build New Sources of Revenue**
  - Building parts business to sustain strong profitability
  - Leading position in connected vehicles



The Volkswagen Truck & Bus alliance aligns with Navistar's strategy to support market share growth, building on product line expansion and improved consideration

Financial Highlights



Financial Summary

	Years Ended October 31		
	2016	2015	2014
Chargeouts[1]	52,900	65,000	61,500
Sales and Revenues	$8,111	$10,140	$10,806
Loss from Continuing Operations, Net of Tax[2]	($97)	($187)	($622)
Diluted Loss Per Share from Continuing Operations[2]	($1.19)	($2.29)	($7.64)
Adjusted EBITDA	$508	$494	$306

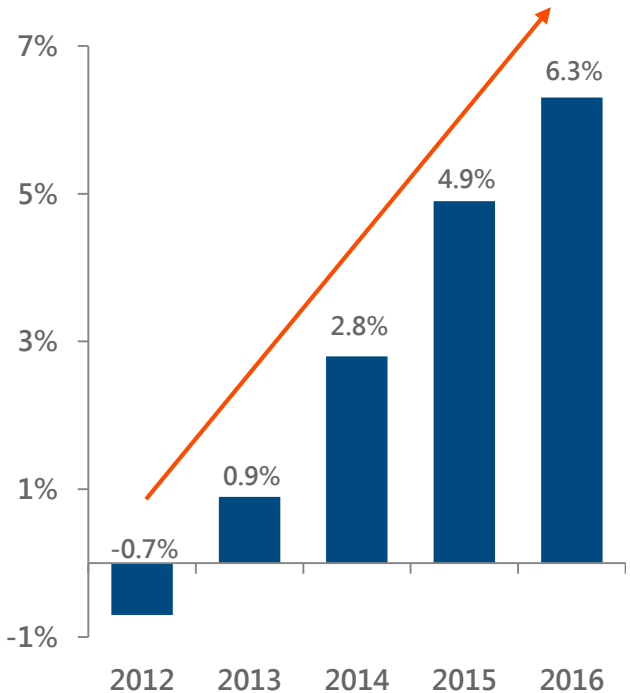
Dollars in millions

Note: This slide contains non-GAAP information; please see the REG G in appendix for a detailed reconciliation.
[1] Includes U.S. and Canada School buses and Class 6-8 trucks.
[2] Amounts attributable to Navistar International Corporation.

Delivering Consecutive Years of Adjusted EBITDA Dollar and Margin Improvement

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Adjusted EBITDA Margin



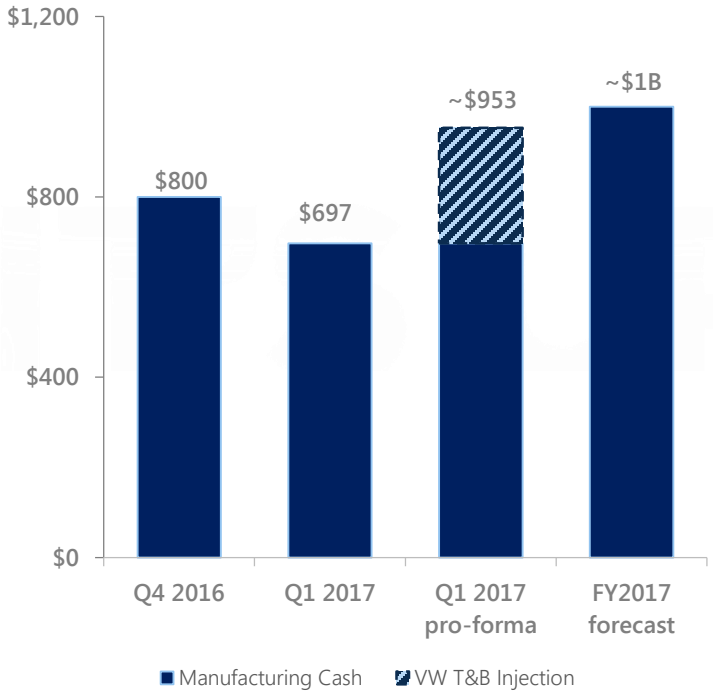
- Savings from cost reduction actions driving year-over-year adjusted EBITDA margin improvement
- Business is operating better, despite the impact of lower revenues due to difficult market conditions
- Well-positioned and prepared for when the North American truck industry picks up

Continued improvement in adjusted EBITDA

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

Improving Financial Flexibility

Manufacturing Cash*



- 2017 Q1 Cash Balance
  - Consolidated Cash: $771 million*
  - Manufacturing Cash: $697 million*
  - Includes $250 million Senior Note tack-on
- 2017 Q1 Pro-forma Manufacturing Cash: $953 million
  - VW T&B equity injection of $256 million on February 28th
- Senior Term Loan repricing reduced interest rate by 150 basis points
- FY expectations of ~$1 billion manufacturing cash

