



## Winnebago Industries Announces First Quarter Fiscal 2015 Results

December 18, 2014



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### -- Board of Directors Approve Quarterly Cash Dividend of \$0.09 Per Share --

FOREST CITY, IOWA, December 18, 2014 - Winnebago Industries, Inc. (NYSE:WGO), a leading United States recreation vehicle manufacturer, today reported financial results for the Company's first quarter of Fiscal 2015.

#### First Quarter Fiscal 2015 Results

Revenues for the Fiscal 2015 first quarter ended November 29, 2014 were \$224.4 million, an increase of 0.8%, versus \$222.7 million for the Fiscal 2014 first quarter. Operating income was \$14.4 million for the Fiscal 2015 first quarter compared to \$16.0 million last year. Net income in the Fiscal 2015 first quarter was \$9.9 million, or \$0.37 per diluted share, versus \$11.1 million, or \$0.40 per diluted share, last year.

Year over year, first quarter financial results were negatively impacted by labor constraints and supply chain disruptions, which impacted production and delayed the completion and shipment of motorized units. As a result of these operational events, the Company incurred significant production variances in the quarter compared to the same period a year ago, primarily in the form of higher labor-related expenses, including an increase in workers compensation expense, all of which negatively impacted variable costs and margins in the quarter.

Motorhome unit shipments grew 1.3% in the quarter, however revenue declined 0.7%, a result of lower motorhome average sales prices (ASP) of 2.2% due to product mix. Towables operating income improved \$0.9 million and was positively impacted by towables revenue growth of 29.2%, comprised of a 15.8% improvement in ASP and a 12.8% increase in units.

Compared to the same period of last year, the Company's motorhome retail registrations increased 19% in the first quarter of Fiscal 2015 and 30% on a rolling 12-month basis, based on internally reported retail information.

#### Quarterly Cash Dividend

On December 17, 2014, the Company's board of directors approved a quarterly cash dividend of \$0.09 per share payable on February 4, 2015 to common stockholders of record at the close of business on January 21, 2015.

#### Share Repurchase Update

During the Fiscal 2015 first quarter, the Company repurchased approximately 272,000 shares of its common stock for approximately \$6.0 million, at an average price of \$21.86 per share. At November 29, 2014, the Company had authority to repurchase shares worth up to \$7.6 million remaining under its stock repurchase program, which has no time restriction.

#### Management Comments

Chairman, CEO and President Randy Potts commented, "We faced significant operational challenges in the first quarter because of variances attributed in large part to labor-related inefficiencies and supply chain disruptions, which impacted our ability to finish and ship all of the units we otherwise would have. We are disappointed with the effect these issues, along with the corresponding increased expenses, had on our first quarter profitability. We have made significant progress and will continue to work to resolve these issues throughout the second quarter. On a positive note, we are encouraged with the 12% increase sequentially in backlog from the fourth quarter of Fiscal 2014. Further, with double-digit growth in motorhome retail registrations, both year over year and on a rolling 12-month basis, consumer demand for our products remains very strong. We look forward to improving results as Fiscal 2015 progresses."

Chief Financial Officer Sarah Nielsen added, "Operating cash flow in the first quarter was impacted by higher inventory levels, primarily the result of increased raw materials and work in process inventory and is reflective of both the strong demand for our products and the operational issues that we experienced during the quarter. As we resolve operational issues, we anticipate improvements in working capital related to this matter in the second quarter. However, at the same time, we also expect similar working capital needs as we prepare for the rental build season."

#### Conference Call

Winnebago Industries, Inc. will conduct a conference call to discuss first quarter Fiscal 2015 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 Motor Homes®", is a leading U.S. manufacturer of recreation vehicles, which are used primarily in leisure travel and outdoor recreation activities. The Company builds quality motor homes, travel trailers, fifth wheel products, and transit buses. 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 increases in interest rates, availability of credit, low consumer confidence, availability of labor, 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, availability of chassis and other key component parts, sales order cancellations, slower than anticipated sales of new or existing products, new product introductions by competitors, 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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