

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended December 2, 1995

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-6403

WINNEBAGO INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

IOWA

(State or other jurisdiction of
incorporation or organization)

42-0803978

(I.R.S. Employer
Identification No.)

P. O. Box 152, Forest City, Iowa
(Address of principal executive offices)

50436
(Zip Code)

Registrant's telephone number, including area code: (515) 582-3535

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No .

There were 25,345,993 shares of \$.50 par value common stock outstanding on January 11, 1996.

WINNEBAGO INDUSTRIES, INC. AND SUBSIDIARIES

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Part I Financial Information

WINNEBAGO INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

Dollars in thousands

ASSETS	DECEMBER 2, 1995 (Unaudited)	AUGUST 26, 1995
CURRENT ASSETS		
Cash and cash equivalents	\$ 18,674	\$ 8,881
Marketable securities	2,356	2,144
Receivables, less allowance for doubtful accounts (\$692 and \$1,184, respectively)	30,055	37,807
Dealer financing receivables less allowance for doubtful accounts (\$314 and \$255, respectively)	12,301	9,345
Inventories	56,196	53,161
Prepaid expenses	4,139	3,342
Deferred income taxes	6,224	6,224
Total current assets	129,945	120,904
PROPERTY AND EQUIPMENT, at cost		
Land	1,507	1,512
Buildings	43,101	43,014
Machinery and equipment	78,779	77,998
Transportation equipment	7,963	7,965
	131,350	130,489
Less accumulated depreciation	88,515	87,511
Total property and equipment, net	42,835	42,978
LONG-TERM NOTES RECEIVABLE, less allowances (\$1,406 and \$950, respectively)	2,473	2,465
INVESTMENT IN LIFE INSURANCE	15,708	15,942
DEFERRED INCOME TAXES, NET	14,107	14,107
INTANGIBLE AND OTHER ASSETS	14,646	15,234
TOTAL ASSETS	\$219,714	\$211,630

See Unaudited Condensed Notes to Consolidated Financial Statements

WINNEBAGO INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

Dollars in thousands

LIABILITIES AND STOCKHOLDERS' EQUITY	DECEMBER 2, 1995 (Unaudited)	AUGUST 26, 1995
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 2,908	\$ 3,564
Notes payable	4,300	4,000
Dividend payable	2,534	--
Accounts payable, trade	25,036	22,581
Income tax payable	1,758	--
Accrued expenses:		
Insurance	5,295	4,620
Product warranties	3,117	3,184
Vacation liability	3,626	3,287
Promotional	2,642	1,916
Other	7,361	8,058
Total current liabilities	58,577	51,210
LONG-TERM DEBT AND OBLIGATIONS UNDER CAPITAL LEASES	11,955	12,678

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS	46,071	45,223
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARY	2,172	2,071
STOCKHOLDERS' EQUITY		
Capital stock, common, par value \$.50; authorized 60,000,000 shares	12,917	12,915
Additional paid-in capital	23,691	23,658
Reinvested earnings	69,896	69,440
	106,504	106,013
Less treasury stock, at cost	5,565	5,565
Total stockholders' equity	100,939	100,448
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$219,714	\$211,630

See Unaudited Condensed Notes to Consolidated Financial Statements

WINNEBAGO INDUSTRIES, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

IN THOUSANDS EXCEPT PER SHARE DATA

	FOURTEEN WEEKS ENDED December 2, 1995	THIRTEEN WEEKS ENDED November 26, 1994
Revenues:		
Manufactured products	\$ 113,385	\$ 124,458
Services	8,593	6,301
Total net revenues	121,978	130,759
Costs and Expenses:		
Cost of manufactured products	97,766	107,001
Cost of services	4,997	3,473
Selling and delivery	6,809	6,078
General and administrative	7,672	6,404
Total costs and expenses	117,244	122,956
Operating income	4,734	7,803
Financial income (expense)	14	(194)
Income before taxes	4,748	7,609
Provision for taxes	1,758	- - -
Net income	\$ 2,990	\$ 7,609
Income per common share:		
Net income	\$.12	\$.30
Weighted average number of shares of common stock outstanding		
	25,346	25,242

See Unaudited Condensed Notes to Consolidated Financial Statements.

