
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934**

Date of report (Date of earliest event reported) March 21, 2018



Winnebago Industries, Inc.

(Exact Name of Registrant as Specified in its Charter)

| | | |
|--|--|---|
| Iowa (State or Other Jurisdiction of Incorporation) | 001-06403 (Commission File Number) | 42-0802678 (IRS 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 **641-585-3535**

(Former Name or Former Address, if Changed Since Last Report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On March 21, 2018, Winnebago Industries, Inc. issued a press release to report financial results for the second quarter of Fiscal 2018 ended February 24, 2018. A copy of the press release is attached as Exhibit 99.1 and is incorporated by reference herein.

Exhibit 99.1 includes non-GAAP financial measures related to our operations. Certain of these non-GAAP measures may be discussed in our earnings conference call for the second quarter of Fiscal 2018. In addition, Exhibit 99.1 includes reconciliations of these GAAP to non-GAAP measures as well as an explanation of why these non-GAAP measures provide useful information to investors and how management uses these non-GAAP measures. These non-GAAP measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP and the financial results calculated in accordance with GAAP and reconciliations from our results should be carefully evaluated.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

| Exhibit Number | Description |
|-----------------------|--|
| 99.1 | Press Release of Winnebago Industries, Inc. dated March 21, 2018 |

SIGNATURE

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 hereunto duly authorized.

WINNEBAGO INDUSTRIES, INC.

Date: March 21, 2018

By: /s/ Bryan L. Hughes

Name: Bryan L. Hughes

Title: Vice President, Chief Financial Officer



News Release

Contact: Steve Stuber - Investor Relations - 952-828-8461 - srstuber@wgo.net

Media Contact: Sam Jefson - Public Relations Specialist - 641-585-6803 - sjefson@wgo.net

WINNEBAGO INDUSTRIES ANNOUNCES RECORD SECOND QUARTER FISCAL 2018 RESULTS

-- Quarterly Revenues Increased 26% Over Prior Year on Continued Strong Towable Segment Growth --

-- Quarterly Diluted EPS of \$0.69, Up 44% Over Prior Year --

-- Gross Margins Increased 110 Basis Points Over Prior Year --

FOREST CITY, IOWA, March 21, 2018 - Winnebago Industries, Inc. (NYSE:WGO), a leading recreation vehicle manufacturer, today reported financial results for the Company's second quarter of Fiscal 2018.

Second Quarter Fiscal 2018 Results

Revenues for the Fiscal 2018 second quarter ended February 24, 2018, were \$468.4 million, an increase of 26.4% compared to \$370.5 million for the same Fiscal 2017 period. Gross profit was \$67.7 million, an increase of 37.2% compared to \$49.3 million for the Fiscal 2017 period. Gross profit margin increased 110 basis points in the quarter, driven by the continuation of accelerated growth in the Towable segment, which accounted for 57% of revenues in the Fiscal 2018 second quarter. Operating income was \$35.3 million for the quarter, an improvement of 24.2% compared to \$28.4 million in the second quarter of last year. Fiscal 2018 second quarter net income was \$22.1 million, an increase of 44.6% compared to \$15.3 million in the same period last year. Earnings per diluted share were \$0.69, an increase of 44% compared to earnings per diluted share of \$0.48 in the same period last year. As a result of the recently enacted Tax Cuts and Jobs Act, a favorable \$2.3 million net tax benefit was recorded in the quarter, impacting earnings per diluted share by \$0.07. Consolidated Adjusted EBITDA was \$39.4 million for the quarter, compared to \$29.1 million last year, an increase of 35.5%.

President and Chief Executive Officer Michael Happe commented, "The second quarter marked another period of solid consolidated results for Winnebago Industries, including strong sales growth, overall market share accretion, and margin improvement, as we continue to build a more balanced full-line RV portfolio. Our Towables segment outpaced the industry with robust organic growth and impressive profitability across the Winnebago and Grand Design brands. The Towables backlog position and retail performance remain strong, with reasonable field inventory levels driven by our market momentum, increasing share of dealer lots, and further product line expansion. We continue to make incremental progress facing the market in our Motorized segment, with encouraging double-digit percentage retail growth in the quarter and a strong increase in our Motorized backlog driven by improving product line vitality and appeal. However, there remains much work ahead on Motorized profitability improvement as we work to drive a return on the current costs and investments associated with the turnaround strategy."

