

# Second Quarter 2021 Results

March 2021

**WINNEBAGO**  
INDUSTRIES



# Forward Looking Statements

This presentation contains 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 and involve potential risks and uncertainties. A number of factors could cause actual results to differ materially from these statements, including, but not limited to competition and new product introductions by competitors, our ability to attract and retain qualified personnel, increases in market compensation rates, business or production disruptions, sales order cancellations, risk related to the terms of our credit agreements and compliance with debt covenants and leverage ratios, stock price volatility and share dilution, disruptions or unanticipated costs from facility expansions, availability of labor, a slowdown in the economy, low consumer confidence, the effect of global tensions, increases in interest rates, availability of credit, availability of financing for RV and marine dealers, impairment of goodwill, risk related to cyclical and seasonality of our business, slower than anticipated sales of new or existing products, integration of operations relating to merger and acquisition activities generally, our acquisition of Newmar, the possibility that the Newmar acquisition may not perform as expected or may not result in earnings growth, difficulties and expenses related to integrating Newmar into our business, increased focus of management attention and resources on the acquisition of Newmar, risks related to the Convertible Notes and Senior Secured Notes, including our ability to satisfy our obligations under the Convertible Notes and Senior Secured Notes, risks related to our Convertible Note hedge and warrant transactions, inadequate liquidity or capital resources, inventory and distribution channel management, our ability to innovate, our reliance on large dealer organizations, significant increase in repurchase obligations, availability and price of fuel, availability of chassis and other key component parts, increased material and component costs, exposure to warranty claims, ability to protect our intellectual property, exposure to product liability claims, dependence on information systems and web applications, any unexpected expenses related to the implementation of our ERP system, the duration and scope of the COVID-19 pandemic, actions governments, businesses, and individuals take in response to the COVID-19 pandemic, including mandatory business closures and restrictions of onsite commercial interactions; the impact of the pandemic and actions taken in response to the pandemic on regional economies and economic activity; the pace of recovery when the COVID-19 pandemic subsides; and general economic uncertainty in key markets and a worsening of domestic economic conditions or low levels of economic growth, risk related to data security, governmental regulation, including for climate change, risk related to anti-takeover provisions applicable to us, cyber-attacks and other factors. We caution that the foregoing list of important factors is not complete. The company disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in this presentation or to reflect any changes in the company's expectations after the date of this presentation or any change in events, conditions or circumstances on which any statement is based, except as required by law.

## **INDUSTRY AND MARKET DATA**

In this presentation, we rely on and refer to information and statistics regarding market participants in the sectors in which we compete and other industry data. We obtained this information and statistics from third-party sources, including reports by market research firms. While such information is believed to be reliable, for the purposes used herein, we make no representation or warranty with respect to the accuracy of such information. Any and all trademarks and trade names referred to in this presentation are the property of their respective owners.

## **NON-GAAP FINANCIAL MEASURES**

This presentation includes financial information prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP"), as well as certain adjusted or non-GAAP financial measures such as EBITDA, adjusted EBITDA and adjusted EPS. EBITDA is defined as net income before interest expense, provision for income taxes, and depreciation and amortization expense. Adjusted EBITDA is defined as net income before interest expense, provision for income taxes, depreciation and amortization expense, and other adjustments made in order to present comparable results from period to period. These non-GAAP financial measures, which are not calculated or presented in accordance with GAAP, have been provided as information supplemental and in addition to the financial measures presented in accordance with GAAP. Such non-GAAP financial measures should not be considered superior to, as a substitute for, or as an alternative to, and should be considered in conjunction with, the GAAP financial measures presented herein. The non-GAAP financial measures presented may differ from similar measures used by other companies. Please see slides 26-27 for reconciliations of these non-GAAP measures to the nearest GAAP measure.

We have included these non-GAAP performance measures as comparable measures to illustrate the effect of non-recurring transactions occurring during the year and improve comparability of our results from period to period. Management uses these non-GAAP financial measures (a) to evaluate our historical and prospective financial performance and trends as well as our performance relative to competitors and peers; (b) to measure operational profitability on a consistent basis; (c) in presentations to the members of our board of directors to enable our board of directors to have the same measurement basis of operating performance as is used by management in its assessments of performance and in forecasting and budgeting for our company; (d) to evaluate potential acquisitions; and (e) to ensure compliance with covenants and restricted activities under the terms of our credit facilities. We believe these non-GAAP financial measures are frequently used by securities analysts, investors and other interested parties to evaluate companies in our industry.

# WINNEBAGO INDUSTRIES

Be great, outdoors.

**WINNEBAGO**

GRAND DESIGN  
RECREATIONAL VEHICLES

*Chris Craft*

NEWMAR

## For the team at Winnebago Industries, the outdoors is a calling.

One that removes the line between what we love and what we do. We are a family of brands with rich legacies that are as unique as our customers but unified in how we work.

## We promise...

**quality delivered** by empowered, passionate employees. We're part of a team **caring for customers** through a lifetime of experiences with us. And we purposefully **innovate to delight** customers with new ways to travel, live, work and play.

# Overview

We help our customers explore the outdoor lifestyle, enabling extraordinary experiences as they travel, live, work and play.

## Quick Facts

**\$2.8B**

FY 2021 Q2 TTM Revenue

**6,100**

Highly Skilled Employees

## Significant Transformation (2016-Current)

	<u>F2016</u>	<u>Current</u>
• Revenue	\$1.0B	\$2.8B
• RV Market Share <sup>1</sup>	3.0%	12.9%
• Market Cap <sup>2</sup>	\$0.7B	\$2.7B

## Products



Class A – Gas & Diesel



Class B



Class C – Gas & Diesel



Travel Trailer



5<sup>th</sup> Wheel



Specialty Vehicles



Boats

## Locations



- Executive Office
- RV Production
- Chris-Craft Production

<sup>1</sup> current market share is retail fiscal year-to-date as of January, 2021; per Statistical Surveys Inc.

