UNITED STATES
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 May 30, 2020

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: **001-06403**

WINNEBAGO INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Iowa	**42-0802678**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
P. O. Box 152 Forest City Iowa	**50436**
(Address of principal executive offices)	(Zip Code)

641- 585-3535

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.50 par value per share	WGO	New York Stock Exchange

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 ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒ Accelerated Filer ☐ Non-accelerated filer ☐
Smaller Reporting Company ☐ 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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of common stock, par value $0.50 per share, outstanding on June 19, 2020 was 33,699,082.

Winnebago Industries, Inc.
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PART I. FINANCIAL INFORMATION.

Item 1. Condensed Consolidated Financial Statements.

Winnebago Industries, Inc.
Condensed Consolidated Statements of Income and Comprehensive Income
(Unaudited)

(in thousands, except per share data)	Three Months Ended May 30, 2020	Three Months Ended May 25, 2019	Nine Months Ended May 30, 2020	Nine Months Ended May 25, 2019
Net revenues	$ 402,458	$ 528,940	$ 1,617,726	$ 1,455,278
Cost of goods sold	370,434	442,356	1,427,307	1,231,269
Gross profit	32,024	86,584	190,419	224,009
Selling, general, and administrative expenses	33,271	35,332	126,540	106,303
Amortization of intangible assets	6,926	2,278	18,514	7,204
Total operating expenses	40,197	37,610	145,054	113,507
Operating (loss) income	(8,173)	48,974	45,365	110,502
Interest expense	8,440	4,446	23,140	13,293
Non-operating income	(74)	(360)	(460)	(1,330)
(Loss) income before income taxes	(16,539)	44,888	22,685	98,539
(Benefit) provision for income taxes	(4,186)	8,717	3,702	18,609
Net (loss) income	$ (12,353)	$ 36,171	$ 18,983	$ 79,930
Income (loss) income per common share:				
Basic	$ (0.37)	$ 1.15	$ 0.57	$ 2.53
Diluted	$ (0.37)	$ 1.14	$ 0.57	$ 2.52
Weighted average common shares outstanding:				
Basic	33,625	31,493	33,102	31,546
Diluted	33,625	31,644	33,289	31,722
Net (loss) income	$ (12,353)	$ 36,171	$ 18,983	$ 79,930
Other comprehensive income (loss):				
Amortization of net actuarial loss (net of tax of $3, $3, $9, and $8)	8	8	24	24
Interest rate swap activity (net of tax of $141, $114, $163, and $327)	(432)	(362)	(500)	(1,018)
Total other comprehensive loss	(424)	(354)	(476)	(994)
Comprehensive (loss) income	$ (12,777)	$ 35,817	$ 18,507	$ 78,936

See Notes to Condensed Consolidated Financial Statements.

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

(in thousands, except per share data)	May 30, 2020	August 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 152,480	$ 37,431
Receivables, less allowance for doubtful accounts ($381 and $160, respectively)	163,590	158,049
Inventories, net	190,359	201,126
Prepaid expenses and other assets	21,566	14,051
Total current assets	527,995	410,657
Property, plant, and equipment, net	175,431	127,572
Other assets:		
Goodwill	348,058	274,931
Other intangible assets, net	408,358	256,082
Investment in life insurance	27,336	26,846
Operating lease assets	29,790	—
Other assets	16,072	8,143
Total assets	$ 1,533,040	$ 1,104,231
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 81,998	$ 81,635
Accrued expenses:		
Accrued compensation	24,907	20,328
Product warranties	60,665	44,436
Self-insurance	16,860	13,820
Promotional	11,677	10,896
Accrued interest	1,992	4,059
Other	16,408	13,678
Current maturities of long-term debt	13,668	8,892
Total current liabilities	228,175	197,744
Non-current liabilities:		
Long-term debt, less current maturities	451,306	245,402
Deferred income taxes	16,708	12,032
Unrecognized tax benefits	6,269	3,591
Operating lease liabilities	27,366	—
Deferred compensation benefits, net of current portion	11,454	12,878
Other	6,952	372
Total non-current liabilities	520,055	274,275
Contingent liabilities and commitments (Note 12)		
Stockholders' equity:		
Preferred stock, par value $0.01: Authorized-10,000 shares; Issued-zero	—	—
Common stock, par value $0.50: Authorized-60,000 shares; Issued-51,776 shares	25,888	25,888
Additional paid-in capital	200,456	91,185
Retained earnings	874,911	866,886
Accumulated other comprehensive loss	(967)	(491)
Treasury stock, at cost: 18,146 and 20,262 shares, respectively	(315,478)	(351,256)
Total stockholders' equity	784,810	632,212
Total liabilities and stockholders' equity	$ 1,533,040	$ 1,104,231

See Notes to Condensed Consolidated Financial Statements.

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

	Nine Months Ended	
(in thousands)	**May 30, 2020**	**May 25, 2019**
Operating activities:		
Net income	$ 18,983	$ 79,930
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	11,854	9,788
Amortization of intangible assets	18,514	7,204
Non-cash interest expense, net	7,440	—
Amortization of debt issuance costs	2,181	1,186
Last-in, first-out expense	1,450	1,544
Stock-based compensation	3,332	5,735
Deferred income taxes	365	362
Other, net	516	1,265
Change in assets and liabilities:		
Receivables	31,440	(20,961)
Inventories	91,938	2,701
Prepaid expenses and other assets	159	(653)
Accounts payable	(13,528)	3,954
Income taxes and unrecognized tax benefits	(2,622)	(13,898)
Accrued expenses and other liabilities	(9,585)	4,692
Net cash provided by operating activities	162,437	82,849
Investing activities:		
Purchases of property and equipment	(28,582)	(31,681)
Acquisition of business, net of cash acquired	(260,965)	(702)
Proceeds from the sale of property	—	134
Other, net	141	1,752
Net cash used in investing activities	(289,406)	(30,497)
Financing activities:		
Borrowings on credit agreement	1,495,209	342,549
Repayments of credit agreement	(1,495,209)	(375,438)
Proceeds from issuance of convertible senior notes	300,000	—
Purchase of convertible note hedge	(70,800)	—
Proceeds from issuance of warrants	42,210	—
Payments on long-term debt	(6,500)	—
Payments of offering costs	(10,761)	—
Payments of cash dividends	(10,881)	(10,201)
Payments for repurchase of common stock	—	(7,724)
Other, net	(1,250)	296
Net cash provided by (used in) financing activities	242,018	(50,518)
Net increase in cash and cash equivalents	115,049	1,834
Cash and cash equivalents at beginning of period	37,431	2,342
Cash and cash equivalents at end of period	$ 152,480	$ 4,176

Supplement cash flow disclosure:				
Income taxes paid, net	$	6,240	$	33,852
Interest paid	$	14,961	$	10,335
Non-cash transactions:				
Issuance of Winnebago common stock for acquisition of business	$	92,572	$	—
Capital expenditures in accounts payable	$	255	$	9

See Notes to Condensed Consolidated Financial Statements.

Winnebago Industries, Inc.
Condensed Consolidated Statements of Changes in Stockholders' Equity
(Unaudited)

	Three Months Ended May 30, 2020							
	Common Shares		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Stockholders' Equity
(in thousands, except per share data)	Number	Amount				Number	Amount	
Balances at February 29, 2020	51,776	$ 25,888	$ 200,751	$ 890,994	$ (543)	(18,153)	$ (315,566)	$ 801,524
Stock-based compensation, net of forfeitures	—	—	(315)	—	—	—	7	(308)
Issuance of stock, net	—	—	20	—	—	8	133	153
Repurchase of common stock	—	—	—	—	—	(1)	(52)	(52)
Common stock dividends; $0.11 per share	—	—	—	(3,730)	—	—	—	(3,730)
Actuarial loss, net of tax	—	—	—	—	8	—	—	8
Interest rate swap activity, net of tax	—	—	—	—	(432)	—	—	(432)
Net loss	—	—	—	(12,353)	—	—	—	(12,353)
Balances at May 30, 2020	51,776	$ 25,888	$ 200,456	$ 874,911	$ (967)	(18,146)	$ (315,478)	$ 784,810

	Nine Months Ended May 30, 2020							
	Common Shares		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Stockholders' Equity
(in thousands, except per share data)	Number	Amount				Number	Amount	
Balances at August 31, 2019	51,776	$ 25,888	$ 91,185	$ 866,886	$ (491)	(20,262)	$ (351,256)	$ 632,212
Stock-based compensation, net of forfeitures	—	—	3,309	—	—	1	23	3,332
Issuance of stock, net	—	—	(2,011)	—	—	160	2,782	771
Issuance of stock for acquisition	—	—	57,811	—	—	2,000	34,761	92,572
Repurchase of common stock	—	—	—	—	—	(45)	(1,788)	(1,788)
Common stock dividends; $0.33 per share	—	—	—	(10,958)	—	—	—	(10,958)
Actuarial loss, net of tax	—	—	—	—	24	—	—	24
Interest rate swap activity, net of tax	—	—	—	—	(500)	—	—	(500)
Equity component of convertible senior notes and offering costs, net of tax of $20,840	—	—	61,335	—	—	—	—	61,335
Convertible note hedge purchase, net of tax of $17,417	—	—	(53,383)	—	—	—	—	(53,383)
Warrant transactions	—	—	42,210	—	—	—	—	42,210
Net income	—	—	—	18,983	—	—	—	18,983
Balances at May 30, 2020	51,776	$ 25,888	$ 200,456	$ 874,911	$ (967)	(18,146)	$ (315,478)	$ 784,810

	Three Months Ended May 25, 2019							
	Common Shares		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Stockholders' Equity
(in thousands, except per share data)	Number	Amount				Number	Amount	
Balances at February 23, 2019	51,776	$ 25,888	$ 89,682	$ 805,851	$ 252	(20,292)	$ (351,007)	$ 570,666
Stock-based compensation, net of forfeitures	—	—	1,118	—	—	1	12	1,130
Issuance of restricted stock	—	—	(904)	—	—	52	904	—
Repurchase of common stock	—	—	—	—	—	(32)	(1,104)	(1,104)
Common stock dividends; $0.11 per share	—	—	—	(3,516)	—	—	—	(3,516)
Actuarial loss, net of tax	—	—	—	—	8	—	—	8
Interest rate swap activity, net of tax	—	—	—	—	(362)	—	—	(362)
Net income	—	—	—	36,171	—	—	—	36,171
Balances at May 25, 2019	51,776	$ 25,888	$ 89,896	$ 838,506	$ (102)	(20,271)	$ (351,195)	$ 602,993

Winnebago Industries, Inc.
Condensed Consolidated Statements of Changes in Stockholders' Equity (continued)
(Unaudited)

	Nine Months Ended May 25, 2019							
	Common Shares		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Stockholders' Equity
(in thousands, except per share data)	Number	Amount				Number	Amount	
Balances at August 25, 2018	51,776	$ 25,888	$ 86,223	$ 768,816	$ 892	(20,243)	$ (347,374)	$ 534,445
Stock-based compensation, net of forfeitures	—	—	5,683	—	—	4	69	5,752
Issuance of restricted stock	—	—	(2,056)	—	—	208	3,584	1,528
Issuance of stock under ESPP	—	—	46	—	—	15	250	296
Repurchase of common stock	—	—	—	—	—	(255)	(7,724)	(7,724)
Common stock dividends; $0.32 per share	—	—	—	(10,240)	—	—	—	(10,240)
Actuarial loss, net of tax	—	—	—	—	24	—	—	24
Interest rate swap activity, net of tax	—	—	—	—	(1,018)	—	—	(1,018)
Net income	—	—	—	79,930	—	—	—	79,930
Balances at May 25, 2019	51,776	$ 25,888	$ 89,896	$ 838,506	$ (102)	(20,271)	$ (351,195)	$ 602,993

See Notes to Condensed Consolidated Financial Statements.

Winnebago Industries, Inc.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 1: Basis of Presentation

Unless the context otherwise requires, the use of the terms "Winnebago," "Company", "WGO," "we," "us," and "our" in these Notes to Condensed Consolidated Financial Statements refers to Winnebago Industries, Inc. and its wholly-owned subsidiaries.

In the opinion of management, the accompanying Condensed Consolidated Financial Statements contain all adjustments necessary for a fair presentation as prescribed by accounting principles generally accepted in the United States (“GAAP”). All adjustments were comprised of normal recurring adjustments, except as noted in these Notes to Condensed Consolidated Financial Statements.

Interim results are not necessarily indicative of the results to be expected for the full year. The interim Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q should be read in conjunction with the audited Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2019.

Fiscal Period

The Company follows a 52-/53-week fiscal year, ending the last Saturday in August. Fiscal 2020 is a 52-week year, while Fiscal 2019 was a 53-week year. The extra (53rd) week in Fiscal 2019 was recognized in the Company's fourth quarter.

Cash and cash equivalents

Cash equivalents include all investments with original maturities of three months or less or which are readily convertible into known amounts of cash and are not legally restricted. Accounts at each banking institution are insured by the Federal Deposit Insurance Corporation up to $250,000, while the remaining balances are uninsured.

Subsequent Events

In preparing the accompanying unaudited Condensed Consolidated Financial Statements, the Company evaluated subsequent events for potential recognition and disclosure through the date of this filing. There were no material subsequent events.