Mr. Happe added, "During the quarter, we recorded a tax reform benefit and expect a similar favorable tax rate for the remainder of Fiscal 2018. We are committed to passing a portion of the tax savings to our hard-working Winnebago Industries employees in the form of a bonus and other selective wage adjustments, making a donation to our foundation, and accelerating facility improvements over the coming months which will create better work environments. As always, I want to sincerely thank each and every one of our employees for their tremendous efforts and dedication to building a stronger future for our Company."

Motorized

In the second quarter, revenues for the Motorized segment were \$202.0 million, up 1.5% from the previous year. Segment Adjusted EBITDA was \$4.0 million, down 62.7% from the prior year. Adjusted EBITDA margin decreased 340 basis points, driven by manufacturing start-up investments, increased material costs, and product mix shifts. For the second quarter, backlog increased 42.5%, or over 900 units, compared to the same period last year. This healthy increase reflects the strength of our recently introduced new products.

Towable

Revenues for the Towable segment were \$266.4 million for the quarter, up 55.2% over the prior year, driven by strong organic growth across the Grand Design RV and Winnebago-branded lines. Segment Adjusted EBITDA was \$35.3 million, up 93.8% over the prior year. Adjusted EBITDA margin increased 270 basis points, due to fixed cost leverage on the strong sales growth. Backlog remains strong at over 9,000 units, while retail sales continue to outpace the industry for both brands.

Balance Sheet and Cash Flow

As of February 24, 2018, the Company had total outstanding debt of \$271.1 million (\$279.7 million of debt, net of debt issuance costs of \$8.6 million) and working capital of \$177.1 million. The debt-to-equity ratio as of February 24, 2018 declined to 56.7% from 59.3% as of November 25, 2017 and the ratio of net debt to Adjusted EBITDA was 1.4x as of the end of the quarter. Cash flow from operations was \$15.0 million for the six months ended February 24, 2018, an increase of \$9.9 million from the comparative period in Fiscal 2017, driven by increased earnings, partially offset by changes in working capital.

Tax Reform Impact

As a result of the recently-enacted tax reform legislation, the Company recorded a net benefit of \$2.3 million in the second quarter and a tax rate of 27.2%. The Company recorded a charge related to the re-measurement of net deferred tax assets, which was more than offset by the benefit recorded associated with the reduction in the federal tax rate. The Company projects its tax rate will be approximately 29% for Fiscal 2018, reflecting a blended tax rate for the fiscal year. The Company plans to utilize a portion of the tax reform benefit for employee compensation, making a donation to its foundation, and facility improvements. For the full fiscal year 2018, the Company is currently projecting the improved tax rate to benefit diluted earnings per share by an estimated \$0.10 to \$0.12, net of the reinvestments mentioned previously. The Company expects to have a further reduction in its tax rate in fiscal 2019 as the full fiscal year realizes the benefit of the lower federal statutory rate of 21%.

Quarterly Cash Dividend

On March 14, 2018, the Company's board of directors approved a quarterly cash dividend of \$0.10 per share payable on April 25, 2018, to common stockholders of record at the close of business on April 11, 2018.

Mr. Happe continued, "As we move into the second half of Fiscal 2018, we are well-positioned to capitalize on the upcoming retail season with an improving product line across both brands, increased capacity within our Grand Design business, and a focus to provide our customers with a high level of product quality and service support. We remain cautiously optimistic about the retail prospects for the RV industry this year and believe Winnebago and Grand Design inventory levels are appropriate in relation to our momentum and the addition of new products entering the market. Initial interest in our recently announced product introductions has been strong, with significant enthusiasm from dealers for the new Grand Design Transcend introductory-level travel trailer and the Revel 4x4 Class B van from Winnebago. We also recently unveiled the new Winnebago Class C Outlook motorhome earlier this month at our national dealer meeting. Our strategic investments specific to ERP implementation and Grand Design campus expansion are on schedule and we are nearing the kick-off of our Winnebago-branded Towable capacity expansion project. Our balance sheet continues to improve and there is strategic focus on identifying new paths to profitable growth around our vision to become a trusted leader in outdoor lifestyle solutions."

