


Winnebago Industries Announces Third Quarter Fiscal 2014 Results

June 26, 2014

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Strongest Quarterly Revenues Since 2005 Contributes to Operating Income Growth of 52% and Earnings Per Share Growth of 56%

FOREST CITY, IOWA, June 26, 2014 - Winnebago Industries, Inc. (NYSE:WGO), a leading United States (U.S.) recreation vehicle manufacturer, today reported financial results for the Company's third quarter fiscal period ended May 31, 2014.

Third-Quarter Fiscal 2014 Results

Revenues for the Fiscal 2014 third quarter were \$247.7 million, an increase of 13.5%, versus \$218.2 million for the Fiscal 2013 third quarter. Comparing the Fiscal 2014 third quarter to the same period of Fiscal 2013, operating income rose 52.1% to \$15.6 million, net income grew 48.6% to \$11.4 million, and diluted earnings per share increased 55.6% to \$0.42 from \$0.27.

Year over year, third quarter earnings growth was driven by higher motorhome unit sales, gross margin improvement, operating expense leverage, and in part a significant improvement in towables operating income. Motorhome unit growth of 17.8% was partially offset by lower motorhome average selling prices (ASP) of 4.1% as a result of product mix, leading to motorhome revenue growth of 13.6%. Additionally, third-quarter towable unit deliveries grew 2.0% and towable ASP increased 11.5%, contributing to towable revenue growth of 11.9% compared to the same period of last year.

Gross profit as a percentage of revenues improved to 10.7% in the Fiscal 2014 third quarter compared to 9.7% in the same period of Fiscal 2013, an improvement of 100 basis points. The increase was primarily attributable to greater delivery volumes, favorable product mix and year-over-year price changes.

Fiscal 2014 third quarter operating expenses as a percentage of revenues were favorably leveraged given virtually flat year-over-year operating expenses, combined with higher revenues, to contribute 60 basis points to the improvement in operating income margin.

Based on internally reported retail information, the Company has shown a 60% increase in motorhome retail registrations in the third quarter of Fiscal 2014 compared to the same period last year, and a 34% year-over-year increase on a rolling 12-month basis.

First Nine-Month Fiscal 2014 Results

Revenues for the 39 weeks of Fiscal 2014 were \$699.2 million, an increase of 18.7%, from \$588.9 million for the 40 weeks of Fiscal 2013. Comparing the first nine months of Fiscal 2014 to the same period of Fiscal 2013, operating income rose 57.0% to \$45.6 million, net income grew 50.6% to \$32.1 million, and diluted earnings per share increased 52.6% to \$1.16 from \$0.76.

Management Comments

Chairman, CEO and President Randy Potts commented, "Driven by strong demand for our products, we achieved the highest quarterly revenue figure since 2005, which led to substantial year-over-year profit growth in the third quarter. This was in spite of not including revenue of approximately \$18 million related to certain rental units subject to repurchase option. During the quarter our team operated efficiently and effectively to successfully meet increased demand for our rental units all while maintaining deliveries with our other customers. We are very pleased with our retail growth during the quarter, which is driven by increased rental sales and increased retail consumer demand.

"At our Dealer Days event this April, we introduced several new products and floorplans that were well received by our dealer partners. As evidenced by continued strength in our dealer and retail demand, we believe we will continue to capitalize on future growth opportunities."

Chief Financial Officer Sarah Nielsen added, "We generated nearly \$40 million in operating cash flow during the third quarter driven by profitability and positive changes in working capital. With over \$50 million in cash and no debt, our balance sheet is in a strong position."

Conference Call


Winnebago Industries, Inc. will conduct a conference call to discuss third-quarter results at 9 a.m. Central Time today. Members of the news media, investors and the general public are invited to access a live broadcast of the conference call via the Investor Relations page of the Company's website at <http://www.wgo.net/investor.html>. The event will be archived and available for replay for the next 90 days.

About Winnebago Industries

Winnebago Industries, Inc., "The Most Recognized Name in Motorhomes®", is a leading U.S. manufacturer of recreation vehicles, which are used primarily in leisure travel and outdoor recreation activities. The Company and its subsidiary build quality motorhomes, travel trailers, fifth wheel products and transit buses under the Winnebago, Itasca, Winnebago Touring Coach, SunnyBrook and Metro brand names. Winnebago Industries has received the Quality Circle Award from the Recreation Vehicle Dealers Association every year since 1996. The Company's common stock is listed on the New York and Chicago Stock Exchanges and traded under the symbol WGO. Options for the Company's common stock are traded on the Chicago Board Options Exchange. For access to Winnebago Industries' investor relations material or to add your name to an automatic email list for Company news releases, visit, <http://www.wgo.net/investor.html>.

This press release may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that forward-looking statements are inherently uncertain. A number of factors could cause actual results to differ materially from these statements, including, but not limited to availability of chassis and other key component parts, increases in interest rates, availability of credit, low consumer confidence, significant increase in repurchase obligations, inadequate liquidity or capital resources, availability and price of fuel, a slowdown in the economy, increased material and component costs, sales order cancellations, slower than anticipated sales of new or existing products, new product introductions by competitors, a breach of our information technology systems, the effect of global tensions, integration of operations relating to mergers and acquisitions activities and other factors. Additional information concerning certain risks and uncertainties that could cause actual results to differ materially from that projected or suggested is contained in the Company's filings with the Securities and Exchange Commission (SEC) over the last 12 months, copies of which are available from the SEC or from the Company upon request. The Company disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained in this release or to reflect any changes in the Company's expectations after the date of this release or any change in events, conditions or circumstances on which any statement is based, except as required by law.

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