<sup>2</sup> market cap: F16 as of 8/30/16 and current as of 3/22/21

# Enterprise Strategic Priorities



## Strengthen An Inclusive, High-Performance Culture

- Purpose-driven
- Collaborative
- Results-focused



## Build Exceptional Outdoor Lifestyle Brands

- Organic Growth
- Smart  
Diversification
- Premium Offerings



## Utilize Technology and Information as Business Catalysts

- Innovation
- Productivity /  
Agility
- Digital  
Competency



## Create A Lifetime of Customer Intimacy

- Consumer Insights
- Channel  
Partnerships
- Shared  
Experiences

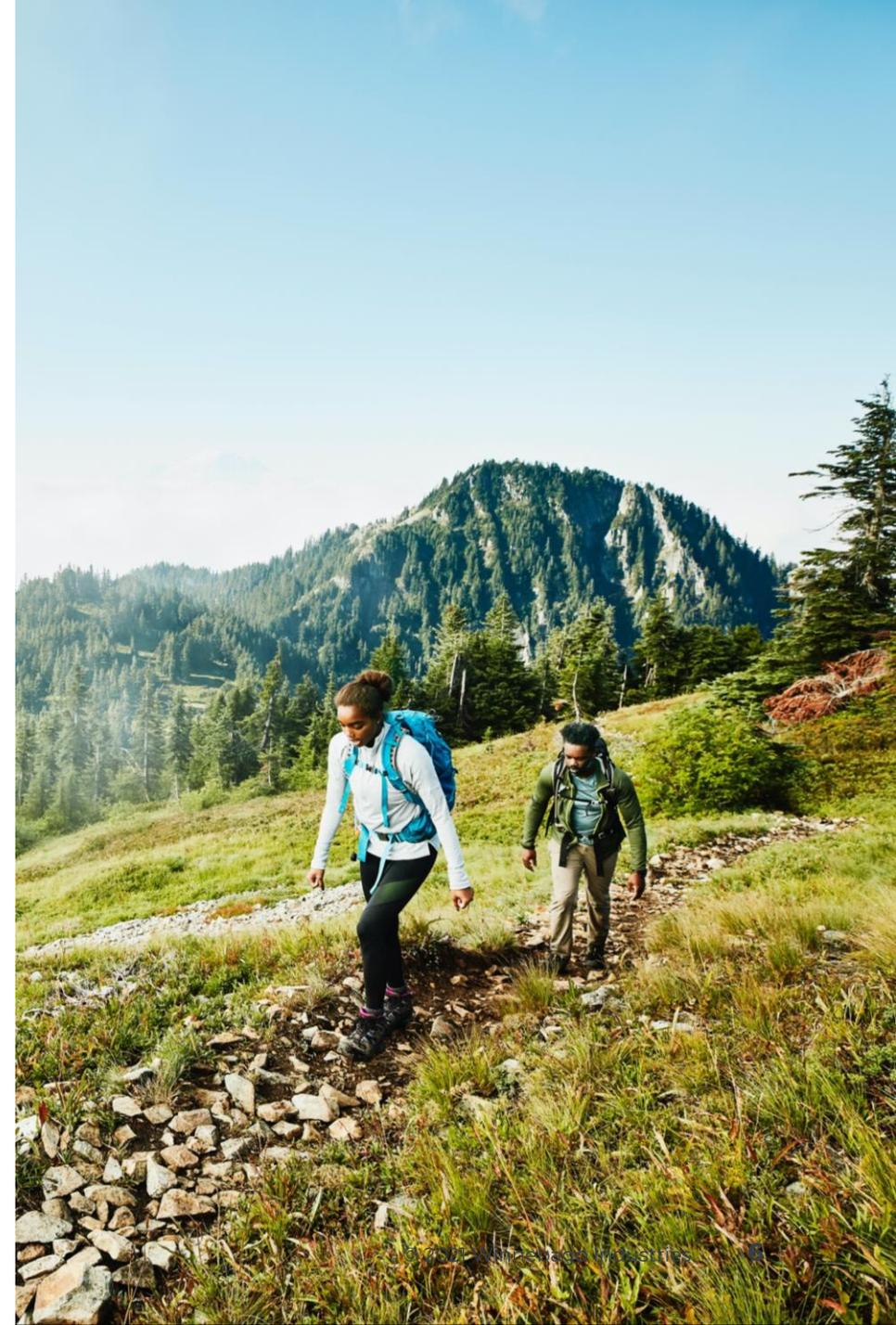


## Drive Operational Excellence and Portfolio Synergy

- Employee  
Safety / Health
- Product Quality
- Continuous  
Improvement

# Second Quarter Highlights

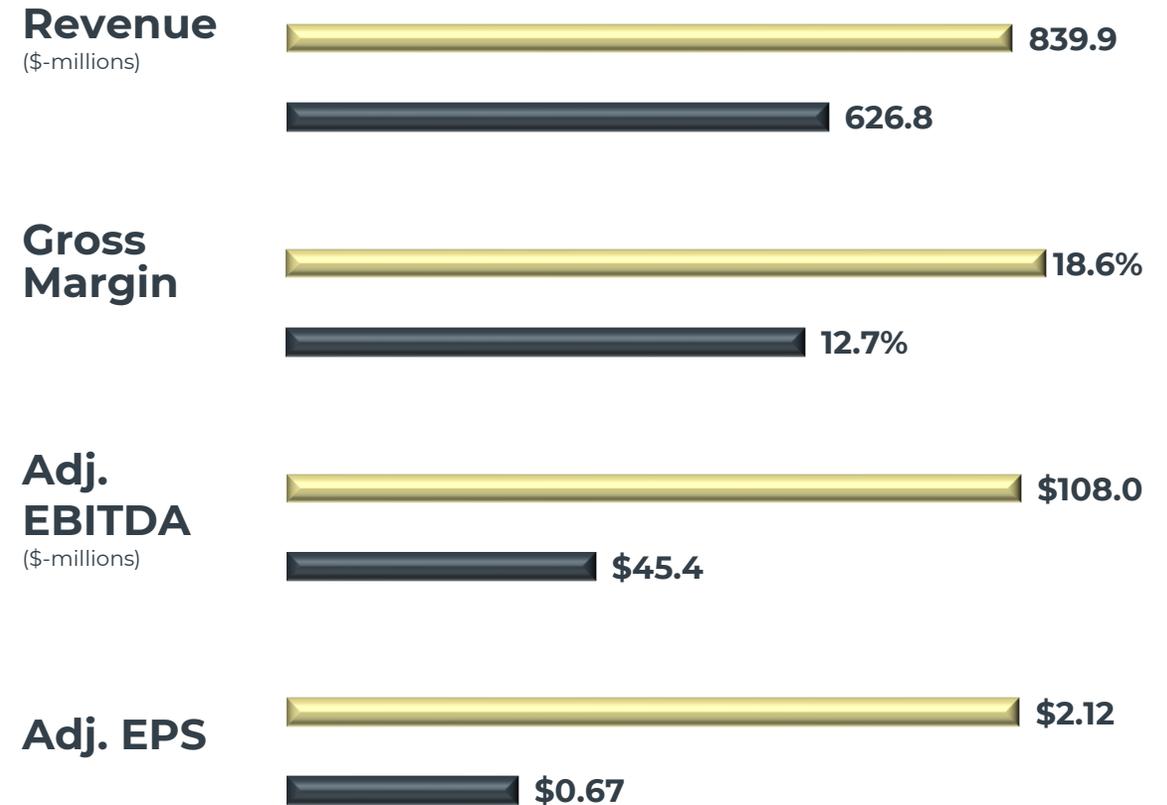
- Record quarterly revenue of \$840M
- RV market share gains continue
- Strong gross margin expansion of 590 bps vs F20 Q2
- Adjusted EPS growth of over 200% vs F20 Q2
- Issued 2nd annual Corporate Responsibility Report in December



