



SUTPHEN

Family Owned and Operated since 1890!



10/18/2023
Dealer Open House Round Tables - Sales
Sutphen Sales Team

Sales Updates and Changes for 2024

1. Continuing dealer specific non-aerial sales slots which align sales and production

2. Introducing “stock” pumper strategy

3. Program 1 pumper sales (quoted by factory approval only)

4. Sunsetting of Program 2 pumper line

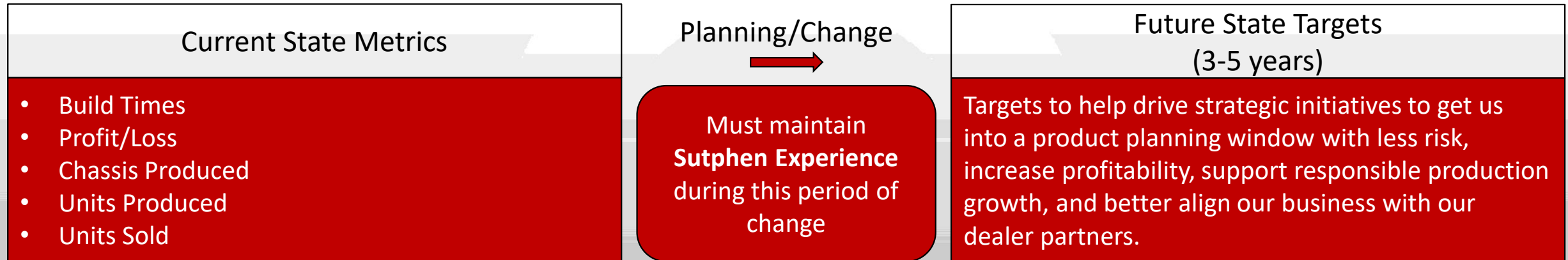
5. Evaluating development of new pumper line concept, reset back to original intentions of low option content/variability at lower cost



Current State vs. Future State Assessment

No organization can succeed today by trying to be all things to all people. Sutphen's operating model is embracing customer intimacy and our unique family-owned experience to partner with customers who recognize the value in these principles.

Now more than ever, Sutphen Corporation is working toward better defined goals to ensure we can be the benchmark of a strong, stable, committed business to the valued customers in our industry.



Sales Slots & Stock Pumper Program

Non-Aerial sales slots to remain at current level

- Commit to quarterly evaluation, but likely required to reach future target state
- **Chassis Only/SVI sales will no longer count towards dealership slots.**
- All other non-aerial products are included
- Some form of “fixed ceiling” for annual order intake is required to align with responsible production growth plans. Tracking and evaluating input vs. output must become a standard practice to avoid a repeat scenario of last three years.

Criticality of Production Ramp Up

- Chassis production will eventually outpace body facility production, shifting the bottle neck back onto those facilities.
- All final assembly facilities will need to sustainably increase average monthly shipments substantially to reach future targets. Teams are actively evaluating and executing on plans to scale up to achieve those targets.
- If Sutphen can scale production to target levels, can dealerships keep up with increased delivery volumes?

Stock Pumper Program

- Increase demo unit production from 16-18 pumpers annually to 24-30. Opportunities may exist for aerial units too.
- Most of the 24-30 units become designated “stock” units. Need for true “demos” has diminished due to non-aerial allotments. Select few (5-6) remain designated “demos” to support trade shows and other needs.
- Re-evaluating when and how those units will be released to the dealer network.
- Under constant evaluation, this program is intended to be extremely flexible and simple to pivot in future based on changes to market conditions, strategy, etc.



Program Pumper Lines

Sunset Program 2 Pumper Line (Jan. 2024)

- Production does not process Program and Custom bodies differently.
- Hale and Waterous have and continue to change their pricing structure and option availability on their module products. This leaves Sutphen to bear the risk on large number of trucks in the backlog.
- Working to build out new “rule/option sets” for Customized Pumpers in SQS2 to allow both Sutphen and Hale built pump modules.

Program 1 Pumper Sales by Factory Pre-Approval Only (Jan. 2024)

- OFAB has repeatedly shown worrying signs of risk for Sutphen.
- Same module risks from Hale and Waterous as Program 2 units. Plans to no longer offer Waterous modules on program 1 pumpers.
- Targeting similar evaluation / approval process to the current concession requests.
- Program 1 and 2 SQS2 rule sets and option structures will be preserved in the background.

Investigate Alternative Limited Option Solutions

- Efforts are being dedicated to researching whether a limited option/more cost-effective product line is worth launching. No changes, beyond the new approval process for PRG1s, would occur until it is clearly defined what the new product line would entail (options, who can purchase, etc.).
- Partner with Dealer Network to get feedback and build out the potential structure and options.
- This allows Sutphen to gather customer feedback and review market reaction to better align our product offerings, sales, and production.