Conference Call

Winnebago Industries, Inc. will conduct a conference call to discuss second quarter Fiscal 2018 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. 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 Industries' 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, business interruptions, any unexpected expenses related to ERP, risks related to compliance with debt covenants and leverage ratios, 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.

Winnebago Industries, Inc.
Condensed Consolidated Statements of Income (Unaudited)
(In thousands, except percent and per share data)

| | Three Months Ended | | | |
|---|--------------------|--------|-------------------|---------|
| | February 24, 2018 | | February 25, 2017 | |
| Net revenues | \$ 468,359 | 100.0% | \$ 370,510 | 100.0 % |
| Cost of goods sold | 400,698 | 85.6% | 321,194 | 86.7 % |
| Gross profit | 67,661 | 14.4% | 49,316 | 13.3 % |
| Operating expenses: | | | | |
| Selling | 12,209 | 2.6% | 9,553 | 2.6 % |
| General and administrative | 18,268 | 3.9% | 12,540 | 3.4 % |
| Postretirement health care benefit income | — | —% | (11,983) | (3.2)% |
| Transaction costs | — | —% | 463 | 0.1 % |
| Amortization of intangible assets | 1,933 | 0.4% | 10,367 | 2.8 % |
| Total SG&A | 32,410 | 6.9% | 20,940 | 5.7 % |
| Operating income | 35,251 | 7.5% | 28,376 | 7.7 % |
| Interest expense | 4,918 | 1.1% | 5,178 | 1.4 % |
| Non-operating expense | 11 | —% | 4 | — % |
| Income before income taxes | 30,322 | 6.5% | 23,194 | 6.3 % |
| Provision for income taxes | 8,234 | 1.8% | 7,916 | 2.1 % |
| Net income | \$ 22,088 | 4.7% | \$ 15,278 | 4.1 % |
| Income per common share: | | | | |
| Basic | \$ 0.70 | | \$ 0.48 | |
| Diluted | \$ 0.69 | | \$ 0.48 | |
| Weighted average common shares outstanding: | | | | |
| Basic | 31,654 | | 31,577 | |
| Diluted | 31,854 | | 31,686 | |

| | Six Months Ended | | | |
|---|-------------------|---------|-------------------|---------|
| | February 24, 2018 | | February 25, 2017 | |
| Net revenues | \$ 918,380 | 100.0 % | \$ 615,818 | 100.0 % |
| Cost of goods sold | 787,888 | 85.8 % | 537,627 | 87.3 % |
| Gross profit | 130,492 | 14.2 % | 78,191 | 12.7 % |
| Operating expenses: | | | | |
| Selling | 24,343 | 2.7 % | 15,423 | 2.5 % |
| General and administrative | 35,684 | 3.9 % | 22,446 | 3.6 % |
| Postretirement health care benefit income | — | — % | (24,796) | (4.0)% |
| Transaction costs | 50 | — % | 5,925 | 1.0 % |
| Amortization of intangible assets | 3,988 | 0.4 % | 12,418 | 2.0 % |
| Total SG&A | 64,065 | 7.0 % | 31,416 | 5.1 % |
| Operating income | 66,427 | 7.2 % | 46,775 | 7.6 % |
| Interest expense | 9,699 | 1.1 % | 6,306 | 1.0 % |
| Non-operating income | (112) | — % | (83) | — % |
| Income before income taxes | 56,840 | 6.2 % | 40,552 | 6.6 % |
| Provision for taxes | 16,794 | 1.8 % | 13,536 | 2.2 % |
| Net income | \$ 40,046 | 4.4 % | \$ 27,016 | 4.4 % |
| Income per common share: | | | | |
| Basic | \$ 1.27 | | \$ 0.91 | |
| Diluted | \$ 1.26 | | \$ 0.91 | |
| Weighted average common shares outstanding: | | | | |
| Basic | 31,634 | | 29,707 | |
| Diluted | 31,852 | | 29,827 | |

Percentages may not add due to rounding differences.