# Q2 Consolidated Results



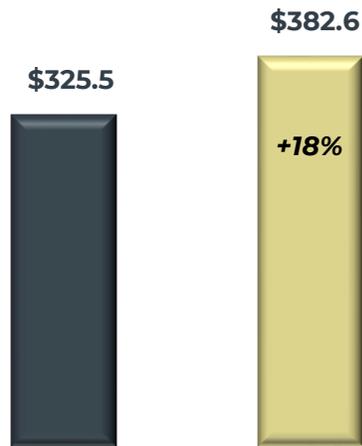
- Revenues grew 34% driven by strong consumer demand in both the towable segment (+55%) and motorhome segment (+18%)
- Gross margins expanded 590 bps due to favorable pricing, including lower discounts and allowances, strategic cost savings initiatives, segment mix and operating leverage
- Adjusted EBITDA more than doubled driven by strong revenue growth and enhanced gross margins
- Adjusted EPS increased dramatically (over 200%) reflecting strong performance amidst robust outdoor lifestyle market growth



# Motorhome Segment Results

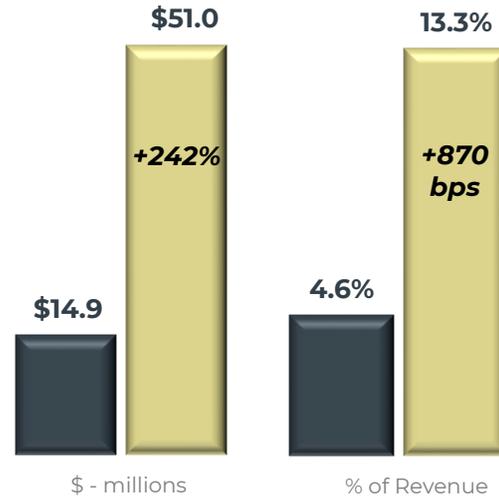


**Revenue** (\$-millions)



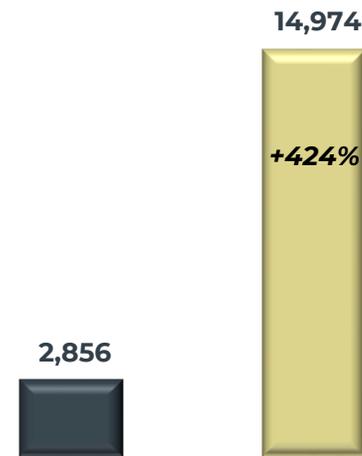
Segment revenues increased \$57M (18%) driven by strong Winnebago branded growth

**Adjusted EBITDA**



Segment Adjusted EBITDA more than tripled to \$51M and Adjusted EBITDA % improved 870 bps due to cost savings initiatives, favorable pricing and operating leverage

**Backlog** (units)



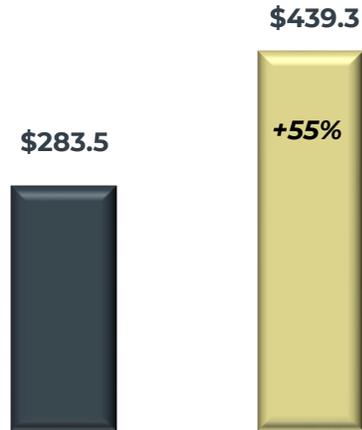
Segment backlogs increased to a record 15K units driven by high levels of consumer demand and depleted dealer inventories



# Towables Segment Results

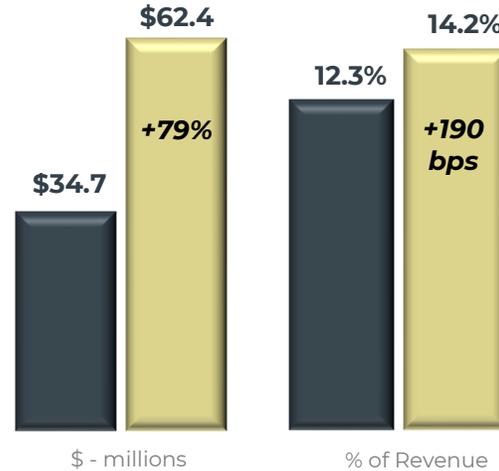


**Revenue** (\$-millions)



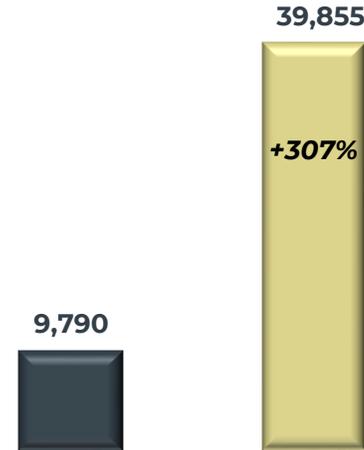
Segment revenues increased 55% to \$439M driven by strong consumer demand for both the Grand Design and Winnebago branded travel trailer and fifth wheel products

**Adjusted EBITDA**



Segment Adjusted EBITDA increased 79% to \$62M driven by increased revenues. Adjusted EBITDA % improved 190 bps due to favorable pricing and operating leverage

**Backlog** (units)



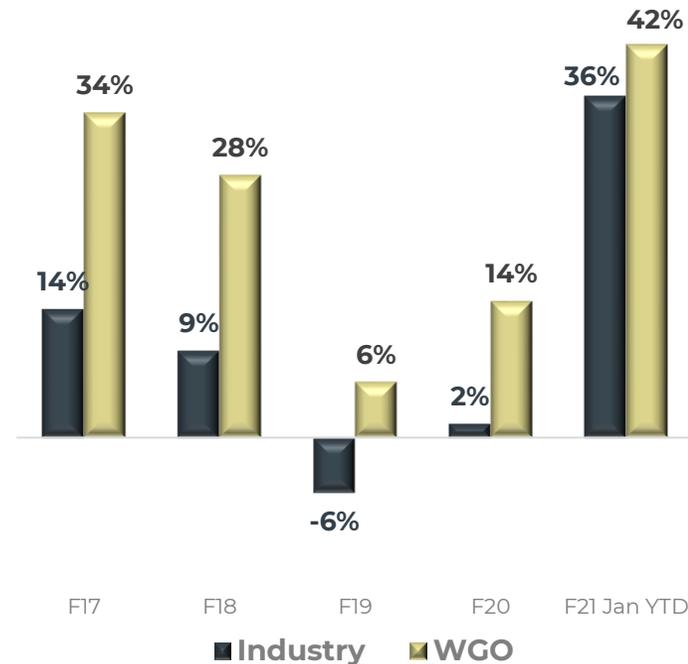
Segment backlogs increased to a record 40K units driven by high levels of consumer demand and depleted dealer inventories