WINNEBAGO INDUSTRIES, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

Dollars in thousands

Increase (decrease) in cash and cash equivalents

FOURTEEN WEEKS ENDED December 2, 1995	THIRTEEN WEEKS ENDED November 26, 1994
--	---

Cash flows from operating activities:		
Net income	\$ 2,990	\$ 7,609
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	2,518	1,990
Realized and unrealized losses on investments, net	40	423
Investments in trading securities	(2,103)	(855)
Proceeds from sale of trading securities	1,851	754
Minority shareholders' portion of consolidated subsidiary's net income	101	146
Other	313	190
Change in assets and liabilities:		
Decrease in accounts receivable	7,759	55
(Increase) decrease in inventories	(3,072)	1,301
Increase in accounts payable and accrued expenses	5,489	363
Increase in postretirement benefits	848	589
Other	(797)	(13)
Net cash provided by operating activities	15,937	12,552
Cash flows used by investing activities:		
Purchases of property and equipment	(2,197)	(2,133)
Investments in dealer receivables	(10,719)	(8,131)
Collections of dealer receivables	7,708	6,753
Other	408	(1)
Net cash used by investing activities	(4,800)	(3,512)
Cash flows used by financing activities and capital transactions:		
Payments of long-term debt and capital leases	(1,379)	(615)
Other	35	29
Net cash used by financing activities and capital transactions	(1,344)	(586)
Net increase in cash and cash equivalents	9,793	8,454
Cash and cash equivalents - beginning of period	8,881	847
Cash and cash equivalents - end of period	\$ 18,674	\$ 9,301

See Unaudited Condensed Notes to Consolidated Financial Statements.

WINNEBAGO INDUSTRIES, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- In the opinion of management, the accompanying unaudited consolidated condensed financial statements contain all adjustments, consisting of normal recurring accruals, necessary to present fairly the consolidated financial position as of December 2, 1995, the consolidated results of operations for the 14 weeks ended December 2, 1995 and the 13 weeks ended November 26, 1994, and the consolidated cash flows for the 14 weeks ended December 2, 1995 and the 13 weeks ended November 26, 1994.
- The results of operations for the 14 weeks ended December 2, 1995, are not necessarily indicative of the results to be expected for the full year. Service revenues, in the Consolidated Statements of Operations, consist of revenues generated by Cycle-Sat, Inc. (Cycle-Sat) and Winnebago Acceptance Corporation (WAC), subsidiaries of the Company.
- Inventories are valued at the lower of cost or market, with cost being determined under the last-in, first-out (LIFO) method and market defined as net realizable value.

Inventories are composed of the following (dollars in thousands):

	December 2, 1995	August 26, 1995
Finished Goods	\$ 23,072	\$ 19,855
Work In Process	16,276	14,223
Raw Materials	32,712	34,704
	72,060	68,782

LIFO Reserve

15,864

15,621

\$ 56,196

\$ 53,161

4. Since March 1992, the Company has had a financing and security agreement with NationsCredit Corporation (NationsCredit) formerly Chrysler First Commercial Corporation.

Terms of the agreement limit borrowings to the lesser of \$30,000,000 or 75 percent of eligible inventory (fully manufactured recreation vehicles and motor home chassis and related components). Borrowings are secured by the Company's receivables and inventory. Borrowings pursuant to the agreement bear interest at the prime rate, as defined in the agreement, plus 50 basis points. The line of credit is available through March 31, 1997, and continues during successive one-year periods unless either party provides at least 90-days notice prior to the end of the one-year period to the other party that they wish to terminate the line of credit. The agreement also contains certain restrictive covenants including maintenance of minimum net worth, working capital and current ratio. As of December 2, 1995, the Company was in compliance with these covenants. There were no outstanding borrowings under the line of credit at December 2, 1995 or August 26, 1995.