Dividend

On May 19, 2020, the Company's Board of Directors declared a quarterly cash dividend of $0.11 per share payable on July 1, 2020 to common stockholders of record at the close of business on June 17, 2020.

Coronavirus (COVID-19) pandemic

The Company is closely monitoring the impact of the 2019 novel coronavirus, or COVID-19, on all aspects of its business. COVID-19 was declared a global pandemic by the World Health Organization on March 11, 2020 and the President of the United States declared the COVID-19 outbreak a national emergency on March 13, 2020. The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27, 2020. The Company is taking advantage of the employer payroll tax (FICA) deferral offered by CARES which allows the Company to defer the payment of employer payroll taxes for the period from March 27, 2020 to December 31, 2020. The deferred FICA liability as of May 30, 2020 was $1.2 million and will be payable in equal installments at December 2021 and December 2022. Additionally, the Company is taking advantage of a tax credit granted to companies under the CARES Act who continued to pay their employees when operations were fully or partially suspended. The refundable tax credit through the end of the third quarter of Fiscal 2020, reflected in cost of goods sold and within other current assets, is approximately $4.0 million and will be received in the fourth quarter of Fiscal 2020.

Recently Adopted Accounting Pronouncements

The Company adopted Accounting Standard Update (“ASU”) 2016-02, *Leases (Topic 842)*, as of September 1, 2019, using the modified retrospective basis as of the beginning of the period of adoption. In addition, the Company elected the package of practical expedients permitted under the transition guidance with the new standard, which among other things, allowed the Company to carry forward the historical lease classification, and the Company elected the hindsight practical expedient. Adoption of the new standard resulted in the recording of net lease assets and lease liabilities of $33.8 million and $33.4 million, respectively, as of September 1, 2019. The adoption of the standard did not materially impact our consolidated net earnings and had no impact on the Company's cash flows.

The following table details line items impacted by the adoption of this ASU within the Condensed Consolidated Balance Sheets as of September 1, 2019:

(in thousands)	August 31, 2019 As Reported	ASU 2016-02 Adjustment on September 1, 2019	September 1, 2019 As Adjusted
Assets			
Other intangible assets, net	$ 256,082	$ (1,310)	$ 254,772
Operating lease assets	—	33,811	33,811
Total assets	$ 1,104,231	$ 32,501	$ 1,136,732
Liabilities and Stockholders' Equity			
Accrued expenses: Other	$ 13,678	$ 1,258	$ 14,936
Total current liabilities	197,744	1,258	199,002
Operating lease liabilities	—	31,243	31,243
Total non-current liabilities	274,275	31,243	305,518
Total liabilities and stockholders' equity	$ 1,104,231	$ 32,501	$ 1,136,732

Also, in the first quarter of Fiscal 2020, the Company adopted ASU 2017-12, *Derivatives and Hedging (Topic 815)*, which improves the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements. The adoption of this standard did not materially impact the Company's Condensed Consolidated Financial Statements.

Recently Issued Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, and has since issued additional amendments. ASU 2016-13 will replace today's "incurred loss" approach with an "expected loss" model for instruments measured at amortized cost. The standard is effective for annual reporting periods beginning after December 15, 2019 (our Fiscal 2021), including interim periods within those annual reporting periods. The Company expects to adopt the new guidance in the first quarter of Fiscal 2021, and the Company does not expect a material impact to its consolidated financial statements.

In December 2019, the Financial Accounting Standards Board ("FASB") issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. ASU 2019-12 simplifies the accounting for income taxes by removing certain exceptions to the general principles of Topic 740. The standard is effective for annual reporting periods beginning after December 15, 2020 (the Company's Fiscal 2022), including interim periods within those annual reporting periods. The Company expects to adopt the new guidance in the first quarter of Fiscal 2022, and does not expect a material impact to its consolidated financial statements.

In March 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of Effects of Reference Rate Reform on Financial Reporting*. ASU 2020-04 provides practical expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The expedients and exceptions provided by the amendments in this update apply only to contracts, hedging relationships, and other transactions that reference the London interbank offered rate ("LIBOR") or another reference rate expected to be discontinued as a result of reference rate reform. These amendments are not applicable to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022. ASU No. 2020-04 is effective as of March 12, 2020 through December 31, 2022 and may be applied to contract modifications and hedging relationships from the beginning of an interim period that includes or is subsequent to March 12, 2020. The Company will adopt this standard when LIBOR is discontinued, and does not expect a material impact to its consolidated financial statements.

Note 2: Business Combinations

Newmar Corporation

On November 8, 2019, pursuant to the terms of the Stock Purchase Agreement dated September 15, 2019 (the "Purchase Agreement"), Winnebago completed the acquisition of 100% of Newmar Corporation, Dutch Real Estate Corp., New-Way Transport, and New-Serv (collectively "Newmar"). Newmar is a leading manufacturer of Class A and Super C motorized recreation vehicles that are sold through an established network of independent authorized dealers throughout North America.

The following table summarizes the total consideration paid for Newmar, noting that it is subject to purchase price adjustments as stipulated in the Purchase Agreement:

(in thousands)	**November 8, 2019**
Cash	$ 264,433
Winnebago Industries shares: 2,000,000 at $46.29	92,572
Total	$ 357,005

The cash portion of the purchase price of the acquisition and certain transaction expenses were funded through the private placement of convertible senior notes (as further described in Note 9, *Long-Term Debt*) and cash on hand. The stock consideration was discounted by 7.0% due to lack of marketability because of the one year lock-up restrictions.

The total purchase price was allocated to the net tangible and intangible assets of Newmar acquired, based on their fair values at the date of the acquisition. The Company believes that the information provides a reasonable basis for estimating the fair values. During the third quarter of Fiscal 2020, the Company finalized the valuation and completed the purchase price allocation, which included purchase price adjustments of $3.3 million. The following table summarizes the fair values assigned to the Newmar net assets acquired and the determination of net assets:

(in thousands)	**November 8, 2019**
Cash	$ 3,469
Accounts receivable	37,147
Inventories	82,621
Prepaid expenses and other assets	9,830
Property, plant, and equipment	31,143
Goodwill	73,127
Other intangible assets	172,100
Total assets acquired	409,437
Accounts payable	14,023
Accrued compensation	4,306
Product warranties	15,147
Promotional	6,351
Other	11,637
Deferred tax liabilities	968
Total liabilities assumed	52,432
Total purchase price	$ 357,005

The goodwill, recognized in the Company's Motorhome segment, is primarily attributable to the value of the workforce, reputation of founders, customer and dealer growth opportunities, and expected synergies. Key areas of cost synergies include increased purchasing power for raw materials and supply chain consolidation. Goodwill is expected to be mostly deductible for tax purposes.

The following table summarizes the other intangible assets acquired:

($ in thousands)	**November 8, 2019**	**Useful Life-Years**
Trade name	$ 98,000	Indefinite
Dealer network	64,000	12.0
Backlog	8,800	0.5
Non-compete agreements	1,300	5.0

The fair value of the trade name and dealer network were estimated using an income approach. Under the income approach, an intangible asset's fair value is equal to the present value of the future economic benefits to be derived from ownership of the asset. The fair value of the trade name was estimated using an income approach, specifically the relief from royalty method. The relief from royalty method is based on the hypothetical royalty stream that would be received if we were to license the trade name and was based on expected revenues. The fair value of the trade name was estimated using an income approach, specifically the cost to recreate/cost saving method. This method uses the replacement of the asset as an indicator of the fair value of the asset. The useful life of the intangibles was determined considering the expected cash flows used to measure the fair value of the intangible assets adjusted for the entity-specific factors including legal, regulatory, contractual, competitive, economic or other factors that may limit the useful life of intangible assets. On the acquisition date, amortizable intangible assets had a weighted-average useful life of approximately 10.5 years.

The results of Newmar's operations have been included in the Company's Condensed Consolidated Financial Statements from the close of the acquisition within the Motorhome segment. The following table provides net revenues and operating income from the Newmar operating segment included in the Company's consolidated results following the November 8, 2019 closing date:

(in thousands)	Three Months Ended May 30, 2020	Nine Months Ended May 30, 2020
Net revenues	$ 87,991	$ 262,070
Operating loss	(3,503)	(7,294)

The following unaudited pro forma information represents the Company's results of operations as if the Fiscal 2020 acquisition of Newmar had occurred at the beginning of Fiscal 2019:

	Three Months Ended		Nine Months Ended	
(in thousands, except per share data)	May 30, 2020	May 25, 2019	May 30, 2020	May 25, 2019
Net revenues	$ 402,458	$ 710,246	$ 1,770,985	$ 1,953,195
Net (loss) income	(10,004)	40,585	30,557	67,096
Income per share - basic	$ (0.30)	$ 1.21	$ 0.92	$ 2.00
Income per share - diluted	$ (0.30)	$ 1.21	$ 0.91	$ 2.00

The unaudited pro forma data above includes the following significant non-recurring adjustments made to account for certain costs which would have changed if the acquisition of Newmar had occurred at the beginning of Fiscal 2019:

	Three Months Ended		Nine Months Ended	
(in thousands)	May 30, 2020	May 25, 2019	May 30, 2020	May 25, 2019
Amortization of intangibles (1 year or less useful life)(1)	$ 3,336	$ —	$ 13,610	$ (13,610)
Amortization of intangibles(2)	(1)	(1,395)	(1,060)	(4,184)
Expenses related to business combination (transaction costs)(3)	—	652	9,950	(10,602)
Interest to reflect new debt structure(4)	(361)	(4,857)	(4,032)	(14,027)
Taxes related to the adjustments to the pro forma data and to the income of Newmar(5)	(625)	(1,173)	(3,077)	3,412

(1) Includes amortization adjustments for our backlog intangible asset and our fair-value inventory adjustment.
(2) Includes amortization adjustments for our dealer network and non-compete intangible assets.
(3) Pro forma transaction costs include $0.6 million incurred prior to the acquisition.
(4) Includes adjustments for cash and non-cash interest expense as well as deferred financing costs. Refer to Note 9, *Long-Term Debt,* for additional information on the Company's new debt structure as a result of the acquisition.
(5) Calculated using our U.S. federal statutory rate of 21.0%.

The unaudited pro forma information is not necessarily indicative of the results that the Company would have achieved had the transaction actually taken place at the beginning of Fiscal 2019, and the unaudited pro forma information does not purport to be indicative of future financial operating results. The unaudited pro forma condensed consolidated financial information does not reflect any operating efficiencies and cost savings that may be realized from the integration of the acquisition.

Transaction costs related to the Newmar acquisition were $10.6 million, of which $10.0 million were expensed during the first quarter of Fiscal 2020 and $0.6 million were expensed during the fourth quarter of Fiscal 2019. Transaction costs are included in Selling, general, and administrative expenses in the accompanying Condensed Consolidated Statements of Income and Comprehensive Income.

Note 3: Business Segments

The Company has six operating segments: 1) Grand Design towables, 2) Winnebago towables, 3) Winnebago motorhomes, 4) Newmar motorhomes, 5) Chris-Craft marine, and 6) Winnebago specialty vehicles. The Company evaluates performance based on each operating segment's Adjusted EBITDA, as defined below, which excludes certain corporate administration expenses and non-operating income and expense.

The Company's two reportable segments include: 1) Towable (comprised of products which are not motorized and are generally towed by another vehicle as well as other related manufactured products and services), which is an aggregation of the Grand Design towables and the Winnebago towables operating segments and 2) Motorhome (comprised of products that include a motorized chassis as well as other related manufactured products and services), which is an aggregation of the Winnebago motorhomes and Newmar motorhomes operating segments.

The Corporate / All Other category includes the Chris-Craft marine and Winnebago specialty vehicles operating segments as well as expenses related to certain corporate administration expenses for the oversight of the enterprise. These expenses include items such as corporate leadership and administration costs.

Identifiable assets of the reportable segments exclude general corporate assets, which principally consist of cash and cash equivalents and certain deferred tax balances. The general corporate assets are included in the Corporate / All Other category.

The Company's chief operating decision maker ("CODM") is its Chief Executive Officer. The Company's CODM relies on internal management reporting that analyzes consolidated results to the net earnings level and operating segment's Adjusted EBITDA. The Company's CODM has ultimate responsibility for enterprise decisions. The Company's CODM determines, in particular, resource allocation for, and monitors the performance of, the consolidated enterprise, the Towable segment, and the Motorhome segment. The operating segments' management have responsibility for operating decisions, allocating resources, and assessing performance within their respective segments. The accounting policies of both reportable segments are the same and are described in Note 1, *Summary of Significant Accounting Policies*, of the Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2019.