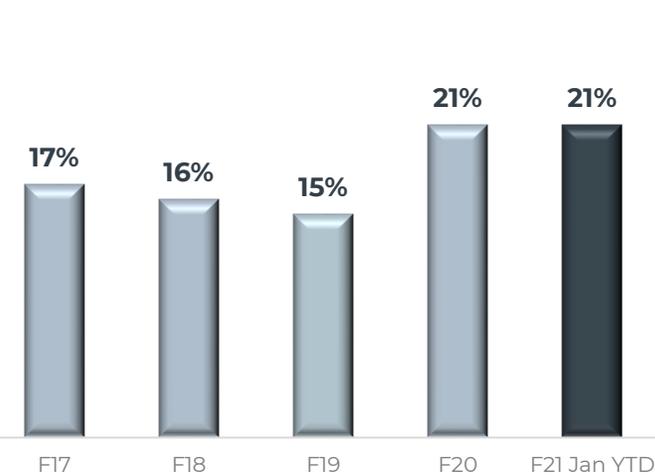
# Growing Market Share

## Winnebago vs. RV Industry Retail Growth

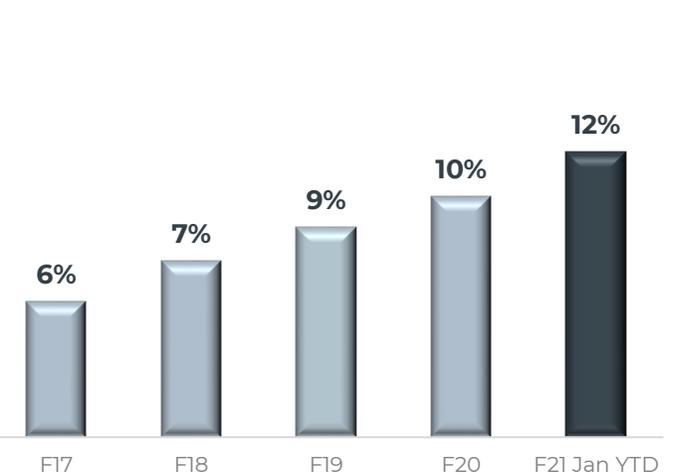
(YoY % Growth of Retail Units)



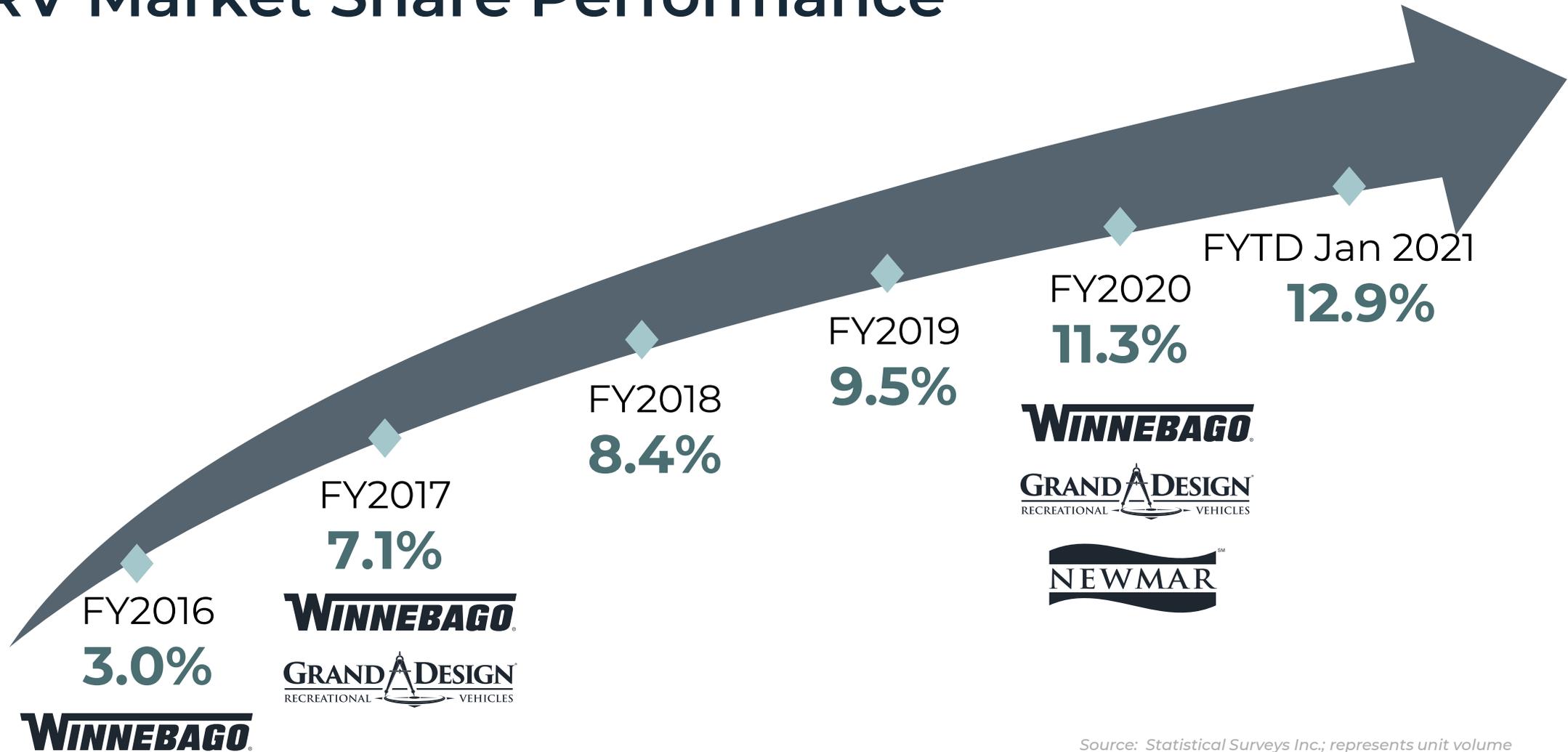
## Motorhome Segment Market Share (Units)