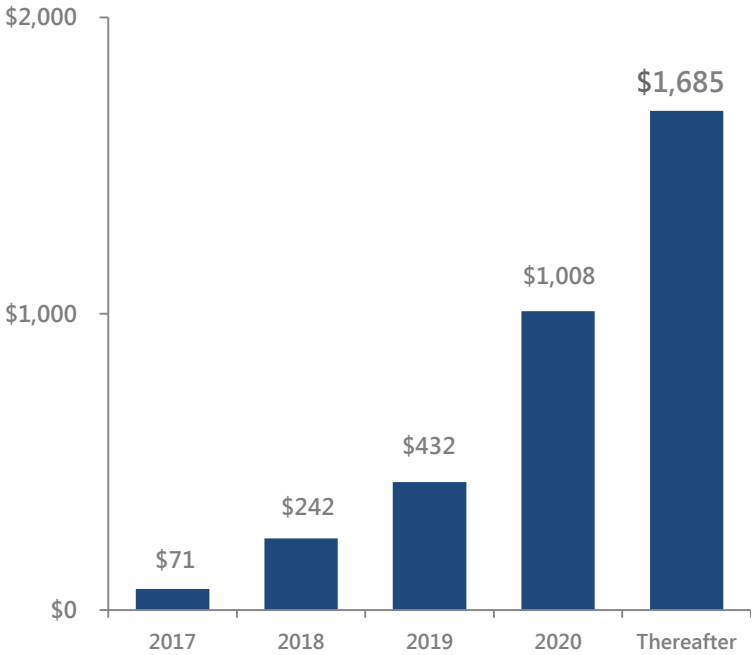
Dollars in millions

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

* Amounts include manufacturing cash, cash equivalents, and marketable securities.

Manageable Debt Profile

Manufacturing Debt(A)



- Long-term goal of reducing leverage on balance sheet, as EBITDA improves and improve cash flow
- Recently completed Senior Note tack-on and Term Loan repricing
- No significant manufacturing debt maturities until October 2018

Dollars in millions
(A) Total manufacturing debt of $3.4B, as of January 31, 2017

Summary: Key Investment Highlights

- **A Leading North American Truck Manufacturer with Strong Market Position in Multiple Segments**
- **Compelling Turnaround Story with Strong Upside Potential**
  - Strategic alliance with Volkswagen Truck & Bus to pursue global sourcing and advanced technological opportunities
  - Significant investment in new products
  - Well established, largest dealer network in North America
- **Operational Excellence**
- **Opportunity to Grow Market Share**
- **Ongoing Margin Expansion and Cash Flow Improvement**
- **Experienced Management Team Focused on Value Creation**




Thank you
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Appendix



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Weathering Weaker Industry Conditions

($ in millions, except per share and units)

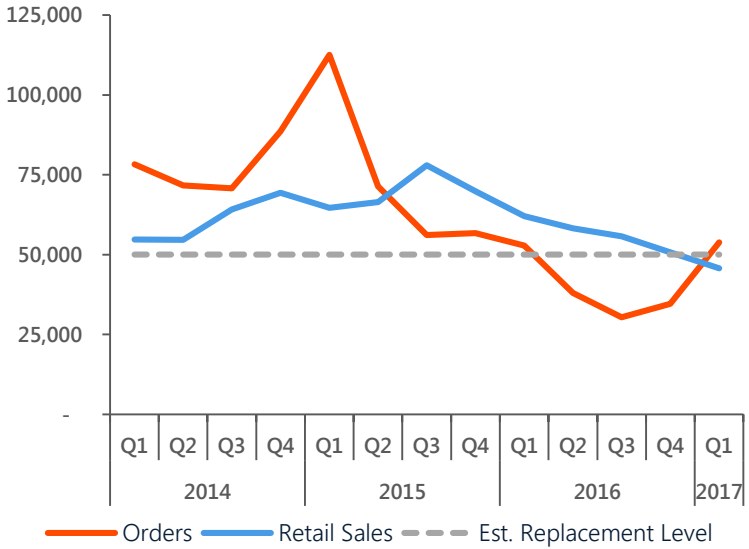
	Quarters Ended January 31	
	2017	**2016**
Chargeouts[A]	**10,200**	11,000
Sales and Revenues	**$1,663**	$1,765
Net loss[B]	**($62)**	($33)
Diluted Loss Per Share[B]	**($0.76)**	($0.40)
Adjusted EBITDA	**$55**	$77