The Company evaluates the performance of its reportable segments based on Adjusted EBITDA. 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. Examples of items excluded from Adjusted EBITDA include acquisition-related fair-value inventory step-up, acquisition-related costs, restructuring expenses, and non-operating income.
The following table shows information by reportable segment:

	Three Months Ended		Nine Months Ended	
(in thousands)	**May 30, 2020**	**May 25, 2019**	**May 30, 2020**	**May 25, 2019**
Net Revenues				
Towable	$ 188,898	$ 346,811	$ 813,611	$ 890,335
Motorhome	203,590	160,239	755,023	506,229
Corporate / All Other	9,970	21,890	49,092	58,714
Consolidated	$ 402,458	$ 528,940	$ 1,617,726	$ 1,455,278
Adjusted EBITDA				
Towable	$ 16,451	$ 57,172	$ 86,982	$ 121,638
Motorhome	(10,789)	381	13,488	16,716
Corporate / All Other	(1,588)	(1,679)	(8,919)	(9,539)
Consolidated	$ 4,074	$ 55,874	$ 91,551	$ 128,815
Capital Expenditures				
Towable	$ 2,296	$ 4,810	$ 11,962	$ 21,335
Motorhome	5,768	2,543	13,348	7,933
Corporate / All Other	1,492	962	3,272	2,413
Consolidated	$ 9,556	$ 8,315	$ 28,582	$ 31,681

(in thousands)	May 30, 2020	August 31, 2019
Total Assets		
Towable	$ 652,351	$ 628,994
Motorhome	620,425	332,157
Corporate / All Other	260,264	143,080
Consolidated	$ 1,533,040	$ 1,104,231

Reconciliation of net income to consolidated Adjusted EBITDA:

	Three Months Ended		Nine Months Ended	
(in thousands)	**May 30, 2020**	**May 25, 2019**	**May 30, 2020**	**May 25, 2019**
Net (loss) income	$ (12,353)	$ 36,171	$ 18,983	$ 79,930
Interest expense	8,440	4,446	23,140	13,293
(Benefit) provision for income taxes	(4,186)	8,717	3,702	18,609
Depreciation	4,134	3,520	11,854	9,788
Amortization of intangible assets	6,926	2,278	18,514	7,204
EBITDA	2,961	55,132	76,193	128,824
Acquisition-related fair-value inventory step-up	—	—	4,810	—
Acquisition-related costs	(189)	—	9,761	—
Restructuring expenses	1,376	1,102	1,247	1,321
Non-operating income	(74)	(360)	(460)	(1,330)
Adjusted EBITDA	$ 4,074	$ 55,874	$ 91,551	$ 128,815

Note 4: Derivatives, Investments, and Fair Value Measurements

Assets and Liabilities that are Measured at Fair Value on a Recurring Basis

The Company accounts for fair value measurements in accordance with Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measurement, and expands disclosure about fair value measurement. The fair value hierarchy requires the use of observable market data when available. In instances in which the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy contains three levels as follows:

Level 1 - Unadjusted quoted prices that are available in active markets for the identical assets or liabilities at the measurement date.

Level 2 - Other observable inputs available at the measurement date, other than quoted prices included in Level 1, either directly or indirectly, including:
- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets in nonactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 - Unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management’s estimates of market participant assumptions.

The following tables set forth by level within the fair value hierarchy the Company's financial assets and liabilities that were accounted for at fair value on a recurring basis at May 30, 2020 and August 31, 2019 according to the valuation techniques the Company used to determine their fair values:

(in thousands)	Fair Value at May 30, 2020	Fair Value Hierarchy Level 1	Level 2	Level 3
Assets that fund deferred compensation:				
Domestic equity funds	$ 378	$ 293	$ 85	$ —
International equity funds	93	30	63	—
Fixed income funds	163	50	113	—
Interest rate swap contracts	(573)	—	(573)	—
Total assets at fair value	$ 61	$ 373	$ (312)	$ —

(in thousands)	Fair Value at August 31, 2019	Fair Value Hierarchy Level 1	Level 2	Level 3
Assets that fund deferred compensation:				
Domestic equity funds	$ 373	$ 288	$ 85	$ —
International equity funds	101	45	56	—
Fixed income funds	155	54	101	—
Interest rate swap contracts	90	—	90	—
Total assets at fair value	$ 719	$ 387	$ 332	$ —

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Assets that fund deferred compensation

The Company's assets that fund deferred compensation are marketable equity securities measured at fair value using quoted market prices and primarily consist of equity-based mutual funds. These securities are primarily classified as Level 1 as they are traded in an active market for which closing stock prices are readily available. These securities fund the Executive Share Option Plan and the Executive Deferred Compensation Plan. Refer to Note 10, *Employee and Retiree Benefits*, of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended August 31, 2019 for additional information regarding these plans.

The proportion of the assets that will fund options which expire within a year are included in Prepaid expenses and other assets in the accompanying Condensed Consolidated Balance Sheets. The remaining assets are classified as non-current and are included in Other assets.

Interest Rate Swap Contract

On March 6, 2020, the Company entered into an interest rate swap agreement for an incremental notional amount of $25 million to exchange floating for fixed rate interest payments for our LIBOR-based borrowings. The interest rate swap had a fair value of zero at inception, is effective March 10, 2020 and has been designated as a cash flow hedge. The interest rate swap agreement, with a maturity date of March 4, 2025, converts the Company's interest rate payments on $25 million of variable-rate, 1-month LIBOR-based debt to a fixed interest rate of 1.265%.

On March 2, 2020, the Company entered into an interest rate swap agreement for an incremental notional amount of $25 million to exchange floating for fixed rate interest payments for our LIBOR-based borrowings. The interest rate swap had a fair value of zero at inception, is effective March 4, 2020 and has been designated as a cash flow hedge. The interest rate swap agreement, with a maturity date of March 4, 2025, converts the Company's interest rate payments on $25 million of variable-rate, 1-month LIBOR-based debt to a fixed interest rate of 1.364%.

On January 23, 2017, the Company entered into an interest rate swap contract, which effectively fixed the interest rate on the $300.0 million term loan agreement ("Term Loan") for a notional amount that reduced each December during the swap contract. As of August 31, 2019, the Company had $120.0 million of the Term Loan fixed at an interest rate of 5.32%. In the first quarter of Fiscal 2020, the Company exited the swap contract prior to its expiration on December 8, 2020.

The fair value of the interest rate swap is classified as Level 2 as it is determined based on observable market data. The asset is included in Other assets and the liability is included in Other non-current liabilities on the Condensed Consolidated Balance Sheets.

The change in value is recorded to Accumulated other comprehensive loss on the Condensed Consolidated Balance Sheets since the interest rate swap is designated for hedge accounting. These circumstances were similar for the swap that was exited during the first quarter of Fiscal 2020.

Assets and Liabilities that are measured at Fair Value on a Nonrecurring Basis

The Company's non-financial assets, which include goodwill, intangible assets, and property, plant and equipment, are not required to be measured at fair value on a recurring basis. However, if certain triggering events occur, or if an annual impairment test is required, the Company must evaluate the non-financial asset for impairment. If an impairment has occurred, the asset is required to be recorded at the estimated fair value. No impairments were recorded for non-financial assets in the third quarter of Fiscal 2020 or the third quarter of Fiscal 2019.

Fair Value of Financial Instruments

The Company's financial instruments, other than those presented in the disclosures above, include cash, receivables, accounts payable, other payables, and long-term debt. The fair values of cash, receivables, accounts payable, and other payables approximated carrying values because of the short-term nature of these instruments. If these instruments were measured at fair value in the financial statements, they would be classified as Level 1 in the fair value hierarchy. See Note 9, *Long-Term Debt*, for information about the fair value of our long-term debt.

Note 5: Inventories

Inventories consist of the following:

(in thousands)	May 30, 2020	August 31, 2019
Finished goods	$ 39,071	$ 53,417
Work-in-process	80,828	82,926
Raw materials	112,930	105,804
Total	232,829	242,147
Less last-in, first-out ("LIFO") reserve	42,470	41,021
Inventories, net	$ 190,359	$ 201,126

Inventory valuation methods consist of the following:

(in thousands)	May 30, 2020	August 31, 2019
LIFO basis	$ 136,939	$ 184,007
First-in, first-out basis	95,890	58,140
Total	$ 232,829	$ 242,147

The above value of inventories, before reduction for the LIFO reserve, approximates replacement cost at the respective dates.

Note 6: Property, Plant, and Equipment

Property, plant, and equipment is stated at cost, net of accumulated depreciation, and consists of the following:

(in thousands)	May 30, 2020	August 31, 2019
Land	$ 10,894	$ 6,799
Buildings and building improvements	165,424	119,638
Machinery and equipment	114,127	107,701
Software	29,622	29,169
Transportation	4,272	3,865
Property, plant, and equipment, gross	324,339	267,172
Less accumulated depreciation	148,908	139,600
Property, plant, and equipment, net	$ 175,431	$ 127,572

Depreciation expense was $4.1 million and $3.5 million during the third quarters of Fiscal 2020 and 2019, respectively; and $11.9 million and $9.8 million during the first nine months of Fiscal 2020 and 2019, respectively.

Note 7: Goodwill and Intangible Assets

The changes in the carrying amount of goodwill by segment were as follows for the first nine months of Fiscal 2020 and 2019, of which there were no accumulated impairment losses:

(in thousands)	Towable	Motorhome	Corporate / All Other	Total
Balances at August 25, 2018	$ 244,684	$ —	$ 29,686	$ 274,370
Chris-Craft purchase price adjustment[1]	—	—	1,287	1,287
Balances at May 25, 2019	$ 244,684	$ —	$ 30,973	$ 275,657
Balances at August 31, 2019	$ 244,684	$ —	$ 30,247	$ 274,931
Acquisition of Newmar[2]	—	73,127	—	73,127
Balances at May 30, 2020	$ 244,684	$ 73,127	$ 30,247	$ 348,058

(1) Refer to Note 2, *Business Combinations*, of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended August 31, 2019 for additional information.
(2) Refer to Note 2, *Business Combinations*, for additional information.

Other intangible assets, net of accumulated amortization, consist of the following:

	May 30, 2020			August 31, 2019		
($ in thousands)	Weighted Average Life-Years	Cost	Accumulated Amortization	Weighted Average Life-Years	Cost	Accumulated Amortization
Trade names	Indefinite	$ 275,250		Indefinite	$ 177,250	
Dealer networks	12.1	159,581	$ 29,195	12.2	95,581	$ 20,329
Backlog	0.5	28,327	28,327	0.5	19,527	19,527
Non-compete agreements	4.3	6,647	3,924	4.1	5,347	3,077
Leasehold interest-favorable		—	—	8.1	2,000	690
Other intangible assets, gross		469,805	61,446		299,705	43,623
Less accumulated amortization		61,446			43,623	
Other intangible assets, net		$ 408,358			$ 256,082	

The weighted average remaining amortization period for intangible assets as of May 30, 2020 was approximately 10 years.

Remaining estimated aggregate annual amortization expense by fiscal year is as follows:

(in thousands)	Amount
Fiscal 2020	$ 3,590
Fiscal 2021	14,361
Fiscal 2022	13,719
Fiscal 2023	13,526
Fiscal 2024	13,424
Thereafter	74,488
Total amortization expense remaining	$ 133,108

Note 8: Product Warranties

The Company provides certain service and warranty on our products. From time to time, the Company also voluntarily incurs costs for certain warranty-type expenses occurring after the normal warranty period to help protect the reputation of the Company's products and the goodwill of the Company's customers. Estimated costs related to product warranty are accrued at the time of sale and are based upon historical warranty and service claims experience. Adjustments are made to accruals as claim data and cost experience becomes available.

In addition to the costs associated with the contractual warranty coverage provided on products, the Company also occasionally incurs costs as a result of additional service actions not covered by warranties, including product recalls and customer satisfaction actions. Although the Company estimates and reserves for the cost of these service actions, there can be no assurance that expense levels will remain at current levels or such reserves will continue to be adequate.

Changes in the Company's product warranty liability are as follows:

	Three Months Ended		Nine Months Ended	
(in thousands)	**May 30, 2020**	**May 25, 2019**	**May 30, 2020**	**May 25, 2019**
Balance at beginning of period	$ 60,211	$ 40,305	$ 44,436	$ 40,498
Business acquisition[(1)]	—	—	15,147	—
Provision	13,227	14,139	44,274	34,090
Claims paid	(12,773)	(10,820)	(43,192)	(30,964)
Balance at end of period	$ 60,665	$ 43,624	$ 60,665	$ 43,624

(1) Refer to Note 2, *Business Combinations*, for additional information.

Note 9: Long-Term Debt

The components of long-term debt are as follows:

(in thousands)	**May 30, 2020**	**August 31, 2019**
ABL Credit Facility	$ —	$ —
Term Loan	253,500	260,000
Convertible Notes	300,000	—
Long-term debt, gross	553,500	260,000
Convertible Notes unamortized interest discount	(77,581)	—
Debt issuance costs, net	(10,945)	(5,706)
Long-term debt	464,974	254,294
Less current maturities	13,668	8,892
Long-term debt, less current maturities	$ 451,306	$ 245,402

Credit Agreements

On November 8, 2016, the Company entered into a $125.0 million credit facility ("ABL Credit Facility") and a $300.0 million loan agreement ("Term Loan") with JPMorgan Chase Bank, N.A. (the agreements governing the ABL Credit Facility and the Term Loan, collectively the "Credit Agreements"). On October 22, 2019, the ABL Credit Facility was amended and restated to, among other things, increase the commitments thereunder to $192.5 million. The Credit Agreements contain certain financial covenants. As of May 30, 2020, the Company is in compliance with all financial covenants of the Credit Agreements.