## Towables Segment Market Share (Units)



# RV Market Share Performance



Source: Statistical Surveys Inc.; represents unit volume

# Chris-Craft Highlights

- Strong retail growth momentum continues in Q2
- Long backlog (into the fall of 2021) with >50% sold to retail buyers
- Dealer inventories are at a 12-year low and will be 2022 before meaningful pipeline refill
- New products this year are the 35 Calypso, 24 Calypso and 24 Catalina

*Chris★Craft*<sup>®</sup>



# Motorhome Segment New Products

**WINNEBAGO**

**NEWMAR**<sup>SM</sup>



## Journey

Class A—Diesel

Quiet Ride with Automotive Cockpit

Winnebago Connect Control Panel

Start Ship Q1 Fiscal 2022

MSRP Starting at \$377K



## Ekko

Class C—Gas

Ford Transit AWD Chassis

Off-Grid Ready

Start Ship Q3 Fiscal 2021

MSRP Starting at \$164K



## Canyon Star

Class A – Diesel

New Dashboard Assembly

Armless Power Awnings

Introduced April, 2020

MSRP Starting at \$236K

# Towable Segment New Products



## Transcend XPLOR

- Entry Level Travel Trailer
- 165W Solar Panel & 25 amp charge controller
- 12V Refrigerator
- Introduced September, 2020
- MSRP Starting at \$20k



## Reflection

- Towable 5th Wheel
- Turning Point Pinbox
- Compass Connect (mobile app)
- Re-designed Fall 2020
- MSRP Starting at \$52k



## Hike

- Travel Trailer
- Patented Exterior Exoskeleton
- All-terrain Trailer
- Introduced February, 2020
- MSRP Starting at \$28k

# Other New Products



## Calypso 24'

Bow Rider Series
Dive Door
Dynamic Seating
Introduced November, 2020
MSRP Starting at \$178k

## Calypso 35'

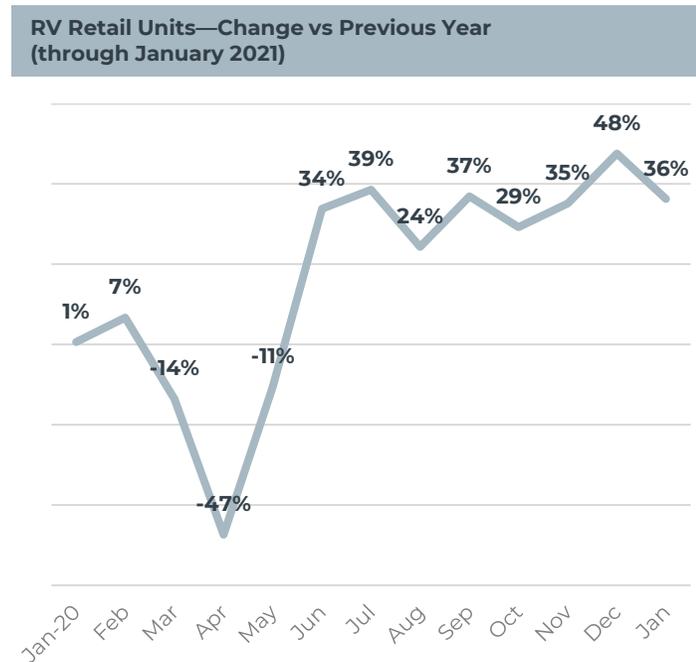
Dual Console Series
Enclosed Hardtop
Electric Walkthrough Windshield
Introduced July, 2020
MSRP Starting at \$562k

## Inspire

Class A – Diesel
Accessibility Enhanced
Wheelchair Lift, Roll-in Shower, Wide Aisles
Introduced November, 2020
MSRP Starting at \$299k

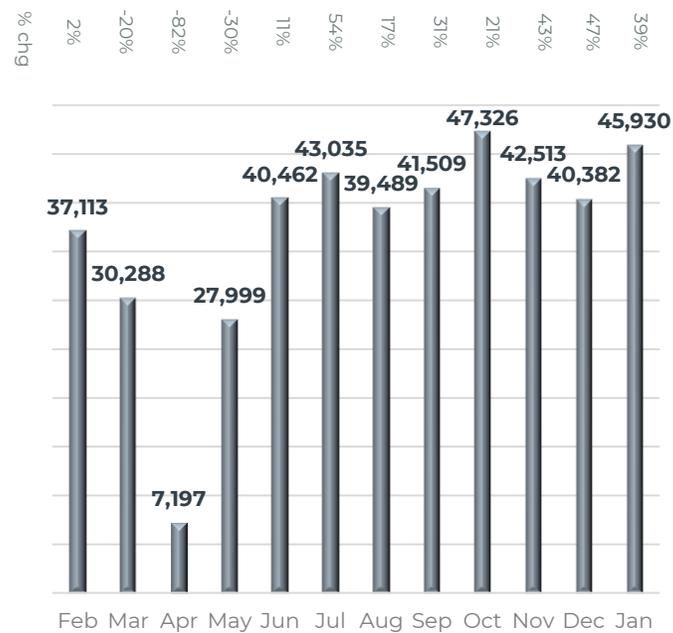
# Key RV Industry Trends

## RV Industry Retail Sales Remain Strong



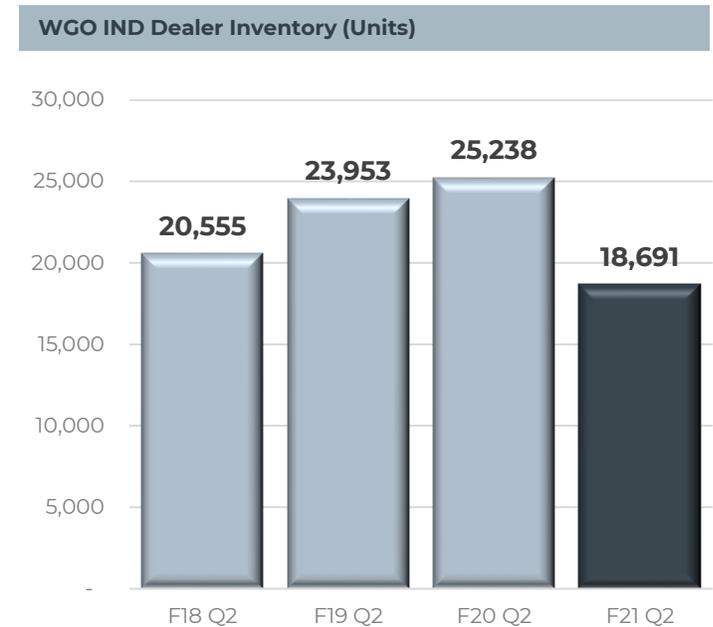
Source: Statistical Surveys Inc.

