

Winnebago Industries Announces First Quarter Fiscal 2017 Results

December 21, 2016

-- Completed Acquisition of Grand Design --

-- Continued Strong Growth Trajectory In Both Grand Design and Winnebago Branded Towable Products --

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FOREST CITY, IOWA, December 21, 2016 - Winnebago Industries, Inc. (NYSE:WGO), a leading United States recreation vehicle manufacturer, today reported financial results for the Company's first quarter of Fiscal 2017.

First Quarter Fiscal 2017 Results

Revenues for the Fiscal 2017 first quarter ended November 26, 2016, were \$245.3 million, an increase of 14.5%, compared to \$214.2 million for the Fiscal 2016 period. Operating income was \$18.4 million for the current quarter, an improvement of 44.2% compared to \$12.8 million in the first quarter of last year. Fiscal 2017 first quarter net income was \$11.7 million, or \$0.42 per diluted share, an increase of 37.2% compared to \$8.6 million, or \$0.32 per diluted share, in the same period last year.

Consolidated revenues improved year-over-year due primarily to strong growth in the Company's Towable business - which benefited from three weeks of sales from Grand Design, contributing \$25.8 million during the quarter, as well as continued organic growth in the Winnebago-branded Towable business which grew 44% - slightly offset by a modest decline in Motorized revenues. First-quarter gross margin was steady, year over year.

President and Chief Executive Officer Michael Happe commented, "We are off to a strong start in 2017 as we continue to implement our plan to transform Winnebago, competing more effectively in the market and delivering increased profitability. We successfully completed the acquisition of Grand Design, significantly expanding our penetration within the fast-growing Towable market and creating a broader and more balanced portfolio well-positioned to capitalize on the opportunities across the RV market. Our Towable segment delivered continued strong organic growth for the quarter and we are now even better positioned to compete in this attractive market with the addition of Grand Design's leading product portfolio. In our Motorized business, retail registrations were up and our backlog increased versus the end of the prior quarter; we are focused on driving greater and more consistent product quality and customer service. Looking ahead, we are excited to continue the momentum we have achieved in building Winnebago into a true full-line RV leader. I would like to thank all of our Winnebago employees for their hard work during the quarter and welcome the Grand Design team to our Company."

Significant items impacting income before income taxes in the first quarter of Fiscal 2017:

1. Postretirement health care benefit income: the Company's decision to terminate its postretirement health care plan effective January 1, 2017 positively impacted the quarter by \$12.8 million or \$.31 per diluted share, net of tax, compared to prior year postretirement health care benefit income of \$1.3 million or \$.03 per diluted share, net of tax.
2. Grand Design acquisition related expenses:
 1. transaction costs related to the Grand Design acquisition were \$5.5 million, or \$.13 per diluted share, net of tax
 2. amortization expense related to the definite-lived intangible assets acquired was \$2.1 million, or \$.05 per diluted share, net of tax
 3. interest expense associated with the newly established outstanding debt to help fund the acquisition of \$1.1 million, or \$.03 per diluted share, net of tax.

Excluding these items as well as depreciation expense, consolidated adjusted EBITDA (a non-GAAP measure) was \$14.7 million compared to \$12.8 million last year, an increase of 14.8%.

As a result of the Company's acquisition of Grand Design and continued growth of the Winnebago-branded Towable business, the Company is now reporting results for the Motorized and Towable segments.

Motorized

Revenues for the Motorized segment were \$195.1 million for the quarter, down 1.1% from the previous year, reflecting the impact of the Company's exit from its aluminum extrusion business which contributed \$5 million in revenue in the first quarter of Fiscal 2016. Segment Adjusted EBITDA was \$10.0 million, down 14.6% from the prior year, primarily driven by incrementally higher expenses related to workers compensation and costs associated with ramp-up of the Company's Junction City, Oregon production facility.

Towable

Revenues for the Towable segment were \$50.2 million for the quarter, up 197.2% from the previous year, driven by the addition of \$25.8 million in revenue from the Grand Design acquisition and strong organic growth from Winnebago-branded Towable products. Segment Adjusted EBITDA was \$4.7 million, up 340% from the prior year.

Balance Sheet

As of November 26, 2016, the Company had a debt balance of \$342.3 million (\$353 million of debt, net of debt issuance costs of \$10.7 million) and working capital of \$144.9 million. The debt to equity ratio was 86.1% and the current ratio was 2.1 as of the end of the quarter.

Conference Call

Winnebago Industries, Inc. will conduct a conference call to discuss first quarter Fiscal 2017 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

Winnebago is a leading U.S. manufacturer of recreation vehicles under the Winnebago and Grand Design brands, which are used primarily in leisure travel and outdoor recreation activities. The Company builds quality motorhomes, travel trailers and fifth wheel products. Winnebago has multiple facilities in Iowa, Indiana, Oregon and Minnesota. 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's investor relations material or to add your name to an automatic email list for Company news releases, visit <http://investor.wgo.net>.

Forward Looking Statements

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, risks relating to the integration of our acquisition of Grand Design including: risks inherent in the achievement of cost synergies and the timing thereof, risks related to the disruption of the transaction to Winnebago and Grand Design and its management, the effect of announcement of the transaction on Grand Design's ability to retain and hire key personnel and maintain relationships with customers, suppliers and other third parties, risk related to compliance with debt covenants and leverage ratios, risks related to integration of the two companies 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.