

Winnebago Industries Announces Fourth Quarter and Fiscal 2015 Results

October 15, 2015

-- Full Year Fiscal 2015 Operating Cash Flow Increased by 95% Versus Last Year --
-- Board of Directors Approved 11% Increase in Quarterly Cash Dividend to \$0.10 Per Share --

 [Click here for a PDF version of the full release including financials](#)

FOREST CITY, IOWA, October 15, 2015 - Winnebago Industries, Inc. (NYSE:WGO), a leading United States recreation vehicle manufacturer, today reported financial results for the Company's fourth quarter and full year Fiscal 2015.

Fourth Quarter Fiscal 2015 Results

Revenues for the Fiscal 2015 fourth quarter ended August 29, 2015, were \$251.0 million, an increase of 2.1%, versus \$245.9 million for the Fiscal 2014 period. Operating income was \$16.9 million for the current quarter compared to \$18.3 million in the fourth quarter of last year. Fiscal 2015 fourth quarter net income was \$11.7 million, or \$0.43 per diluted share, versus \$12.9 million, or \$0.48 per diluted share, in the same period last year.

Fourth quarter gross margin improved sequentially from the third quarter due in part to improved manufacturing efficiencies within the motorized group. However, year-over-year fourth quarter gross margin declined due to unfavorable trends in warranty expense, the establishment of a warranty recall reserve and costs related to motorized manufacturing inefficiencies. These costs were partly offset by the reinstatement of tariff rebates on certain imported materials, lower commodity related expense, greater absorption of fixed costs and the realization of cost-saving benefits related to the Company's strategic sourcing initiative.

Operating expenses increased in the Fiscal 2015 fourth quarter compared to last year due mainly to incremental general and administrative expenses associated with two previously disclosed strategic initiatives related to ERP implementation and strategic sourcing, as well as costs related to a retirement agreement with the Company's former CEO.

Fourth quarter Fiscal 2015 revenue growth year over year was driven by improved towables revenues of 36.7%, as a result of a 26.3% average selling price (ASP) increase and unit growth of 7.5%. Compared to last year, fourth quarter Fiscal 2015 motorized unit shipment volumes were essentially flat.

Year over year, motorhome retail registrations increased 28% in the Fiscal 2015 fourth quarter and 16% on a rolling 12-month basis, while towable retail registrations increased 21% in the Fiscal 2015 fourth quarter and 14% on a rolling 12-month basis, based on internally reported retail information.

Full Year Fiscal 2015 Results

Fiscal 2015 revenues were \$976.5 million, an increase of 3.3% from \$945.2 million for Fiscal 2014. The sales growth was primarily comprised of motorhome unit growth of 3.9% and towables ASP and unit growth of 15.9% and 6.4%, respectively. Net income for Fiscal 2015 was \$41.2 million, or \$1.52 per diluted share, versus \$45.1 million, or \$1.64 per diluted share, last year. During Fiscal 2015, investments related to the new ERP system and strategic sourcing initiatives aggregated \$7.0 million, of which \$3.8 million was expensed.

Quarterly Cash Dividend

On October 14, 2015, the Company's board of directors approved an 11% increase to the quarterly cash dividend to \$0.10 per share, payable on November 25, 2015 to common stockholders of record at the close of business on November 11, 2015.

Management Comments

Sarah Nielsen, Chief Financial Officer, commented, "Fiscal 2015 results were driven by strong performance in our class B and C motorized products as well as significantly improved results from the towables group, where both revenue and operating income grew. During the year we made considerable progress on both of our strategic initiatives and saw early benefits from our strategic sourcing project, which we anticipate will enhance gross margin by up to 50 basis points in Fiscal 2016. Additionally, we continued our efforts to improve labor capacity within motorized through the purchase of a facility in Waverly, Iowa. In Fiscal 2016, we will be exiting our bus and aluminum extrusion operations, which we believe will improve profitability and should add production capacity for our higher margin motorhome business.

Nielsen added, "Our operating cash flow doubled during the fourth quarter and is up by 95% for the full year of Fiscal 2015. We are pleased with this performance particularly during a period where we have made significant long-term investments aimed at benefiting the Company in the future."

Nielsen concluded, "We maintain a positive long-term outlook for the business and are encouraged with the continued consumer demand for our products, as well as with RVIA's expectation for continued industry growth of approximately 3% in calendar 2016. With industry leading products, a solid balance sheet and several strategic actions underway, we are well positioned to generate

long-term shareholder value.”

Conference Call

Winnebago Industries, Inc. will conduct a conference call to discuss fourth quarter and Fiscal 2015 results at 9:00 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://investor.wgo.net>. 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, and fifth wheel products. 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://investor.wgo.net>.

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, any unexpected expenses related to ERP and strategic sourcing projects 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.