## RV Industry Wholesale Shipments Averaging ~43K Units Per Month Since June 2020



Source: Recreation Vehicle Industry Association

## Dealer Inventories of WGO IND RV Products Continue to be Low



# Strong Interest In The Outdoors

**68%** of consumers under the age of 55 participated in an outdoor activity such as camping, hiking, boating or visiting a state or national park\*

**60%** of the U.S. population pursued an outdoor activity in 2020\*  
**31%** was first time participating in an outdoor activity\*

**55%** of new campers, since the pandemic, are millennials\*\*

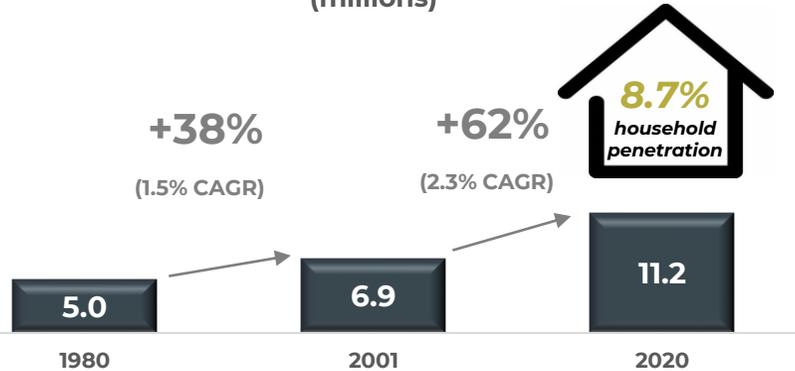
**82%** of new campers, since the pandemic, have children\*\*

***RV vacations are the most economical – on average 27% to 62% less expensive per day compared to other vacation options\*\*\****

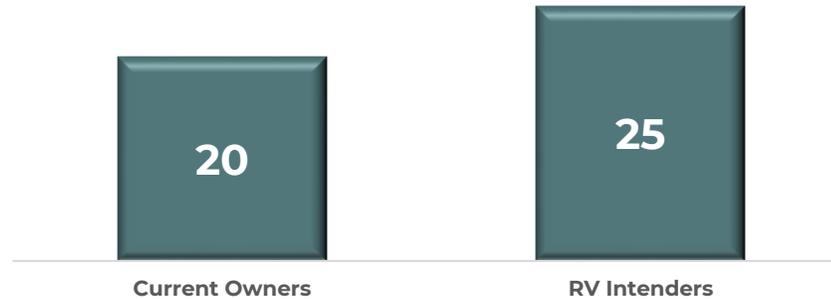


# RVs Growing & Camping More Diverse

## Rapid U.S. Household RV Ownership<sup>1</sup> (millions)



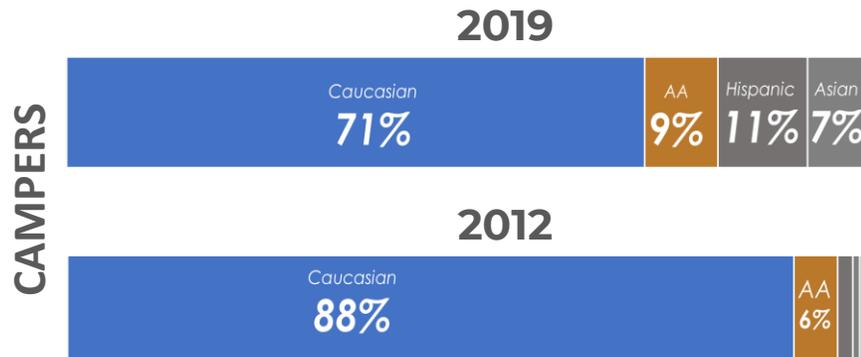
## RV Usage Will Grow<sup>1</sup> (# days per year - median)



## The Growing Appeal of RVs<sup>1</sup>

- The feeling of freedom and flexibility
- Adventure and pleasant escape from “real world”
- Love camping, but not without certain luxuries
- Brings back priceless experience with friends and family
- Don't have to pack a suitcase

## Significant Growth of Diverse Campers<sup>2</sup>

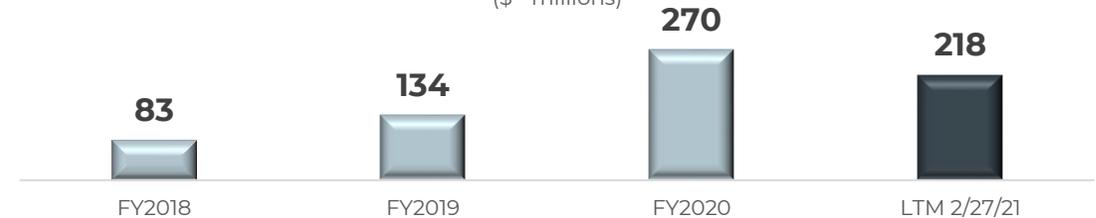


# Capital Allocation Priorities

- Reinvest in our core businesses
- Continue to acquire businesses that are a strategic and cultural fit, and are financially accretive
- Maintain adequate liquidity
- Optimize capital structure
- Return cash to shareholders through consistent dividends and share repurchase

## Net Cash from Operations

(\$ - millions)



## Capital Expenditures

(\$ - millions)



## Cash Returned to Shareholders<sup>1</sup>

(\$ - millions)