Convertible Notes

On November 1, 2019, the Company issued $300.0 million in aggregate principal amount of 1.5% unsecured convertible senior notes due 2025 (“Convertible Notes”). The net proceeds from the issuance of the Convertible Notes, after deducting the initial purchasers' transaction fees and offering expense payable by the Company, were approximately $290.4 million. The Convertible Notes bear interest at the annual rate of 1.5%, payable on April 1 and October 1 of each year, beginning on April 1, 2020, and will mature on April 1, 2025, unless earlier converted or repurchased by the Company.

The Convertible Notes will be convertible into cash, shares of the Company's common stock or a combination thereof, at the election of the Company, at an initial conversion rate of 15.6906 shares of common stock per $1,000 principal amount of Convertible Notes, which is equivalent to an initial conversion price of approximately $63.73 per share, as adjusted pursuant to the terms of the indenture governing the Convertible Notes (the "Indenture"). The Convertible Notes may be converted at any time on or after October 1, 2024, until the close of business on the second scheduled trading day immediately preceding the maturity date.

The conversion rate of the Convertible Notes may be adjusted in certain circumstances, including in connection with a conversion of the Convertible Notes made following certain fundamental changes and under other circumstances set forth in the Indenture. It is the Company's current intent to settle all conversions of the Convertible Notes through settlement of cash.

Prior to the close of business on the business day immediately preceding October 1, 2024, the Convertible Notes will be convertible only under the following circumstances:

(1) during any fiscal quarter commencing after December 31, 2019 if the closing sale price of the common stock is more than 130% of the applicable conversion price on each applicable trading day for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter;
(2) during the 5 consecutive business day period after any 5 consecutive trading day period (the "measurement period") in which the trading price per $1,000 principal amount of Convertible Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate for the Convertible Notes on each such trading day; or
(3) upon the occurrence of certain specified corporate events set forth in the indenture.

The Company may not redeem the Convertible Notes at our option prior to the maturity date, and no sinking fund is provided for the Convertible Notes.

On October 29, 2019 and October 30, 2019, in connection with the offering of the Convertible Notes, the Company entered into privately negotiated convertible note hedge transactions (collectively, the “Hedge Transactions”) that cover, subject to customary anti-dilution adjustments, the number of shares of the Company's common stock that initially underlie the Convertible Notes, and are expected generally to reduce the potential dilution and/or offset any cash payments the Company is required to make in excess of the principal amount due, as the case may be, upon conversion of the Convertible Notes in the event that the market price of the Company's common stock is greater than the strike price of the Hedge Transactions, which was initially $63.73 per share (subject to adjustment under the terms of the Hedge Transactions), corresponding to the initial conversion price of the Convertible Notes.

On October 29, 2019 and October 30, 2019, the Company also entered into privately negotiated warrant transactions (collectively, the “Warrant Transactions” and, together with the Hedge Transactions, the “Call Spread Transactions”), whereby the Company sold warrants at a higher strike price relating to the same number of shares of the Company's common stock that initially underlie the Convertible Notes, subject to customary anti-dilution adjustments. The initial strike price of the warrants is $96.20 per share (subject to adjustment under the terms of the Warrant Transactions), which is 100% above the last reported sale price of our common stock on October 29, 2019. The Warrant Transactions could have a dilutive effect to the Company's stockholders to the extent that the market price per share of the Company's common stock, as measured under the terms of the Warrant Transactions, exceeds the applicable strike price of the warrants.

The Company used $28.6 million of the net proceeds from the issuance of the Convertible Notes to pay the cost of the Call Spread Transactions.

The Hedge Transactions and the Warrant Transactions are separate transactions, in each case, and are not part of the terms of the Convertible Notes and will not affect any holder’s rights under the Convertible Notes. Holders of the Convertible Notes will not have any rights with respect to the Call Spread Transactions.

Accounting Treatment of the Convertible Notes and Related Hedge Transactions and Warrant Transactions

The Call Spread Transactions were classified as equity. The Company bifurcated the proceeds from the offering of the Convertible Notes between liability and equity components. On the date of issuance, the liability and equity components were calculated to be approximately $215.0 million and $85.0 million, respectively. The initial $215.0 million liability component was determined based on the fair value of similar debt instruments excluding the conversion feature assuming a hypothetical interest rate of 8%. The initial $85.0 million ($64.1 million net of tax) equity component represents the difference between the fair value of the initial $215.0 million in debt and the $300.0 million of gross proceeds. The related initial debt discount of $85.0 million is being amortized over the life of the Convertible Notes as non-cash interest expense using the effective interest method.

In connection with the above-noted transactions, the Company incurred approximately $9.6 million of offering-related costs. These offering fees were allocated to the liability and equity components in proportion to the allocation of proceeds and accounted for as debt and equity issuance costs, respectively. The Company allocated $7.0 million of debt issuance costs to the liability component, which were capitalized as deferred financing costs within Long-term debt. These costs are being amortized as interest expense over the term of the debt using the effective interest method. The remaining $2.6 million of transaction costs allocated to the equity component were recorded as a reduction of the equity component.

Fair Value and Future Maturities

As of May 30, 2020, the fair value of long-term debt, gross, was $566.1 million. As of August 31, 2019, the fair value of long-term debt, gross, approximated the carrying value.

Aggregate contractual maturities of debt in future fiscal years are as follows:

(in thousands)		Amount
Fiscal 2020	$	3,750
Fiscal 2021		15,000
Fiscal 2022		15,000
Fiscal 2023		15,000
Fiscal 2024		204,750
Thereafter		300,000
Total Term Loan and Convertible Notes	$	553,500

Note 10: Leases

The Company's leases primarily include operating leases for office and manufacturing space and equipment. The Company's finance leases are primarily for real estate. For any lease with an initial term in excess of 12 months, the related lease assets and liabilities are recognized on the Condensed Consolidated Balance Sheets as either operating or finance leases at the inception of an agreement where it is determined that a lease exists. The Company has lease agreements that contain both lease and non-lease components, and has elected to combine lease and non-lease components for all classes of assets. Leases with an initial term of 12 months or less are not recorded on the Condensed Consolidated Balance Sheets; the Company recognizes lease expense for these leases on a straight-line basis over the lease term. When the terms of multiple lease agreements are materially consistent, the Company has elected the portfolio approach for our asset and liability calculations.

Lease assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease. These assets and liabilities are recognized based on the present value of future payments over the lease term at commencement date. The Company generally uses a collateralized incremental borrowing rate based on the information available at commencement date, including lease term, in determining the present value of future payments. The assumed lease terms of the Company generally do not include options to extend or terminate the lease unless it is reasonably certain that the option will be exercised.

Some of the Company's real estate operating leases require payment of real estate taxes, common area maintenance, and insurance. In addition, certain of the leases are subject to annual changes in the consumer price index. These components comprise the majority of the Company's variable lease cost and are excluded from the present value of the lease obligations. Fixed payments may contain predetermined fixed rent escalations. For operating leases, the Company recognizes the related rent expense on a straight-line basis from the commencement date to the end of the lease term.

The following table details the supplemental balance sheet information related to the Company's leases:

(in thousands)	Classification		May 30, 2020
Assets			
Operating leases	Operating lease assets	$	29,790
Finance leases	Other assets	$	4,542
Total lease assets		$	34,332
Liabilities			
Current: Operating leases	Accrued expenses: Other	$	2,507
Current: Finance leases	Accrued expenses: Other		532
Non-Current: Operating leases	Operating lease liabilities		27,366
Non-Current: Financing leases	Non-current liabilities: Other	$	5,005
Total lease liabilities		$	35,410

The following table details the operating lease cost incurred:

(in thousands)	Classification	Three Months Ended May 30, 2020	Nine Months Ended May 30, 2020
Operating lease expense[1]	Costs of goods sold and SG&A	$ 1,647	$ 5,183
Finance lease cost:			
Depreciation of lease assets	Costs of goods sold and SG&A	144	331
Interest on lease liabilities	Interest expense	86	205
Total lease cost		$ 1,877	$ 5,719

(1) Operating lease expense includes short-term leases and variable lease payments, which are immaterial.

The Company's future lease commitments for future fiscal years as of May 30, 2020 included the following related party and non-related party leases:

	Operating Leases			Finance Leases
(in thousands)	Related Party Amount	Non-Related Party Amount	Total	Non-Related Party Amount
Fiscal 2020	$ 225	$ 854	$ 1,079	$ 214
Fiscal 2021	900	3,330	4,230	855
Fiscal 2022	900	3,014	3,914	851
Fiscal 2023	1,500	2,757	4,257	842
Fiscal 2024	1,800	2,587	4,387	845
Thereafter	9,600	11,912	21,512	3,443
Total future undiscounted lease payments	14,925	24,454	39,379	7,050
Less: Interest	4,042	5,464	9,506	1,513
Total reported lease liabilities	$ 10,883	$ 18,990	$ 29,873	$ 5,537

The Company's future minimum lease payments for future fiscal years as determined prior to the adoption of ASC 842, *Leases*, and as disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2019, included the following related party and non-related party leases:

	Operating Leases		
(in thousands)	Related Party Amount	Non-Related Party Amount	Total
Fiscal 2020	$ 2,864	$ 1,236	$ 4,100
Fiscal 2021	2,863	1,068	3,931
Fiscal 2022	2,863	759	3,622
Fiscal 2023	3,597	530	4,127
Fiscal 2024	3,963	361	4,324
Thereafter	25,064	1,359	26,423
Total future lease commitments	$ 41,214	$ 5,313	$ 46,527

The following table details additional information related to the Company's leases:

(in thousands)	Nine Months Ended May 30, 2020
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 1,807
Operating cash flows from finance leases	205
Financing cash flows from finance leases	232
Leased assets obtained in exchange for lease liabilities:	
Operating leases	1,663
Finance leases[1]	5,664

	May 30, 2020
Weighted average remaining lease term (in years):	
Operating leases	8.9
Finance leases	8.0
Weighted average discount rate:	
Operating leases	6.2 %
Finance leases	6.2 %

(1) Represents the lease liability added. Lease assets are offset by a $1.0 million unfavorable lease liability created by the acquisition of Newmar.

Note 11: Employee and Retiree Benefits

Deferred compensation liabilities are as follows:

(in thousands)	May 30, 2020	August 31, 2019
Non-qualified deferred compensation	$ 11,859	$ 13,093
Supplemental executive retirement plan	1,825	2,072
Executive share option plan	—	12
Executive deferred compensation plan	634	621
Deferred compensation benefits	14,318	15,798
Less current portion[1]	2,864	2,920
Deferred compensation benefits, net of current portion	$ 11,454	$ 12,878

(1) Included in Accrued compensation on the Condensed Consolidated Balance Sheets.

Note 12: Contingent Liabilities and Commitments

Repurchase Commitments

Generally, manufacturers in the same industries as the Company enter into repurchase agreements with lending institutions which have provided wholesale floorplan financing to dealers. Most dealers are financed on a "floorplan" basis under which a bank or finance company lends the dealer all, or substantially all, of the purchase price, collateralized by a security interest in the units purchased.

The repurchase agreements of the Company generally provide that, in the event of default by the dealer on the agreement to pay the lending institution, the Company will repurchase the financed merchandise. The terms of these agreements, which generally can last up to 24 months, provide that the liability will be the lesser of remaining principal owed by the dealer to the lending institution, or dealer invoice less periodic reductions based on the time since the date of the original invoice. The Company's liability cannot exceed 100% of the dealer invoice. In certain instances, the Company also repurchases inventory from dealers due to state law or regulatory requirements that govern voluntary or involuntary relationship terminations. Although laws vary from state to state, some states have laws in place that require manufacturers of recreational vehicles or boats to repurchase current inventory if a dealership exits the business. The total contingent liability on all repurchase agreements of the Company was approximately $1.2 billion and $874.9 million at May 30, 2020 and August 31, 2019, respectively.

Repurchased sales are not recorded as a revenue transaction, but the net difference between the original repurchase price and the resale price are recorded against the loss reserve, which is a deduction from gross revenue. The Company's loss reserve for repurchase commitments contains uncertainties because the calculation requires management to make assumptions and apply judgment regarding a number of factors. The Company's risk of loss related to these repurchase commitments is significantly reduced by the potential resale value of any products that are subject to repurchase and is spread over numerous dealers and lenders. The aggregate contingent liability related to the Company's repurchase agreements represents all financed dealer inventory at the period reporting date subject to a repurchase agreement, net of the greater of periodic reductions per the agreement or dealer principal payments. Based on these repurchase agreements and the Company's historical loss experience, an associated loss reserve is established which is included in Accrued expenses: Other on the Condensed Consolidated Balance Sheets. The Company's estimated repurchase accrual was $1.2 million and $0.9 million at May 30, 2020 and August 31, 2019, respectively. Repurchase risk is affected by the credit worthiness of the Company's dealer network, and management does not believe there is a reasonable likelihood that there will be a material change in the estimates or assumptions used to establish the loss reserve for repurchase commitments.

There was no material activity related to repurchase agreements during the first nine months ended May 30, 2020 and May 25, 2019.