(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

Class 8 Industry is Moving Towards Trough of Cycle

2015 "Overbuy" Caused Industry Orders to Decline

Class 8 Quarterly Industry Orders and Retail Deliveries



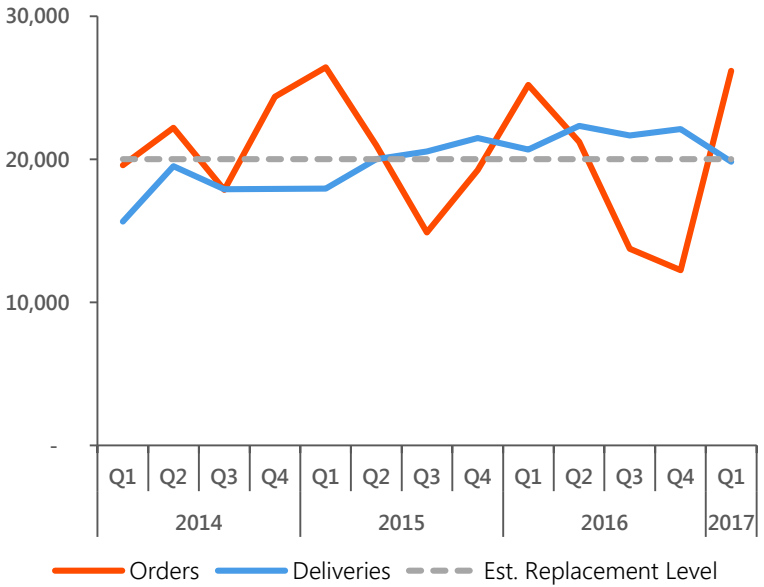
Action Plans

- **Launch new products**
  - Recently launched HX and LT
  - Unveiled A26, new 12.4L engine
- **Engage the dealer network**
  - Industry leader in uptime
- **Focus on the industry's top customers**
  - Quoting more customers today than a year ago
- **Improve Class 8 retail and order share**
  - Gross order share improved in 2016

Goal: Grow share in a down market

Solid Class 6/7 Industry Outlook

Class 6/7 Quarterly Industry Orders and Retail Deliveries



Action Plans

- **Launch new products**
  - Recently launched ISL engine offering
  - Launching new medium and vocational in 2017
- **Engage the dealer network**
  - Dealers increasing small fleet and vocational sales
- **Focus on the industry's top customers**
  - Growing share with rental/leasing companies
- **Improve order share**
  - Medium order share is up year over year

Goal: Market leadership

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.

	Quarters Ended January 31,		Years Ended October 31,				
(in millions)	2017	2016	2016	2015	2014	2013	2012
Loss from continuing operations attributable to NIC, net of tax	**$ (62)**	$ (33)	**$ (97)**	$ (187)	$ (622)	$ (857)	$ (2,939)
Plus:							
Depreciation and amortization expense	**59**	58	**225**	281	332	417	323
Manufacturing interest expense (A)	**62**	62	**247**	233	243	251	171
Less:							
Income tax expense	**(4)**	5	**(33)**	(51)	(26)	171	(1,780)
EBITDA	**$ 63**	$ 82	**$ 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	**$ 82**	$ 81	**$ 327**	$ 307	$ 314	$ 321	$ 259
Less: Financial services interest expense	**20**	19	**80**	74	71	70	88
Manufacturing interest expense	**$ 62**	$ 62	**$ 247**	$ 233	$ 243	$ 251	$ 171

	Quarters Ended January 31,		Years Ended October 31,				
(in millions)	2017	2016	2016	2015	2014	2013	2012
EBITDA (reconciled above)	**$ 63**	$ 82	**$ 408**	$ 378	$ (21)	$ (360)	$ (665)
Less: Significant items (B)	**(8)**	(5)	**100**	116	327	462	574
Adjusted EBITDA	**$ 55**	$ 77	**$ 508**	$ 494	$ 306	$ 102	$ (91)
Adjusted EBITDA Margin	3.3%	4.4%	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

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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)	Jan. 31, 2017	Oct. 31, 2016
Manufacturing Operations:		
Cash and cash equivalents	$ 506	$ 761
Marketable securities	191	39
Manufacturing Cash and cash equivalents and Marketable securities	$ 697	$ 800
Financial Services Operations:		
Cash and cash equivalents	$ 67	$ 43
Marketable securities	7	7
Financial Services Cash and cash equivalents and Marketable securities	$ 74	$ 50
Consolidated Balance Sheet:		
Cash and cash equivalents	$ 573	$ 804
Marketable securities	198	46
Consolidated Cash and cash equivalents and Marketable securities	$ 771	$ 850
Pro-forma:		
Manufacturing Cash and cash equivalents and Marketable securities	$ 697	
Equity injection from Volkswagen Truck & Bus on February 28th	256	
Pro-forma Manufacturing Cash	$ 953	