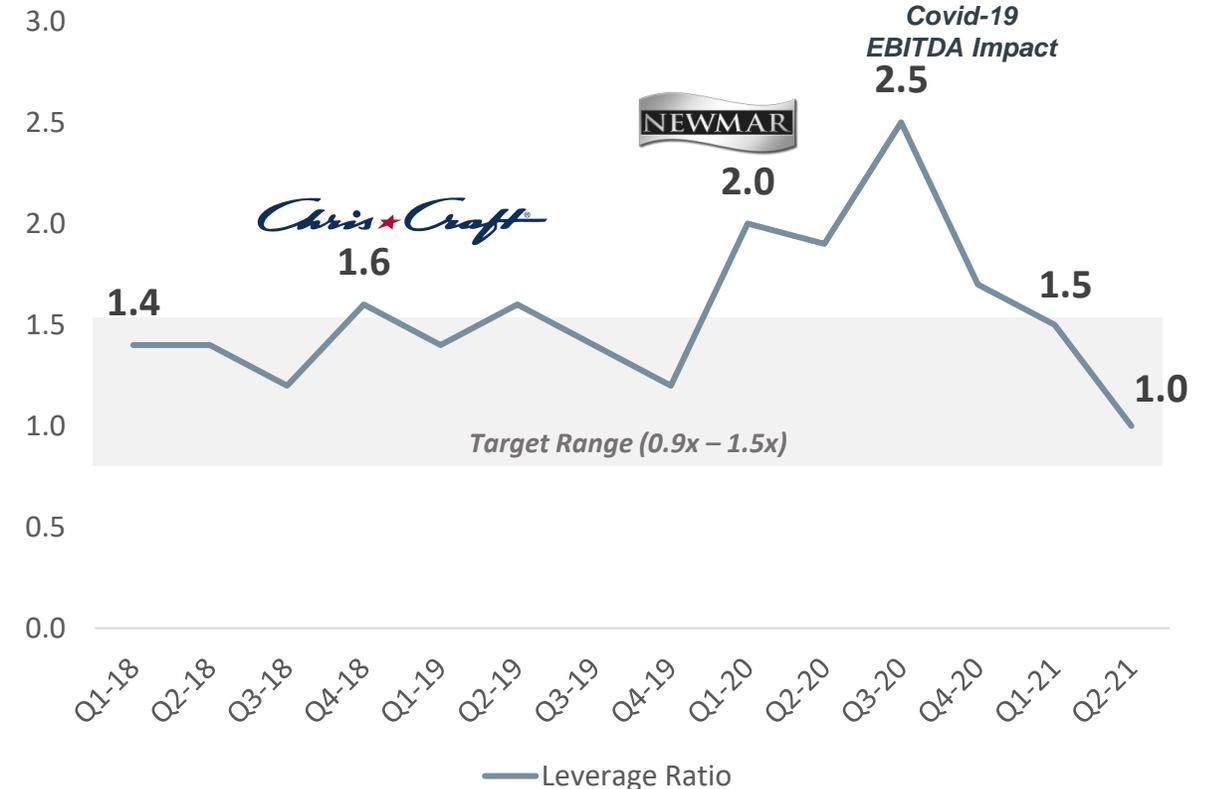


# Liquidity/Debt Profile

Proven track record of maintaining ample liquidity and rapid debt paydown post acquisitions

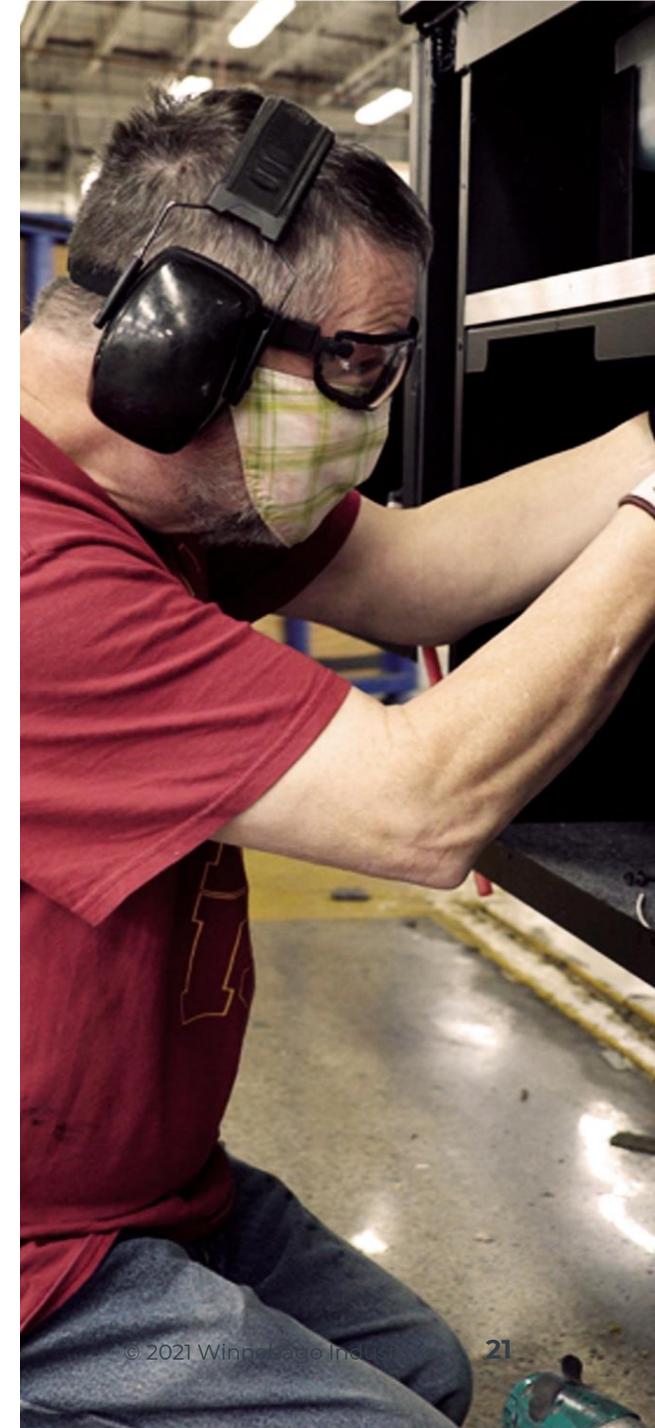
- As of Q2, returned to lower end of targeted range, driven by strong cash generation and EBITDA performance
- \$192.5M ABL available (currently untapped)
- \$300M of convertible notes @ 1.5% due 2025
- \$300M of secured notes @ 6.25% due 2028