Litigation

The Company is involved in various legal proceedings which are ordinary and routine litigation incidental to the business, some of which are covered in whole or in part by insurance. While the Company believes the ultimate disposition of litigation will not have a material adverse effect on the Company's financial position, results of operations or liquidity, there exists the possibility that such litigation may have an impact on the Company's results for a particular reporting period in which litigation effects become probable and reasonably estimable. Though the Company does not believe there is a reasonable likelihood that there will be a material change related to these matters, litigation is subject to inherent uncertainties and management's view of these matters may change in the future.

Note 13: Revenue

The Company generates all operating revenue from contracts with customers. The Company's primary source of revenue is generated through the sale of manufactured motorized units, non-motorized towable units, and marine units to the Company's independent dealer network (the Company's customers). The following table disaggregates revenue by reportable segment and product category:

	Three Months Ended		Nine Months Ended	
(in thousands)	**May 30, 2020**	**May 25, 2019**	**May 30, 2020**	**May 25, 2019**
Net Revenues				
Towable:				
Fifth Wheel	$ 107,364	$ 201,561	$ 459,301	$ 519,093
Travel Trailer	77,974	140,709	342,331	358,497
Other(1)	3,560	4,541	11,979	12,745
Total Towable	188,898	346,811	813,611	890,335
Motorhome:				
Class A	92,280	45,138	337,629	148,816
Class B	65,000	41,363	232,349	162,343
Class C	39,268	67,674	161,801	176,059
Other(1)	7,042	6,064	23,244	19,011
Total Motorhome	203,590	160,239	755,023	506,229
Corporate / All Other:				
Other(2)	9,970	21,890	49,092	58,714
Total Corporate / All Other	9,970	21,890	49,092	58,714
Consolidated	$ 402,458	$ 528,940	$ 1,617,726	$ 1,455,278

(1) Relates to parts, accessories, and services.
(2) Relates to marine and specialty vehicle units, parts, accessories, and services.

The Company does not have material contract assets or liabilities. The Company establishes allowances for uncollectible receivables based on historical collection trends and write-off history.

Concentration of Risk

None of the Company's dealer organizations accounted for more than 10% of net revenue for each of the third quarter periods of Fiscal 2020 and Fiscal 2019. In addition, none of the Company's dealer organizations accounted for more than 10% of net revenue for the first nine months of Fiscal 2020 or 2019.

Note 14: Stock-Based Compensation

On December 11, 2018, the Company's shareholders approved the Winnebago Industries, Inc. 2019 Omnibus Incentive Plan ("2019 Plan") as detailed in the Company's Proxy Statement for the 2018 Annual Meeting of Shareholders. The 2019 Plan allows the Company to grant or issue non-qualified stock options, incentive stock options, share awards, and other equity compensation to key employees and to non-employee directors. The 2019 Plan replaces our 2014 Omnibus Equity, Performance Award, and Incentive Compensation Plan (as amended, the "2014 Plan"). The number of shares of the Company's Common Stock that may be the subject of awards and issued under the 2019 Plan is 4.1 million, plus the shares subject to any awards outstanding under the 2014 Plan and the Company's predecessor plan, the 2004 Incentive Compensation Plan (the “2004 Plan”), on December 11, 2018 that subsequently expire, are forfeited or canceled, or are settled for cash. Until such time, however, awards under the 2014 Plan and the 2004 Plan, respectively, that are outstanding on December 11, 2018 will continue to be subject to the terms of the 2014 Plan or 2004 Plan, as applicable. Shares remaining available for future awards under the 2014 Plan were not carried over into the 2019 Plan.

Stock-based compensation expense was $(0.3) million and $1.1 million during the third quarters of Fiscal 2020 and 2019, respectively, and $3.3 million and $5.7 million during the first nine months of Fiscal 2020 and 2019, respectively. Compensation expense is recognized over the requisite service period of the award.

Note 15: Restructuring

During the third quarter of Fiscal 2020, the Company completed a reduction in force intended to improve operational efficiencies and to align with the Company's long-term strategic plan, which have resulted in headcount reductions in the Motorhome segment. As a result, we recognized $1.4 million of restructuring charges during the three months ended May 30, 2020. These charges include termination benefits.

On February 4, 2019, the Company announced its intent to move the Company's diesel production from Junction City, OR to Forest City, IA to enable more effective product development and improve cost structure. These charges include termination benefits, asset-related expenses and other related costs.

The following table details the aggregate restructuring charges incurred:

	Motorhome			
	Three Months Ended		Nine Months Ended	
(in thousands)	May 30, 2020	May 25, 2019	May 30, 2020	May 25, 2019
Cost of goods sold	$ 1,376	$ 1,102	$ 1,200	$ 1,102
Selling, general, and administrative expenses	—	—	47	219
Restructuring expense	$ 1,376	$ 1,102	$ 1,247	$ 1,321

Expenses in the current Fiscal year mainly include headcount reductions and adjustments for facility closure costs. The Company does not expect additional reorganization charges during the remainder of Fiscal 2020. These costs could be higher or lower in the event the Company makes additional decisions in future periods that impact reorganization efforts.

Note 16: Income Taxes

The Company's effective tax rate decreased to 16.3% for the first nine months ended May 30, 2020 from 18.9% for the first nine months ended May 25, 2019 due primarily to fixed credits against lower taxable income due to the COVID-19 impact in the third quarter of Fiscal 2020 partially offset by a favorable credit in the prior year related to research and development credits.

The Company files a U.S. Federal tax return, as well as returns in various international and state jurisdictions. As of May 30, 2020, the Company's federal returns from Fiscal 2016 to present are subject to review by the Internal Revenue Service. With limited exception, state returns from Fiscal 2015 to present continue to be subject to review by state taxing jurisdictions. The Company is currently under review by certain U.S. state tax authorities for Fiscal 2015 through 2018. The Company believes it has adequately reserved for its exposure to additional payments for uncertain tax positions in its liability for unrecognized tax benefits.

Note 17: Income Per Share

The following table reflects the calculation of basic and diluted income per share:

(in thousands, except per share data)	Three Months Ended May 30, 2020	Three Months Ended May 25, 2019	Nine Months Ended May 30, 2020	Nine Months Ended May 25, 2019
Numerator				
Net (loss) income	$ (12,353)	$ 36,171	$ 18,983	$ 79,930
Denominator				
Weighted average common shares outstanding	33,625	31,493	33,102	31,546
Dilutive impact of stock compensation awards	—	151	187	176
Weighted average common shares outstanding, assuming dilution	33,625	31,644	33,289	31,722
Anti-dilutive securities excluded from Weighted average common shares outstanding, assuming dilution	123	204	104	183
Basic income (loss) per common share	$ (0.37)	$ 1.15	$ 0.57	$ 2.53
Diluted income (loss) per common share	$ (0.37)	$ 1.14	$ 0.57	$ 2.52

Anti-dilutive securities were not included in the computation of diluted income per common share because they are considered anti-dilutive under the treasury stock method.

Note 18: Accumulated Other Comprehensive Income (Loss)

Changes in Accumulated Other Comprehensive Income ("AOCI") by component, net of tax, were:

	Three Months Ended					
	May 30, 2020			May 25, 2019		
(in thousands)	Defined Benefit Pension Items	Interest Rate Swap	Total	Defined Benefit Pension Items	Interest Rate Swap	Total
Balance at beginning of period	$ (543)	$ —	$ (543)	$ (575)	$ 827	$ 252
Other comprehensive income ("OCI") before reclassifications		(432)	(432)	—	(362)	(362)
Amounts reclassified from AOCI	8	—	8	8	—	8
Net current-period OCI	8	(432)	(424)	8	(362)	(354)
Balance at end of period	$ (535)	$ (432)	$ (967)	$ (567)	$ 465	$ (102)

	Nine Months Ended					
	May 30, 2020			May 25, 2019		
(in thousands)	Defined Benefit Pension Items	Interest Rate Swap	Total	Defined Benefit Pension Items	Interest Rate Swap	Total
Balance at beginning of period	$ (559)	$ 68	$ (491)	$ (591)	$ 1,483	$ 892
OCI before reclassifications	—	(500)	(500)	—	(1,018)	(1,018)
Amounts reclassified from AOCI	24	—	24	24	—	24
Net current-period OCI	24	(500)	(476)	24	(1,018)	(994)
Balance at end of period	$ (535)	$ (432)	$ (967)	$ (567)	$ 465	$ (102)

Reclassifications out of AOCI in net periodic benefit costs, net of tax, were:

(in thousands)	Location on Consolidated Statements of Income and Comprehensive Income	Three Months Ended May 30, 2020	Three Months Ended May 25, 2019	Nine Months Ended May 30, 2020	Nine Months Ended May 25, 2019
Amortization of net actuarial loss	SG&A	$ 8	$ 8	$ 24	$ 24

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Unless the context otherwise requires, the use of the terms "Winnebago," "we," "us," and "our" refers to Winnebago Industries, Inc. and its wholly-owned subsidiaries.

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide a reader of our financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity, and certain other factors that may affect our future results. Unless otherwise noted, transactions and other factors significantly impacting our financial condition, results of operations, and liquidity are discussed in order of magnitude.

Our MD&A should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended August 31, 2019 (including the information presented therein under Risk Factors), as well as our reports on Forms 10-Q and 8-K and other publicly available information. All amounts herein are unaudited.

Overview

Winnebago Industries, Inc. is one of the leading North American manufacturers with a diversified portfolio of recreation vehicles ("RV"s) and marine products used primarily in leisure travel and outdoor recreation activities. We produce our motorhome units in Iowa and Indiana; our towable units in Indiana; and our marine units in Florida. We distribute our RV and marine products primarily through independent dealers throughout the U.S. and Canada, who then retail the products to the end consumer. We also distribute our marine products internationally through independent dealers, who then retail the products to the end consumer.

COVID-19 Pandemic

In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. The COVID-19 pandemic has resulted in governments around the world implementing increasingly stringent measures to help control the spread of the virus, including quarantines and "shelter-in-place" orders, travel restrictions, business curtailments, limits on gatherings, and other measures. In addition, governments and central banks in several parts of the world have enacted fiscal and monetary stimulus measures designed to counteract the economic impacts of the COVID-19 pandemic.

Health and safety
From the earliest signs of the outbreak, we have taken proactive action to protect the health and safety of our employees, customers, and suppliers. We have enacted rigorous safety measures in our sites, including employee training and self-monitoring for symptoms of the COVID-19 virus, the taking of all employee temperatures upon reporting to work, implementing social distancing protocols, implementing working from home arrangements for those employees that do not need to be physically present, suspending travel, extensively and frequently disinfecting our workspaces, and providing or accommodating the wearing of masks to those employees who must be physically present in their workplace. In the event an employee contracts the virus and is tested positive, we have mandated quarantining and have instructed employees not to return to work until such time that they have been cleared to do so. We expect to continue to practice these measures until we determine that the COVID-19 pandemic is adequately contained for purposes of our business, and we may take further actions as government authorities require or recommend or as we determine to be in the best interests of our employees, customers, and suppliers.

Operations
During the third quarter of Fiscal 2020, our manufacturing operations have been affected by the COVID-19 pandemic. Generally, any government mandated measures providing for business shutdowns exclude certain essential businesses and services, including businesses that manufacture and sell products that were considered essential to daily lives or otherwise operate in essential or critical sectors. While some of our facilities were considered essential by local governments, particularly in Indiana where all of our facilities are located for the towable segment, during the third quarter we experienced temporary, partial or full factory closures at our facilities in a concerted effort to lower the probability of coronavirus exposure to key stakeholders, to sanitize the facilities and address employee well-being. During the latter half of the third quarter, the facilities we temporarily, partially or fully closed began to reopen on a staggered schedule to effectively monitor the impact and make changes as necessary. While governmental measures may be modified or extended, we expect that our manufacturing facilities will remain operational.

Supply
We have not yet experienced material impacts or interruptions to our supply chain as a result of the COVID-19 pandemic. However, certain of our suppliers have faced difficulties maintaining operations in light of shelter-in-place mandates, which may impact our supply chain in future periods. Additionally, restrictions or disruptions of transportation did not result in higher costs or delays for the three months ended May 30, 2020. We are actively monitoring the costs and timing of raw materials and other inputs to our supply chain.

Demand
The COVID-19 pandemic has significantly increased economic and demand volatility and uncertainty. Our dealer networks were significantly impacted during the COVID-19 pandemic and a majority of our dealers temporarily closed during the third quarter of Fiscal 2020. However, beginning in May our dealers which were closed, have begun to reopen, with dealer reopenings accelerating

in June. The majority of our dealings have reopened as of the end of the third quarter of Fiscal 2020. During the third quarter of Fiscal 2020, we experienced reductions in customer demand due to a decrease in consumer spending attributable to the COVID-19 pandemic, however as of May 30, 2020, our backlog has recovered to levels higher than the same period of Fiscal 2019. Consumer buying activity may decline further if there are additional shut downs within our dealer networks. The current COVID-19 pandemic has caused a global economic slowdown, and the possibility of a global recession. In the event of a recession, demand for our products would decline and our business and results of operations would be adversely affected.