The Company and Cycle-Sat maintain a line of credit with Firststar Bank Cedar Rapids. Terms of the agreement limit the amount advanced to the lesser of \$4,500,000 or the sum of 80 percent of Cycle-Sat's eligible accounts receivable and 50 percent of its inventory. Borrowings pursuant to the agreement bear interest at the 90-day LIBOR rate, plus 150 basis points. (7.4 percent per annum at December 2, 1995 and August 26, 1995) and contains certain restrictive covenants as defined in the agreement. Borrowings under the line of credit are secured by Cycle-Sat's accounts receivable and inventories and have been guaranteed by the Company. The line of credit expires February 1, 1996. The outstanding balance under the line of credit was \$4,300,000 at December 2, 1995 and \$4,000,000 at August 26, 1995. As of December 2, 1995, Cycle-Sat had \$150,000 of unused borrowings available.

5. It is customary practice for companies in the recreation vehicle industry to enter into repurchase agreements with lending institutions which have provided wholesale floor plan financing to dealers. The Company's agreements provide for the repurchase of its products from the financing institution in the event of repossession upon a dealer's default. The Company was contingently liable for approximately \$123,221,000 and \$120,487,000 under repurchase agreements with lending institutions as of December 2, 1995, and August 26, 1995, respectively. Included in these contingent liabilities are approximately \$38,345,000 and \$37,616,000, respectively, of certain dealer receivables subject to recourse agreements with NationsCredit and John Deere Credit, Inc.
6. Fiscal year-to-date the Company paid cash for the following (dollars in thousands):

	Fourteen Weeks Ended	Thirteen Weeks Ended
	December 2, 1995	November 26, 1994
Interest	\$ 449	\$ 219
Income Taxes	20	693

7. At December 2, 1995, Postretirement Health Care and Deferred Compensation Benefits included postretirement benefits related to health care and other benefits of \$25,136,000 and deferred compensation of \$20,935,000.

Net postretirement benefit cost for the 14 weeks ended December 2, 1995 consisted of the following components:

	Fourteen Weeks
Service cost - benefits earned during the period	\$ 393,000
Interest cost on accumulated postretirement benefit obligation	407,000
Amortization of (gain)/loss	(32,000)
	\$ 768,000

RESULTS OF OPERATIONS

Fourteen Weeks Ended December 2, 1995 Compared to Thirteen Weeks Ended November 26, 1994

Net revenues of manufactured products for the 14 weeks ended December 2, 1995 were \$113,385,000, a decrease of \$11,073,000, or 8.9 percent, from the 13 week period ended November 26, 1994. Motor home shipments (Classes A, B and C) were 2,287 units, a decrease of 354 units, or 13.4 percent, during the first quarter of fiscal 1996 compared to the first quarter of fiscal 1995. The Company experienced a reduction in revenues and number of motor home shipments which the Company believes was the result of increased interest rates and lower consumer confidence in the economy during the first quarter of fiscal 1996. With the Federal Reserve Board's recent decision to lower interest rates, the Company believes the economy will continue to grow at a moderate rate and this growth will be beneficial to Winnebago Industries and the RV industry as a whole.

Service revenues were \$8,593,000 for the 14 weeks ended December 2, 1995 an increase of \$2,292,000, or 36.4 percent from the comparable period of fiscal 1995. Cycle-Sat recorded revenues of \$8,243,000, an increase of \$2,205,000, or 36.5 percent, primarily due to increased revenues generated through the acquisition by Cycle-Sat of the TFI division of MPO Videotronics during the third quarter of fiscal 1995.

Cost of manufactured products, as a percent of manufactured product revenues, was 86.2 percent for the 14 weeks ended December 2, 1995 compared to 86.0 percent for the 13 weeks ended November 26, 1994. This percentage increase was primarily caused by lower motor home production volume.