Winnebago Industries, Inc.
Condensed Consolidated Balance Sheets (Unaudited)
(In thousands)

| | Feb 24, 2018 | Aug 26, 2017 |
|---|-------------------|-------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 27,443 | \$ 35,945 |
| Receivables, net | 157,425 | 124,539 |
| Inventories | 178,046 | 142,265 |
| Prepaid expenses and other assets | 9,788 | 11,388 |
| Total current assets | 372,702 | 314,137 |
| Total property and equipment, net | 78,798 | 71,560 |
| Other assets: | | |
| Goodwill | 244,684 | 242,728 |
| Other intangible assets, net | 224,452 | 228,440 |
| Investment in life insurance | 27,921 | 27,418 |
| Deferred income taxes | 9,813 | 12,736 |
| Other assets | 6,956 | 5,493 |
| Total assets | \$ 965,326 | \$ 902,512 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 99,727 | \$ 79,194 |
| Current maturities of long-term debt | — | 2,850 |
| Income taxes payable | 2,792 | 7,450 |
| Accrued expenses | 93,071 | 77,664 |
| Total current liabilities | 195,590 | 167,158 |
| Non-current liabilities: | | |
| Long-term debt, less current maturities | 271,102 | 271,726 |
| Unrecognized tax benefits | 1,668 | 1,606 |
| Deferred compensation and postretirement health care benefits, net of current portion | 18,907 | 19,270 |
| Other | 250 | 1,078 |
| Total non-current liabilities | 291,927 | 293,680 |
| Shareholders' equity | 477,809 | 441,674 |
| Total liabilities and shareholders' equity | \$ 965,326 | \$ 902,512 |

Winnebago Industries, Inc.
Condensed Consolidated Statements of Cash Flows (Unaudited)
(In thousands)

| | Six Months Ended | |
|--|------------------|------------------|
| | Feb 24, 2018 | Feb 25, 2017 |
| Operating activities: | | |
| Net income | \$ 40,046 | \$ 27,016 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 4,328 | 3,428 |
| Amortization of intangible assets | 3,988 | 12,418 |
| Amortization of debt issuance costs | 826 | 485 |
| LIFO expense | 598 | 598 |
| Stock-based compensation | 3,553 | 1,539 |
| Deferred income taxes | 2,080 | 6,857 |
| Postretirement benefit income and deferred compensation expenses | 578 | (24,034) |
| Other | (498) | (452) |
| Change in assets and liabilities: | | |
| Inventories | (36,379) | (11,232) |
| Receivables, prepaid and other assets | (31,096) | (21,551) |
| Income taxes and unrecognized tax benefits | (4,510) | (4,631) |
| Accounts payable and accrued expenses | 32,908 | 16,131 |
| Postretirement and deferred compensation benefits | (1,377) | (1,430) |
| Net cash provided by operating activities | 15,045 | 5,142 |
| Investing activities: | | |
| Purchases of property, plant and equipment | (11,675) | (6,938) |
| Proceeds from the sale of property | 299 | 65 |
| Acquisition of business, net of cash acquired | — | (394,694) |
| Other | (18) | 620 |
| Net cash used in investing activities | (11,394) | (400,947) |
| Financing activities: | | |
| Payments for purchase of common stock | (1,478) | (1,365) |
| Payments of cash dividends | (6,375) | (6,370) |
| Payments of debt issuance costs | — | (11,020) |
| Borrowings on credit facility | 19,700 | 366,400 |
| Repayment of credit facility | (24,000) | (26,400) |
| Other | — | (92) |
| Net cash (used in) provided by financing activities | (12,153) | 321,153 |
| Net decrease in cash and cash equivalents | (8,502) | (74,652) |
| Cash and cash equivalents at beginning of period | 35,945 | 85,583 |
| Cash and cash equivalents at end of period | \$ 27,443 | \$ 10,931 |
| Supplemental cash flow disclosure: | | |
| Income taxes paid, net | \$ 19,290 | \$ 11,692 |
| Interest paid | \$ 8,906 | \$ 1,731 |
| Non-cash transactions: | | |
| Issuance of Winnebago common stock for acquisition of business | \$ — | \$ 124,066 |
| Capital expenditures in accounts payable | \$ 1,012 | \$ 322 |