Cost mitigation actions
We began to see lower demand in most of our businesses in late March 2020, and we took steps across our organization to align costs with lower sales volumes. These steps include employee furloughs and layoffs, salary reductions ranging from 10% to 25%, and delaying, reducing or eliminating purchased services and restricting travel. Additionally, we are proactively managing our working capital and have reduced our discretionary capital spending for 2020 but have not deferred strategic ongoing initiatives. We also continue to monitor government economic stabilization efforts and will participate in certain legislative provisions, such as deferring estimated tax payments and utilizing job retention subsidies.

We continue to monitor the rapidly evolving situation and guidance from international and domestic authorities, including federal, state and local public health authorities, and may take additional actions based on their requirements and recommendations. In these circumstances, there may be developments outside our control requiring us to adjust our operating plan. As such, given the dynamic nature of this situation, we cannot reasonably estimate the impacts of the COVID-19 pandemic on our financial condition, results of operations or cash flows in the future. In addition, see Part II—Item 1A, “Risk Factors,” included herein for updates to our risk factors regarding risks associated with the COVID-19 pandemic.

Our financial position, results of operations and cash flows were impacted during the three months ended May 30, 2020, by the ongoing COVID-19 pandemic. The trends and results for the three months ended May 30, 2020 may not be indicative of results that may be expected for the year ending August 29, 2020 due to uncertainty regarding the extent and duration of the COVID-19 pandemic.

Additional disclosures in this Form 10-Q regarding the impacts of the ongoing COVID-19 pandemic are located in Note 1 – *Basis of Presentation*, Liquidity and Capital Resources and Part II, Item 1A. Risk Factors.

Non-GAAP Reconciliation

This MD&A 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 and Adjusted EBITDA. 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.

Refer to the Results of Operations - First Nine Months of Fiscal 2020 Compared to the First Nine Months of Fiscal 2019 for a detailed reconciliation of items that impacted EBITDA and Adjusted EBITDA. We have included these non-GAAP performance measures as a comparable measure to illustrate the effect of non-recurring transactions occurring during the reported periods and to improve comparability of our results from period to period. We believe Adjusted EBITDA provides meaningful supplemental information about our operating performance because these measures exclude amounts that we do not consider part of our core operating results when assessing our performance. Examples of items excluded from Adjusted EBITDA include acquisition-related fair-value inventory step-up, acquisition-related costs, restructuring expenses, and non-operating income.

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 debt agreements. We believe these non-GAAP financial measures are frequently used by securities analysts, investors, and other interested parties to evaluate companies in our industry.

Business Combinations

Newmar Corporation

On November 8, 2019, we completed the acquisition of Newmar Corporation, Dutch Real Estate Corp, New-Way Transport, and New-Serv (collectively "Newmar") for total consideration of $357.0 million, which consisted of $264.4 million in cash, subject to purchase price adjustments as stipulated in the Purchase Agreement, and 2.0 million shares of Winnebago common stock that were valued at $92.6 million ($46.29 per share discounted at 7.0% due to lack of marketability because of one year lock-up restrictions). The cash portion of the purchase price of the acquisition and certain transaction expenses were funded through the private placement of $300.0 million in aggregate principal amount of 1.5% convertible senior notes due 2025 ("Convertible Notes") (as further described in Note 9, *Long-Term Debt*) and cash on hand. Newmar is a leading manufacturer of Class A and Super C motorized recreation vehicles that are sold through an established network of independent authorized dealers throughout North America.

Reportable Segments

We have six operating segments: 1) Grand Design towables, 2) Winnebago towables, 3) Winnebago motorhomes, 4) Newmar motorhomes, 5) Chris-Craft marine, and 6) Winnebago specialty vehicles. We evaluate performance based on each operating segment's Adjusted EBITDA, as defined below, which excludes certain corporate administration expenses and non-operating income and expense.

Our two reportable segments include: 1) Towable (comprised of products which are not motorized and are generally towed by another vehicle as well as other related manufactured products and services), which is an aggregation of the Grand Design towables and the Winnebago towables operating segments and 2) Motorhome (comprised of products that include a motorized chassis as well as other related manufactured products and services), which is an aggregation of the Winnebago motorhomes and Newmar motorhomes operating segments.

The Corporate / All Other category includes the Chris-Craft marine and Winnebago specialty vehicles operating segments as well as expenses related to certain corporate administration expenses for the oversight of the enterprise. These expenses include items such as corporate leadership and administration costs.

Industry Trends

Key reported statistics for the North American RV industry are as follows:
- Wholesale unit shipments: RV product delivered to the dealers, which is reported monthly by the Recreation Vehicle Industry Association ("RVIA")
- Retail unit registrations: consumer purchases of RVs from dealers, which is reported monthly by Stat Surveys

We track RV Industry conditions using these key statistics to monitor trends and evaluate and understand our performance relative to the overall industry. The following is an analysis of changes in these key statistics for the rolling 12 months through April as of 2020 and 2019:

	US and Canada Industry							
	Wholesale Unit Shipments per RVIA Rolling 12 Months through April				Retail Unit Registrations per Stat Surveys Rolling 12 Months through April			
	2020	2019	Unit Change	% Change	2020	2019	Unit Change	% Change
Towable[(1)]	324,262	377,390	(53,128)	(14.1)%	365,459	414,249	(48,790)	(11.8)%
Motorhome[(2)]	40,149	51,309	(11,160)	(21.8)%	46,535	55,948	(9,413)	(16.8)%
Combined	364,411	428,699	(64,288)	(15.0)%	411,994	470,197	(58,203)	(12.4)%

(1) Towable: Fifth wheel and travel trailer products.
(2) Motorhome: Class A, B, and C products.

The rolling twelve months shipments for 2020 and 2019 reflect a contraction in shipments as dealers have rationalized inventory during the last twelve months. The rolling twelve months retail information for 2020 and 2019 illustrates that retail sales, while down year-over-year, remain at healthy levels relative to the industry's historical retail levels. We believe retail demand is the key driver to continued growth in the industry.

The most recent RVIA wholesale shipment forecasts for calendar year 2020, as noted in the table below, indicate that industry shipments are expected to decline in 2020 relative to 2019.

	Calendar Year			
Wholesale Unit Shipment Forecast per RVIA[1]	**2020 Forecast**	**2019 Actual**	**Unit Change**	**% Change**
Aggressive	340,900	406,100	(65,200)	(16.1)%
Most likely	321,600	406,100	(84,500)	(20.8)%
Conservative	302,300	406,100	(103,800)	(25.6)%

(1) Prepared by Dr. Richard Curtin of the University of Michigan Consumer Survey Research Center for RVIA and reported in the Roadsigns RV Summer 2020 Industry Forecast Issue.

Market Share

Our retail unit market share, as reported by Stat Surveys based on state records, is illustrated below. Note that this data is subject to adjustment and is continuously updated.

	Rolling 12 Months through April		Calendar Year		
US and Canada	**2020[1]**	**2019**	**2019**	**2018**	**2017**
Travel trailer and fifth wheels	9.9 %	8.1 %	9.3 %	7.8 %	6.1 %
Motorhome A, B, C	17.7 %	15.9 %	15.5 %	15.6 %	16.3 %
Total market share	10.7 %	9.0 %	10.0 %	8.7 %	7.4 %

(1) Includes retail unit market share for Newmar since its acquisition on November 8, 2019.

Facility Expansion

Due to the rapid growth in our Towable segment, we have implemented facility expansion projects in our Grand Design towables and Winnebago towables operating segments. The Grand Design towables expansion project consisted of three new production facilities--two were completed in Fiscal 2018 and one was completed during the second quarter of Fiscal 2020. The facility expansion in the Winnebago towables division was completed in the third quarter of Fiscal 2019.

Enterprise Resource Planning System

In the second quarter of Fiscal 2015, our Board of Directors approved the strategic initiative of implementing an enterprise resource planning ("ERP") system to replace our legacy business applications. The new ERP platform will provide better support for our changing business needs and plans for future growth. Our initial cost estimates have grown for additional needs of the business, such as the opportunity to integrate the ERP system with additional manufacturing systems. The project includes software, external implementation assistance, and increased internal staffing directly related to this initiative. We anticipate that approximately 40% of the cost will be expensed in the period incurred and 60% will be capitalized and depreciated over its useful life.

The following table illustrates the cumulative project costs:

	Nine Months Ended	Fiscal Year						
(in thousands)	**May 30, 2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**Cumulative Investment**	
Capitalized	$ 2,776	$ 3,875	$ 5,941	$ 1,881	$ 7,798	$ 3,291	$ 25,562	58.3 %
Expensed	1,384	3,709	2,107	2,601	5,930	2,528	18,259	41.7 %
Total	$ 4,160	$ 7,584	$ 8,048	$ 4,482	$ 13,728	$ 5,819	$ 43,821	100.0 %

Results of Operations - Current Quarter Compared to the Comparable Prior Year Quarter

Consolidated Performance Summary

The following is an analysis of changes in key items included in the consolidated statements of income and comprehensive income for the three months ended May 30, 2020 compared to the three months ended May 25, 2019:

	Three Months Ended					
(in thousands, except percent and per share data)	**May 30, 2020**	**% of Revenues[1]**	**May 25, 2019**	**% of Revenues[1]**	**$ Change**	**% Change**
Net revenues	$ 402,458	100.0 %	$ 528,940	100.0 %	$ (126,482)	(23.9)%
Cost of goods sold	370,434	92.0 %	442,356	83.6 %	(71,922)	(16.3)%
Gross profit	32,024	8.0 %	86,584	16.4 %	(54,560)	(63.0)%
Selling, general, and administrative expenses	33,271	8.3 %	35,332	6.7 %	(2,061)	(5.8)%
Amortization of intangible assets	6,926	1.7 %	2,278	0.4 %	4,648	204.0 %
Total operating expenses	40,197	10.0 %	37,610	7.1 %	2,587	6.9 %
Operating (loss) income	(8,173)	(2.0)%	48,974	9.3 %	(57,147)	(116.7)%
Interest expense	8,440	2.1 %	4,446	0.8 %	3,994	89.8 %
Non-operating income	(74)	— %	(360)	(0.1)%	(286)	(79.4)%
(Loss) income before income taxes	(16,539)	(4.1)%	44,888	8.5 %	(61,427)	(136.8)%
(Benefit) provision for income taxes	(4,186)	(1.0)%	8,717	1.6 %	(12,903)	(148.0)%
Net (loss) income	$ (12,353)	(3.1)%	$ 36,171	6.8 %	$ (48,524)	(134.2)%
Diluted (loss) income per share	$ (0.37)		$ 1.14		$ (1.51)	(132.5)%
Diluted average shares outstanding	33,625		31,644		1,981	6.3 %

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

The third quarter Fiscal 2020 results were impacted by the unprecedented series of events related to the COVID-19 pandemic which included the suspension of the Company's manufacturing operations as well as disruptions across its dealer network, supply chain and end consumers during most of the quarter.

Net revenues decreased in the third quarter of Fiscal 2020 compared to the third quarter of Fiscal 2019 primarily due to lower volume as a result of the COVID-19 pandemic offset partially by our acquisition of Newmar.

Gross profit as a percentage of revenue decreased in the third quarter of Fiscal 2020 compared to the third quarter of Fiscal 2019 primarily due to the impact of lower volume as a result of the COVID-19 pandemic and resulting deleverage when considering fixed expenses within cost of goods sold.

Operating expenses increased in the third quarter of Fiscal 2020 compared to the third quarter of Fiscal 2019 due to incremental operating expense due to our acquisition of Newmar partially offset by cost containment measures as a result of COVID-19.

Interest expense increased in the third quarter of Fiscal 2020 compared to the third quarter of Fiscal 2019 primarily due to the additional interest expense related to the Convertible Notes issued in connection with the acquisition of Newmar.

The effective tax rate increased to 25.3% for the third quarter of Fiscal 2020 compared to 19.4% for the third quarter of Fiscal 2019 due primarily to a pre-tax loss in Q3 2020 and the favorable impact in the prior year of research and development credits.

Net income and diluted income per share decreased in the third quarter of Fiscal 2020 compared to the third quarter of Fiscal 2019 primarily due to the profitability impact of the COVID-19 pandemic, incremental interest expense due to our convertible debt, and a favorable credit in the prior year related to research and development credits.