Cost of services, as a percent of service revenues, increased during the first quarter of fiscal 1996 to 58.2 percent from 55.1 percent during the first quarter of fiscal 1995. This increase is attributed to higher labor costs at Cycle-Sat which raised its cost of services percentage to 60.3 percent in the first quarter of fiscal 1996 from 57.1 percent during the first quarter of fiscal 1995.

Selling and delivery expenses increased by \$731,000 to \$6,809,000 comparing the 14 weeks ended December 2, 1995 to the 13 weeks ended November 26, 1994 and increased as a percentage of net revenues to 5.6 percent from 4.6 percent. The increases in dollars and percentage primarily reflects increases in the Company's promotional and advertising costs and an increase in spending by Winnebago Industries Europe GmbH (WIE).

General and administrative expenses increased by \$1,268,000 to \$7,672,000 comparing the 14 weeks ended December 2, 1995 to the 13 weeks ended November 26, 1994 and increased as a percentage of net revenues to 6.3 percent from 4.9 percent. The increases in dollars and percentage was caused primarily by increased spending by Cycle-Sat and increases in the Company's provisions for product liability expenses.

The Company had net financial income of \$14,000 for the first quarter of fiscal 1996 compared to net financial expense of \$194,000 for the comparable quarter of fiscal 1995. During the 14 weeks ended December 2, 1995, the Company recorded foreign currency transaction gains of \$109,000, interest expense of \$55,000 and \$40,000 of realized and unrealized losses in its trading securities portfolio. During the 13 weeks ended November 26, 1994, the Company recorded \$423,000 of realized and unrealized losses in its trading securities portfolio, interest income of \$124,000 and foreign currency transaction gains of \$106,000.

For the 14 weeks ended December 2, 1995, the Company reported net income of \$2,990,000 or \$.12 per share which consisted primarily of income from manufactured products operations of \$2,412,000 (\$.10 per share) and income from Cycle-Sat operations of \$196,000 (\$.01 per share). This quarter's results reflect the impact of income tax expense of \$1,758,000 for the first time since fiscal 1992 as the Company has used all benefits which had existed from prior tax losses. For the 13 weeks ended November 26, 1994, the Company reported net income of \$7,609,000 or \$.30 per share which consisted primarily of income from manufactured products operations of \$6,402,000 (\$.25 per share) and income from Cycle-Sat operations of \$624,000 (\$.02 per share).

LIQUIDITY AND FINANCIAL CONDITION

The Company meets its working capital and capital equipment requirements and cash requirements of subsidiaries with funds generated internally and funds from agreements with financial institutions.

At December 2, 1995, working capital was \$71,368,000, an increase of \$1,674,000 from the amount at August 26, 1995. The Company's principal sources and uses of cash during the 14 weeks ended December 2, 1995 are set forth in the unaudited consolidated condensed statement of cash flows for that period.

Principal known demands at December 2, 1995 on the Company's liquid assets for the remainder of fiscal 1996 include approximately \$5,310,000 of capital expenditures (primarily equipment replacements) and \$2,534,000 of cash dividends declared by the Board of Directors on October 19, 1995 (payable December 4, 1995).

Management currently expects its cash on hand, funds from operations and borrowings available under existing credit facilities to be sufficient to cover both short term and long term operating requirements.

Part II Other Information

Item 6 Exhibits and Reports on Form 8-K

- (a) Exhibit 27 - Financial Data Schedule (For SEC use only)
- (b) The Company did not file any reports on Form 8-K during the period covered by this report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WINNEBAGO INDUSTRIES, INC.
(Registrant)

Date January 12, 1996

/s/ Fred G. Dohrmann
Fred G. Dohrmann
President and Chief Executive Officer

Date January 12, 1996

/s/ Ed F. Barker
Ed F. Barker
Vice President, Controller and Chief
Financial Officer

3-MOS
AUG-31-1996
DEC-02-1995
18,674
2,356
43,362
1,006
56,196
129,945
131,350
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