Winnebago Industries, Inc.
Supplemental Information by Reportable Segment (Unaudited) - Motorized
(In thousands, except unit data)

| | Quarter Ended | | | | | |
|------------------------|-------------------------|---|-------------------------|---|---------------|---------|
| | Feb 24, 2018 | | Feb 25, 2017 | | Change | |
| | \$ | % of Revenue | \$ | % of Revenue | \$ | % |
| Net revenues | 202,001 | | 198,936 | | 3,065 | 1.5 % |
| Adjusted EBITDA | 4,044 | 2.0% | 10,838 | 5.4% | (6,794) | (62.7)% |
| Unit deliveries | Feb 24, 2018 | Product Mix % ⁽¹⁾ | Feb 25, 2017 | Product Mix % ⁽¹⁾ | Change | |
| Class A | 881 | 39.9% | 800 | 38.0% | 81 | 10.1 % |
| Class B | 411 | 18.6% | 376 | 17.8% | 35 | 9.3 % |
| Class C | 918 | 41.5% | 931 | 44.2% | (13) | (1.4)% |
| Total motorhomes | 2,210 | 100.0% | 2,107 | 100.0% | 103 | 4.9 % |

| | Six Months Ended | | | | | |
|------------------------|-------------------------|---|-------------------------|---|---------------|---------|
| | Feb 24, 2018 | | Feb 25, 2017 | | Change | |
| | \$ | % of Revenue | \$ | % of Revenue | \$ | % |
| Net revenues | 392,357 | | 394,061 | | (1,704) | (0.4)% |
| Adjusted EBITDA | 7,199 | 1.8% | 21,954 | 5.6% | (14,755) | (67.2)% |
| Unit deliveries | Feb 24, 2018 | Product Mix % ⁽¹⁾ | Feb 25, 2017 | Product Mix % ⁽¹⁾ | Change | |
| Class A | 1,604 | 37.9% | 1,466 | 35.7% | 138 | 9.4 % |
| Class B | 781 | 18.5% | 677 | 16.5% | 104 | 15.4 % |
| Class C | 1,844 | 43.6% | 1,964 | 47.8% | (120) | (6.1)% |
| Total motorhomes | 4,229 | 100.0% | 4,107 | 100.0% | 122 | 3.0 % |

| | As Of | | | | | |
|-------------------------------|-----------------|---|-----------------|---|-----------|--------|
| | Feb 24, 2018 | | Feb 25, 2017 | | Change | |
| | \$ | % | \$ | % | \$ | % |
| Backlog ⁽²⁾ | | | | | | |
| Units | 3,053 | | 2,143 | | 910 | 42.5 % |
| Dollars | \$ 276,231 | | \$ 191,522 | | \$ 84,709 | 44.2 % |
| Dealer Inventory | | | | | | |
| Units | 4,827 | | 5,068 | | (241) | (4.8)% |

⁽¹⁾ Percentages may not add due to rounding differences.

⁽²⁾ We include in our backlog all accepted orders from dealers generally to be shipped within the next six months. Orders in backlog can be cancelled or postponed at the option of the dealer at any time without penalty and, therefore, backlog may not necessarily be an accurate measure of future sales.

Winnebago Industries, Inc.
Supplemental Information by Reportable Segment (Unaudited) - Towable
(In thousands, except unit data)

| | Quarter Ended | | | | Change | |
|------------------------|-------------------------|---|-------------------------|---|---------------|-------|
| | Feb 24, 2018 | % of Revenue | Feb 25, 2017 | % of Revenue | | |
| Net revenues | \$ 266,358 | | \$ 171,574 | | \$ 94,784 | 55.2% |
| Adjusted EBITDA | 35,338 | 13.3% | 18,233 | 10.6% | 17,105 | 93.8% |
| Unit deliveries | Feb 24, 2018 | Product Mix % ⁽¹⁾ | Feb 25, 2017 | Product Mix % ⁽¹⁾ | Change | |
| Travel trailer | 5,083 | 59.9% | 3,046 | 56.3% | 2,037 | 66.9% |
| Fifth wheel | 3,398 | 40.1% | 2,365 | 43.7% | 1,033 | 43.7% |
| Total towables | 8,481 | 100.0% | 5,411 | 100.0% | 3,070 | 56.7% |