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Non-GAAP Reconciliation

The following table reconciles net income to consolidated EBITDA and Adjusted EBITDA for the three months ended May 30, 2020 and May 25, 2019:

	Three Months Ended	
(in thousands)	May 30, 2020	May 25, 2019
Net (loss) income	$ (12,353)	$ 36,171
Interest expense	8,440	4,446
(Benefit) provision for income taxes	(4,186)	8,717
Depreciation	4,134	3,520
Amortization of intangible assets	6,926	2,278
EBITDA	2,961	55,132
Acquisition-related fair-value inventory step-up	—	—
Acquisition-related costs	(189)	—
Restructuring expenses	1,376	1,102
Non-operating income	(74)	(360)
Adjusted EBITDA	$ 4,074	$ 55,874

Reportable Segment Performance Summary

Towable

The following is an analysis of key changes in our Towable segment for the three months ended May 30, 2020 compared to the three months ended May 25, 2019:

	Three Months Ended					
(in thousands, except ASP)	May 30, 2020	% of Revenues	May 25, 2019	% of Revenues	$ Change	% Change
Net revenues	$ 188,898		$ 346,811		$ (157,913)	(45.5)%
Adjusted EBITDA	16,451	8.7 %	57,172	16.5 %	(40,721)	(71.2)%
Average Selling Price ("ASP")[1]	32,107		33,318		(1,211)	(3.6)%

	Three Months Ended					
Unit deliveries	May 30, 2020	Product Mix[2]	May 25, 2019	Product Mix[2]	Unit Change	% Change
Travel trailer	3,537	60.3 %	6,185	59.5 %	(2,648)	(42.8)%
Fifth wheel	2,324	39.7 %	4,216	40.5 %	(1,892)	(44.9)%
Total towables	5,861	100.0 %	10,401	100.0 %	(4,540)	(43.6)%

(1) Average selling price excludes off-invoice dealer incentives.
(2) Percentages may not add due to rounding differences.

Net revenues decreased in the third quarter of Fiscal 2020 compared to the third quarter of Fiscal 2019 due to the impact of the COVID-19 pandemic. Our Towable market share increased from 8.1% to 9.9% when comparing shipments during the twelve-month trailing periods ended April 2019 and April 2020.

Adjusted EBITDA decreased in the third quarter of Fiscal 2020 compared to the third quarter of Fiscal 2019 due to the financial impact of the COVID-19 pandemic.

Motorhome

The following is an analysis of key changes in our Motorhome segment for the three months ended May 30, 2020 compared to the three months ended May 25, 2019:

(in thousands, except ASP)	Three Months Ended May 30, 2020	% of Revenues	May 25, 2019	% of Revenues	$ Change	% Change
Net revenues	$ 203,590		$ 160,239		$ 43,351	27.1 %
Adjusted EBITDA	(10,789)	(5.3)%	381	0.2 %	(11,170)	(2,931.8)%
ASP[1]	131,609		82,679		48,930	59.2 %

Unit deliveries	Three Months Ended May 30, 2020	Product Mix[2]	May 25, 2019	Product Mix[2]	Unit Change	% Change
Class A	428	27.4 %	378	19.3 %	50	13.2 %
Class B	694	44.4 %	515	26.2 %	179	34.8 %
Class C	440	28.2 %	1,069	54.5 %	(629)	(58.8)%
Total motorhomes	1,562	100.0 %	1,962	100.0 %	(400)	(20.4)%

(1) ASP excludes off-invoice dealer incentives.
(2) Percentages may not add due to rounding differences.

Net revenues increased in the third quarter of Fiscal 2020 compared to the third quarter of Fiscal 2019 primarily due to our acquisition of Newmar, partially offset by the impact of COVID-19.

Adjusted EBITDA decreased in the third quarter of Fiscal 2020 compared to the third quarter of Fiscal 2019 due to the deleverage impact of COVID-19 partially offset by our acquisition of Newmar and a favorable mix.

Results of Operations - First Nine Months of Fiscal 2020 Compared to the First Nine Months of Fiscal 2019

Consolidated Performance Summary

The following is an analysis of changes in key items included in the consolidated statements of income and comprehensive income for the nine months ended May 30, 2020 compared to the nine months ended May 25, 2019:

	Nine Months Ended					
(in thousands, except percent and per share data)	**May 30, 2020**	**% of Revenues[1]**	**May 25, 2019**	**% of Revenues[1]**	**$ Change**	**% Change**
Net revenues	$ 1,617,726	100.0 %	$ 1,455,278	100.0 %	$ 162,448	11.2 %
Cost of goods sold	1,427,307	88.2 %	1,231,269	84.6 %	196,038	15.9 %
Gross profit	190,419	11.8 %	224,009	15.4 %	(33,590)	(15.0)%
Selling, general, and administrative expenses	126,540	7.8 %	106,303	7.3 %	20,237	19.0 %
Amortization of intangible assets	18,514	1.1 %	7,204	0.5 %	11,310	157.0 %
Total operating expenses	145,054	9.0 %	113,507	7.8 %	31,547	27.8 %
Operating income	45,365	2.8 %	110,502	7.6 %	(65,137)	(58.9)%
Interest expense	23,140	1.4 %	13,293	0.9 %	9,847	74.1 %
Non-operating income	(460)	— %	(1,330)	(0.1)%	(870)	(65.4)%
Income before income taxes	22,685	1.4 %	98,539	6.8 %	(75,854)	(77.0)%
Provision for income taxes	3,702	0.2 %	18,609	1.3 %	(14,907)	(80.1)%
Net income	$ 18,983	1.2 %	$ 79,930	5.5 %	$ (60,947)	(76.3)%
Diluted income per share	$ 0.57		$ 2.52		$ (1.95)	(77.4)%
Diluted average shares outstanding	33,289		31,722		1,567	4.9 %

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

Net revenues increased in the first nine months of Fiscal 2020 compared to the first nine months of Fiscal 2019 primarily due to the strong performance in the first half of 2020, partially offset by the impact of the COVID-19 pandemic.

Gross profit as a percentage of revenue decreased in the first nine months of Fiscal 2020 compared to the first nine months of Fiscal 2019 due primarily to the impact of lower volume as a result of the COVID-19 pandemic and resulting deleverage when considering fixed expenses within cost of goods sold, Newmar purchase accounting impacts (inventory step-up) and an unfavorable change in mix as a result of our acquisition of Newmar.

Operating expenses increased in the first nine months of Fiscal 2020 compared to the first nine months of Fiscal 2019 due to acquisition-related costs and incremental amortization related to the purchase accounting for Newmar and normal operating expenses of Newmar partially offset by cost-containment initiatives to counteract the financial impact of the COVID-19 pandemic.

Interest expense increased in the first nine months of Fiscal 2020 compared to the first nine months of Fiscal 2019 primarily due to the additional interest expense related to the Convertible Notes issued in connection with the acquisition of Newmar.

Non-operating income decreased in the first nine months of Fiscal 2020 compared to the first nine months of Fiscal 2019 due to company-owned life insurance benefits in the prior year.

The effective tax rate decreased to 16.3% for the first nine months of Fiscal 2020 compared to 18.9% for the first nine months of Fiscal 2019 due primarily to fixed credits against lower taxable income due to the COVID-19 impact in the third quarter of Fiscal 2020 partially offset by a favorable credit in the prior year related to research and development credits.

Net income and diluted income per share decreased in the first nine months of Fiscal 2020 compared to the first nine months of Fiscal 2019 primarily due to the impact of the COVID-19 pandemic as well as acquisition-related costs for Newmar and the incremental interest expense due to our convertible debt.

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Non-GAAP Reconciliation

The following table reconciles net income to consolidated EBITDA and Adjusted EBITDA for the nine months ended May 30, 2020 and May 25, 2019:

	Nine Months Ended	
(in thousands)	**May 30, 2020**	**May 25, 2019**
Net income	$ 18,983	$ 79,930
Interest expense	23,140	13,293
Provision for income taxes	3,702	18,609
Depreciation	11,854	9,788
Amortization of intangible assets	18,514	7,204
EBITDA	76,193	128,824
Acquisition-related fair-value inventory step-up	4,810	—
Acquisition-related costs	9,761	—
Restructuring expenses	1,247	1,321
Non-operating income	(460)	(1,330)
Adjusted EBITDA	$ 91,551	$ 128,815

Reportable Segment Performance Summary

Towable

The following is an analysis of key changes in our Towable segment for the nine months ended May 30, 2020 compared to the nine months ended May 25, 2019 and as of May 30, 2020 compared to May 25, 2019:

	Nine Months Ended					
(in thousands, except ASP)	**May 30, 2020**	**% of Revenues**	**May 25, 2019**	**% of Revenues**	**$ Change**	**% Change**
Net revenues	$ 813,611		$ 890,335		$ (76,724)	(8.6)%
Adjusted EBITDA	86,982	10.7 %	121,638	13.7 %	(34,656)	(28.5)%
ASP(1)	32,836		32,926		(90)	(0.3)%

	Nine Months Ended					
Unit deliveries	**May 30, 2020**	**Product Mix(2)**	**May 25, 2019**	**Product Mix(2)**	**Unit Change**	**% Change**
Travel trailer	15,319	60.8 %	16,564	60.5 %	(1,245)	(7.5)%
Fifth wheel	9,874	39.2 %	10,818	39.5 %	(944)	(8.7)%
Total towables	25,193	100.0 %	27,382	100.0 %	(2,189)	(8.0)%

($ in thousands)	**May 30, 2020**	**May 25, 2019**	**Change**	**% Change**
Backlog(3)				
Units	13,235	7,089	6,146	86.7 %
Dollars	$ 417,176	$ 237,708	$ 179,468	75.5 %
Dealer Inventory				
Units	15,562	18,984	(3,422)	(18.0)%

(1) ASP excludes off-invoice dealer incentives.
(2) Percentages may not add due to rounding differences.
(3) We include in our backlog all accepted orders from dealers to generally 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.

Net revenues decreased in the first nine months of Fiscal 2020 compared to the first nine months of Fiscal 2019 due to a decrease in unit deliveries in the third quarter of Fiscal 2020 as a result of the COVID-19 pandemic partially offset by strong organic growth in the first half of Fiscal 2020.

Adjusted EBITDA decreased in the first nine months of Fiscal 2020 compared to the first nine months of Fiscal 2019 due to the deleverage impact of COVID-19.

We have seen an increase in the volume and dollar value of backlog as of May 30, 2020 compared to May 25, 2019 primarily due to strong retail demand following the imposition of shelter-in-place mandates in response to the COVID-19 pandemic.

Motorhome

The following is an analysis of key changes in our Motorhome segment for the nine months ended May 30, 2020 compared to the nine months ended May 25, 2019 and as of May 30, 2020 compared to May 25, 2019:

	Nine Months Ended					
(in thousands, except ASP)	**May 30, 2020**	**% of Revenues**	**May 25, 2019**	**% of Revenues**	**$ Change**	**% Change**
Net revenues	$ 755,023		$ 506,229		$ 248,794	49.1 %
Adjusted EBITDA	13,488	1.8 %	16,716	3.3 %	(3,228)	(19.3)%
ASP[1]	129,344		91,091		38,253	42.0 %

	Nine Months Ended					
Unit deliveries	**May 30, 2020**	**Product Mix[2]**	**May 25, 2019**	**Product Mix[2]**	**Unit Change**	**% Change**
Class A	1,803	31.0 %	1,329	23.7 %	474	35.7 %
Class B	2,287	39.3 %	1,847	33.0 %	440	23.8 %
Class C	1,734	29.7 %	2,430	43.3 %	(696)	(28.6)%
Total motorhomes	5,824	100.0 %	5,606	100.0 %	218	3.9 %

($ in thousands)	**May 30, 2020**	**May 25, 2019**	**Change**	**% Change**
Backlog[3]				
Units	4,131	2,074	2,057	99.2 %
Dollars	$ 515,035	$ 182,354	$ 332,681	182.4 %
Dealer Inventory				
Units	5,013	4,235	778	18.4 %

(1) ASP excludes off-invoice dealer incentives.
(2) Percentages may not add due to rounding differences.
(3) We include in our backlog all accepted orders from dealers to generally 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.

Net revenues increased in the first nine months of Fiscal 2020 compared to the first nine months of Fiscal 2019 due to the acquisition of Newmar and favorable mix partially offset by the reduction in volume related to the impact of COVID-19 during Q3 2020.

Adjusted EBITDA decreased in the first nine months of Fiscal 2020 compared to the first nine months of Fiscal 2019 primarily due to the COVID-19 pandemic partially offset by the Newmar acquisition.

We have seen an increase in the backlog volumes as of May 30, 2020 compared to May 25, 2019 primarily due to strong retail demand following the imposition of shelter-in-place mandates in response to the COVID-19 pandemic.

Analysis of Financial Condition, Liquidity, and Resources

Cash Flows

The following table summarizes our cash flows from operations for the nine months ended May 30, 2020 and May 25, 2019:

	Nine Months Ended	
(in thousands)	**May 30, 2020**	**May 25, 2019**
Total cash provided by (used in):		
Operating activities	$ 162,437	$ 82,849
Investing activities	(289,406)	(30,497)
Financing activities	242,018	(50,518)
Net increase in cash and cash equivalents	$ 115,049	$ 1,834

Operating Activities

Cash provided by operating activities increased for the nine months ended May 30, 2020 compared to the nine months ended May 25, 2019 primarily due to favorable changes in working capital partially offset by lower profitability in the third quarter of Fiscal 2020 due to the COVID-19 pandemic.

Investing Activities

Cash used in investing activities increased for the nine months ended May 30, 2020 compared to the nine months ended May 25, 2019 primarily due to our acquisition of Newmar.

Financing Activities

Cash provided by financing activities increased for the nine months ended May 30, 2020 compared to the nine months ended May 25, 2019 primarily due to the issuance of Convertible Notes issued in the first quarter of Fiscal 2020 to finance our acquisition of Newmar.

Debt and Capital

During the first quarter of Fiscal 2020, we issued the Convertible Notes, which were used to partially fund the Newmar acquisition. Refer to Note 9, *Long-Term Debt*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for additional details.