## Leverage Ratio



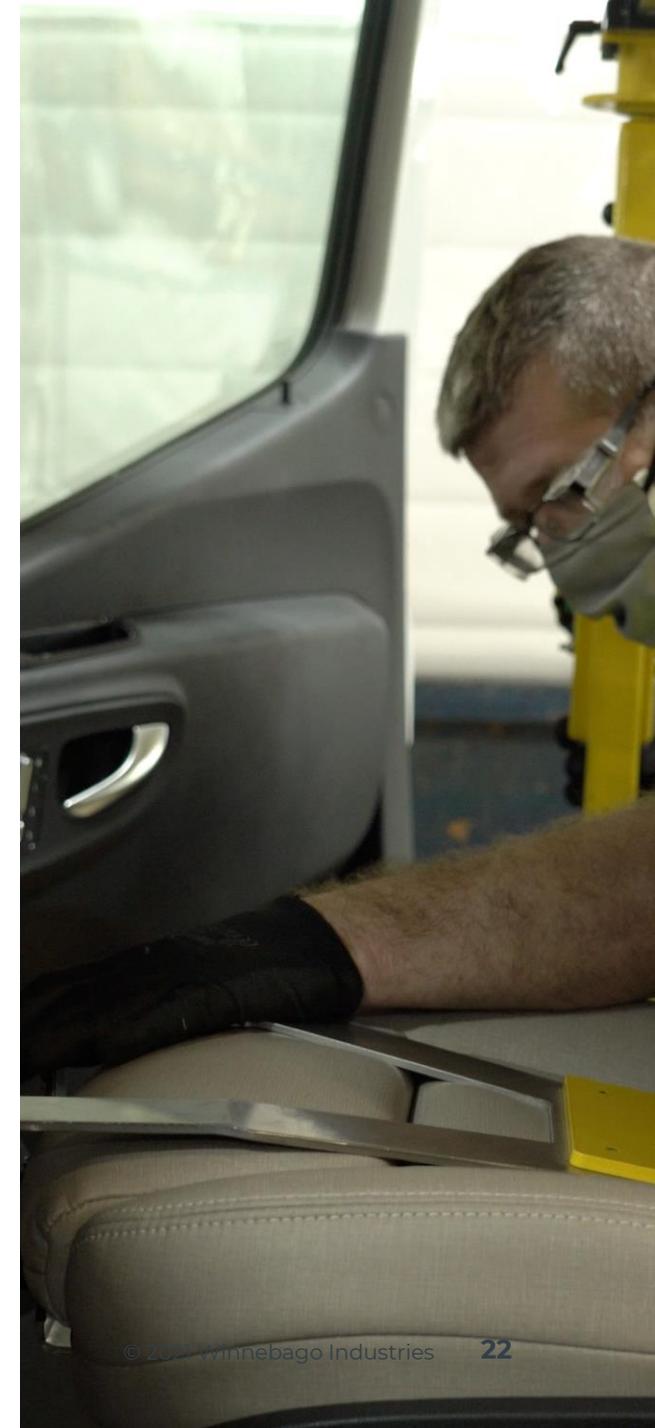
# Operational Excellence

- Employee safety remains top health imperative; since 2016:
  - Reduced total recordable incident rate by 70%
  - Reduced days away, restricted or transferred rate by 60%
  - Reduced our Workers Compensation reserves by more than 50%
- Newmar integration efforts on track to deliver annual synergies of \$5M+
- Annual F21 productivity savings of \$4M+ related to the closure of Junction City during F19
- Winnebago RVs transitioning fully to a build-to-dealer order model during F20 providing profitability benefits in F21



# COVID-19

- COVID-19 is having an impact on our employees and their families. At Winnebago Industries, we have implemented practices that have resulted in strong performance during this pandemic, including:
  - following CDC guidelines strictly across our enterprise
  - pre-entry symptom and temperature screening
  - social distancing measures and mandatory face covers
  - contact tracing and quarantines for any positive employee cases
- Flexible remote work accommodations for most office employees
- Now focusing additional efforts on vaccination tracking



# Corporate Responsibility



As our company evolves, we focus on minimizing waste and product innovation

- **Exploring** new technologies and products to minimize environmental impact
- **Engaging** with the business to implement and evaluate waste management plans
- **Introducing** all-electric specialty vehicles



People and partnerships drive our inclusive, high-performing culture

- **Safety:** COVID-19 response very effective, maintaining safety gains
- **People:** Diversity, Equity and Inclusion strategy and goals progress
- **Community:** increased community support, launched WGO Together Fund providing \$425,000 in pandemic hardship assistance



Responsible governance practices guide Winnebago Industries

- **Code of Conduct:** 100% employees trained
- **ESG:** enhanced corporate board engagement
- **Corporate Responsibility:** 2<sup>nd</sup> annual report aligns with ESG reporting frameworks [www.winnebagoind.com/responsibility](http://www.winnebagoind.com/responsibility)
- 10 of 11 corporate directors are independent (2 new as of March, 2021)

# Impact Partners

*Winnebago Industries and the Winnebago Industries Foundation partner with nonprofit organizations to inspire new generations of outdoor enthusiasts, mobilize resources to reach people in times of need, and support our team to grow inclusive, equitable communities where we work, live and play.*

## Outdoors

Inspire new generations of outdoor enthusiasts, advance outdoor equity, and preserve places to explore.



## Access

Mobilize resources to reach people where they are, in times of need.



NO BARRIERS USA



## Community

Partner with our people and hometown communities to build vibrant neighborhoods where we work and live.



Winnebago's engineering and R&D teams volunteer to clean up Pilot Knob State Park near Forest City, Iowa.

# WINNEBAGO

## INDUSTRIES



# Adjusted EBITDA Reconciliation

(\$ - millions)	Q2 2020	Q2 2021
Net Income	\$17.3	\$69.1
Interest Expense	8.7	10.1
Provision for Income Taxes	4.0	21.2
Depreciation & Amortization	12.1	8.0
<b>EBITDA</b>	<b>\$42.0</b>	<b>\$108.3</b>
Acquisition-related fair-value inventory step-up	3.6	--
Restructuring Expense	0	--
Non-Operating Expense (Income)	(0.3)	(0.3)
<b>Adj. EBITDA</b>	<b>\$45.4</b>	<b>\$108.0</b>

# Adjusted EPS Reconciliation

	Q2 2020	Q2 2021
Diluted income per share	\$0.51	\$2.04
Pretax acquisition-related fair-value inventory step-up	0.11	--
Pretax non-cash interest expense <sup>(2)</sup>	0.09	0.10
Impact of convertible share dilution <sup>(3)</sup>	--	0.01
Tax impact of adjustments <sup>(4)</sup>	(0.04)	(0.02)
<b>Adjusted diluted income per share<sup>(1)</sup></b>	<b>\$0.67</b>	<b>\$2.12</b>

(1) Per share numbers may not foot due to rounding

(2) Non-cash interest expense associated with the Convertible Notes issued related to our acquisition of Newmar.

(3) Represents the dilution of convertible notes (the average market price became higher in the second quarter of FY21 than the strike price).

(4) Income tax charge calculated using the statutory tax rate for the U.S. of 21.0% for both periods presented.

An aerial photograph of a dark asphalt road that winds through a dense, dark green forest. The road starts from the left edge, curves into a large loop, and then continues towards the right edge. The trees are tall and closely packed, creating a textured, dark green background.

# WINNEBAGO

## INDUSTRIES

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