| | Six Months Ended | | | | Change | |
|------------------------|-------------------------|---|-------------------------|---|---------------|--------|
| | Feb 24, 2018 | % of Revenue | Feb 25, 2017 | % of Revenue | | |
| Net revenues | \$ 526,023 | | \$ 221,757 | | \$ 304,266 | 137.2% |
| Adjusted EBITDA | 67,594 | 12.9% | 21,796 | 9.8% | 45,798 | 210.1% |
| Unit deliveries | Feb 24, 2018 | Product Mix % ⁽¹⁾ | Feb 25, 2017 | Product Mix % ⁽¹⁾ | Change | |
| Travel trailer | 10,432 | 60.8% | 4,555 | 61.4% | 5,877 | 129.0% |
| Fifth wheel | 6,725 | 39.2% | 2,868 | 38.6% | 3,857 | 134.5% |
| Total towables | 17,157 | 100.0% | 7,423 | 100.0% | 9,734 | 131.1% |

| | As Of | | Change | |
|-------------------------------|-----------------|-----------------|-----------|-------|
| | Feb 24, 2018 | Feb 25, 2017 | | |
| Backlog ⁽²⁾ | | | | |
| Units | 9,342 | 8,490 | 852 | 10.0% |
| Dollars | \$ 302,630 | \$ 261,995 | \$ 40,635 | 15.5% |
| Dealer Inventory | | | | |
| Units | 15,728 | 9,216 | 6,512 | 70.7% |

⁽¹⁾ Percentages may not add due to rounding differences.

⁽²⁾ We include in our backlog all accepted orders from dealers generally to be shipped within the next six months. Orders in backlog can be cancelled or postponed at the option of the dealer at any time without penalty and, therefore, backlog may not necessarily be an accurate measure of future sales.

Winnebago Industries, Inc.

Non-GAAP Reconciliation

We have provided non-GAAP financial measures, which are not calculated or presented in accordance with GAAP, as information supplemental and in addition to the financial measures presented in the accompanying news release that are calculated and 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 in the news release. The non-GAAP financial measures in the accompanying news release may differ from similar measures used by other companies.

The following table reconciles net income to consolidated Adjusted EBITDA.

| (In thousands) | Quarter Ended | | Six Months Ended | |
|---|-----------------|-----------------|------------------|-----------------|
| | Feb 24, 2018 | Feb 25, 2017 | Feb 24, 2018 | Feb 25, 2017 |
| Net income | \$ 22,088 | \$ 15,278 | \$ 40,046 | \$ 27,016 |
| Interest expense | 4,918 | 5,178 | 9,699 | 6,306 |
| Provision for income taxes | 8,234 | 7,916 | 16,794 | 13,536 |
| Depreciation | 2,198 | 1,848 | 4,328 | 3,428 |
| Amortization of intangible assets | 1,933 | 10,367 | 3,988 | 12,418 |
| EBITDA | 39,371 | 40,587 | 74,855 | 62,704 |
| Postretirement health care benefit income | — | (11,983) | — | (24,796) |
| Transaction costs | — | 463 | 50 | 5,925 |
| Non-operating expense (income) | 11 | 4 | (112) | (83) |
| Adjusted EBITDA | \$ 39,382 | \$ 29,071 | \$ 74,793 | \$ 43,750 |

We have provided non-GAAP performance measures of EBITDA and Adjusted EBITDA as a comparable measure to illustrate the effect of non-recurring transactions occurring during the quarter and improve comparability of our results from period to period. EBITDA is defined as net income before interest expense, provision for income taxes, and depreciation and amortization expense. We believe EBITDA and Adjusted EBITDA provide meaningful supplemental information about our operating performance because each measure excludes amounts that we do not consider part of our core operating results when assessing our performance. These types of adjustments are also specified in the definition of certain measures required under the terms of our credit facility. Examples of items excluded from Adjusted EBITDA include the postretirement health care benefit income from terminating the plan and transaction costs related to our acquisition of Grand Design.

Management uses these non-GAAP financial measures (a) to evaluate our historical and prospective financial performance and trends as well as its 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 their 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 Facility. We believe these non-GAAP financial measures are frequently used by securities analysts, investors and other interested parties to evaluate companies in our industry.