As of May 30, 2020, we have a debt agreement that consists of a $300.0 million term loan agreement ("Term Loan") that requires us to maintain certain financial ratios. As of May 30, 2020, we are in compliance with these covenants. Our debt covenants do not limit, nor are they reasonably likely to limit, our ability to obtain additional debt or equity financing.

We maintain a $192.5 million asset-based revolving credit facility ("ABL Credit Facility") with a maturity date of October 22, 2024 subject to certain factors which may accelerate the maturity date. As of May 30, 2020, we had no borrowings against the ABL.

As of May 30, 2020, we had $152.5 million in cash and cash equivalents and $192.5 million in unused ABL Credit Facility. Our cash and cash equivalent balances consist of high quality, short-term money market instruments.

We believe cash flow from operations, existing lines of credit, and access to debt and capital markets will be sufficient to meet our current liquidity needs, and we have committed liquidity and cash reserves in excess of our anticipated funding requirements. Further, we use derivative instruments with J.P. Morgan as the principal counterparty to manage interest rate risks. We evaluate the financial stability of the counterparty and will continue to monitor counterparty risk on an on-going basis. We do not have any credit-risk related contingent features in our derivative contracts as of May 30, 2020.

Other Financial Measures

Working capital at May 30, 2020 and August 31, 2019 was $299.8 million and $212.9 million, respectively. We currently expect cash on hand, funds generated from operations, and the borrowing available under our ABL Credit Facility to be sufficient to cover both short-term and long-term operating requirements.

Share Repurchases and Dividends

We repurchase our common stock and pay dividends pursuant to programs approved by our Board of Directors. Our long-term capital allocation strategy is to first fund operations and investments in growth, maintain a debt leverage ratio within our targeted zone, maintain reasonable liquidity, and then return excess cash over time to shareholders through dividends and share repurchases.

On October 18, 2017, our Board of Directors authorized a share repurchase program in the amount of $70.0 million. There is no time restriction on the authorization. In the third quarter of Fiscal 2020, we did not repurchase any shares under this authorization. We continually evaluate if share repurchases reflect a prudent use of our capital and, subject to compliance with our Credit Agreements, we may purchase shares in the future. At May 30, 2020, we have $58.9 million remaining on our board repurchase authorization.

On May 19, 2020, our Board of Directors approved a quarterly cash dividend of $0.11 per share payable on July 1, 2020, to common stockholders of record at the close of business on June 17, 2020.

Contractual Obligations and Commercial Commitments

There has been no material change in our contractual obligations other than the issuance of the Convertible Notes and in the ordinary course of business since the end of Fiscal 2019. Refer to Note 9, *Long-Term Debt*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for additional details on the Convertible Notes, and see our Annual Report on Form 10-K for the fiscal year ended August 31, 2019 for additional information regarding our contractual obligations and commercial commitments.

Significant Accounting Policies and Estimates

We describe our significant accounting policies in Note 1: *Summary of Significant Accounting Policies*, of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended August 31, 2019. We discuss our critical accounting estimates in Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, in our Annual Report on Form 10-K for the fiscal year ended August 31, 2019. In the first quarter of Fiscal 2020, we adopted new lease accounting guidance, as described in Note 1, *Basis of Presentation*, and Note 10, *Leases*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q. There have been no other significant changes in our significant accounting policies or critical accounting estimates since the end of Fiscal 2019.

New Accounting Pronouncements

For a description of new applicable accounting pronouncements, see Note 1, *Basis of Presentation*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

Safe Harbor Statement Under the Private Securities Litigation Reform Act

Section 27A of the Securities Act of 1933, as amended (“Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (“Exchange Act”), provide a “safe harbor” for forward-looking statements to encourage companies to provide prospective information about their companies. With the exception of historical information, the matters discussed in this Quarterly Report on Form 10-Q are forward-looking statements and may be identified by the use of words such as "anticipate," "assume," "believe," "estimate," "expect," "guidance," "intend," "outlook," "plan," "project," and other words and terms of similar meaning. Such statements reflect our current views and estimates with respect to future market conditions, company performance and financial results, operational investments, business prospects, new strategies, the competitive environment, and other events. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from the potential results discussed in such forward-looking statements. Readers should review Item 1A, *Risk Factors*, of our Annual Report on Form 10-K for the fiscal year ended August 31, 2019, and Item 1A, *Risk Factors*, in Part II of this Quarterly Report on Form 10-Q, for a description of important factors that could cause our actual results to differ materially from those contemplated by the forward-looking statements made in this Quarterly Report on Form 10-Q. Among the factors that could cause actual results and outcomes to differ materially from those contained in such forward-looking statements are the following: 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 cyclicality 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, including our ability to satisfy our obligations under the Convertible Notes, risks related to our recent 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 coronavirus (“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. Any forward-looking statements speak only as of the date they are made, and we assume no obligation to update any forward-looking statement that we may make.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The assets we maintain to fund deferred compensation have market risk, but we maintain a corresponding liability for these assets. The market risk is therefore borne by the participants in the deferred compensation program.

Interest rate risk

We are exposed to market risks related to fluctuations in interest rates on the outstanding variable rate debt. As of May 30, 2020, we had $253.5 million outstanding under our Term Loan, subject to variable interest rates. For our Term Loan in the third quarter of Fiscal 2020, a 1.0% increase in interest rates would have increased our interest expense by an estimated $2.5 million, and a 1.0% decrease in interest rates would not have changed our interest expense due to the 1% LIBOR floor. For additional information, see Note 9, *Long-Term Debt*. For variable rate debt, interest rate changes generally do not affect the fair value of the debt instrument, but do impact future earnings and cash flows, assuming other factors are held constant.

While these are our best estimates of the impact of the specified interest rate scenario, actual results could differ from those projected. The sensitivity analysis presented assumes interest rate changes are instantaneous, parallel shifts in the yield curve. In reality, interest rate changes of this magnitude are rarely instantaneous or parallel.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain "disclosure controls and procedures", as such term is defined under Securities Exchange Act of 1934, as amended ("Exchange Act") Rule 13a-15(e), that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Management necessarily applied its judgment in assessing the costs and benefits of such controls and procedures and believes that such controls and procedures are effective at the reasonable assurance level.

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures, required by Exchange Act Rule 13a-15(b), as of the end of the period covered by this report (the "Evaluation Date"). Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of the Evaluation Date.

Changes in Internal Control Over Financial Reporting

We are implementing an ERP system, which is expected to improve the efficiency of certain financial and related transaction processes. The implementation of an ERP system will likely affect the processes that constitute our internal control over financial reporting and will require testing for effectiveness. As we have completed implementation of certain phases of the ERP, internal controls over financial reporting have been tested for effectiveness with respect to the scope of the phase completed. We concluded, as part of our evaluation described in the above paragraphs, that the implementation of ERP in these circumstances has not materially affected our internal control over financial reporting. The implementation is continuing in a phased approach and will continue to be evaluated for effect on our internal control over financial reporting.

During the first quarter of Fiscal 2020, we completed the acquisition of Newmar, which represents a material change in internal control over financial reporting since management's last assessment. Prior to the acquisition, Newmar was a private company and has not been subject to the Sarbanes-Oxley Act of 2002, the rules and regulations of the SEC, or other corporate governance requirements to which public reporting companies may be subject. As part of our ongoing integration activities, we are continuing to incorporate our controls and procedures into the acquired Newmar subsidiaries and to augment our company-wide controls to reflect the risks inherent in an acquisition of this type. Our report on our internal control over financial reporting in the Annual Report on Form 10-K for the year ending August 29, 2020 will exclude the acquired Newmar subsidiaries in order for management to have sufficient time to evaluate and implement our internal control over financial reporting.

There were no other changes in our internal control over financial reporting that occurred during the third quarter of Fiscal 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION.

Item 1. Legal Proceedings.

For a description of our legal proceedings, see Note 12, *Contingent Liabilities and Commitments*, of the Notes to Condensed Consolidated Financial Statements, included in this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors.

There have been no material changes from the risk factors previously disclosed in Part I, Item 1A, *Risk Factors*, of our Annual Report on Form 10-K for the fiscal year ended August 31, 2019, except for the risk factors updated below:

The COVID-19 pandemic may have a material negative impact on our business, financial condition, results of operations and cash flows.

Our business and financial results are expected to be negatively impacted by the COVID-19 pandemic. The severity, magnitude and duration of the current COVID-19 pandemic is uncertain, rapidly changing and hard to predict. In Fiscal 2020, COVID-19 has significantly impacted economic activity and markets around the world. The COVID-19 pandemic has negatively impacted our business in numerous ways, including but not limited to those outlined below, and we expect these impacts to continue throughout Fiscal 2020 and beyond:

- The COVID-19 pandemic has caused a global economic slowdown that may last for an extended duration, and it is possible that it could cause a global recession.
- Due to the impacts of the COVID-19 pandemic, we have experienced and could continue to experience reductions in customer demand for certain of our products. During the third quarter of Fiscal 2020, we experienced reductions in customer demand due to a decrease in consumer spending attributable to the COVID-19 pandemic.
- The COVID-19 pandemic is adversely affecting, and is expected to continue to adversely affect, certain elements of our business (including certain elements of our operations, supply chains and distribution systems), including required, preventive and precautionary measures that we, our communities and governments are taking. These impacts include requiring employees to work from home or not go into their offices, limiting the number of employees attending meetings and using digital options when available, reducing the number of people in our sites at any one time, reducing employee travel and adopting other employee safety measures. These measures may also impact our ability to meet production demands or requests depending on employee attendance or ability to continue to work.
- If the COVID-19 pandemic continues and economic conditions worsen, we expect to experience additional adverse impacts on our operational and commercial activities, customer orders and our collections of accounts receivable, which may be material. It remains uncertain the impact on future operational and commercial activities, customer orders, and collections even if economic conditions begin to improve.
- Government or regulatory responses to the COVID-19 pandemic have and are likely to continue to negatively impact our business. Mandatory shelter-in-place or other restrictions on operations have temporarily disrupted our ability to manufacture or distribute our products in some markets and our dealers' ability to retail our product in certain markets. Continuation or expansion of these disruptions could materially adversely impact our operations and results. In addition to existing travel restrictions, jurisdictions may continue to close borders, impose prolonged quarantines and further restrict travel and business activity, which could significantly impact our ability to support our operations and customers and the ability of our employees to get to their workplaces to produce products and services, or significantly hinder our products from being sold to the end customer.
- The impacts of the COVID-19 pandemic may limit our ability to reduce our overall operating costs. We expect increased costs relating to our efforts to mitigate the impact of the COVID-19 pandemic through enhanced sanitization procedures and social-distancing measures we have enacted and will likely continue to enact at our locations in an effort to protect our employees' health and well-being.
- The COVID-19 pandemic has not materially disrupted our supply chain at this time, however, the full impact of the outbreak on our supply chain could result in future disruptions. Should disruptions or our failure to effectively respond to them occur, it may increase product or distribution costs or cause delays in delivering or an inability to deliver products to our customers.
- The COVID-19 pandemic has increased volatility and pricing in and disrupted the capital markets and commercial paper markets, and volatility is likely to continue. We might not be able to continue to access preferred sources of liquidity when we would like, and our borrowing costs could increase.
- The COVID-19 pandemic has caused increased difficulty in determining the fair value of the Company's goodwill and other assets for accounting purposes given the level of judgment and estimation that is inherently higher in the current environment considering the uncertainty created by the COVID-19 pandemic, which could result in estimates and assumptions made in valuing goodwill and other Company assets proving to be inaccurate in the future.

We may not be able to predict or respond to all impacts of the COVID-19 pandemic on a timely basis to prevent near- or long-term adverse impacts to our results. Due to the speed with which the COVID-19 situation continues to develop, the breadth of its spread and the range of governmental and community reactions thereto, there is uncertainty around its duration and ultimate impact; therefore, any negative impact on our business, financial condition (including without limitation our liquidity), results of operations and cash flows cannot be reasonably estimated at this time, but the COVID-19 pandemic could lead to extended disruption of economic activity and the impact on our business, financial condition, results of operations and cash flows could be material.

The ultimate impact of these disruptions also depends on events beyond our knowledge or control, including the duration and severity of the COVID-19 pandemic and actions taken by parties other than us to respond to them. The foregoing and other impacts of the COVID-19 pandemic could have the effect of heightening many of the other risks described in our Annual Report on Form 10-K for the fiscal year ended August 31, 2019 and any of these impacts could materially adversely affect our business, financial condition, results of operations and cash flows.

The terms of our Credit Agreements and other debt instruments could adversely affect our operating flexibility and pose risks of default.

We incurred substantial indebtedness to finance the acquisitions of Grand Design and Newmar. Our Credit Agreement is secured by substantially all of our assets, including cash, inventory, accounts receivable, and certain machinery and equipment. The Credit Agreement contains certain requirements, including affirmative and negative financial covenants. If we are unable to comply with these requirements and covenants, we may be restricted in our ability to pay dividends or engage in certain other business transactions, the lender may obtain control of our cash accounts, and we may experience an event of default. If a default occurs, the lenders under the Credit Agreement may elect to declare all of their respective outstanding debt, together with accrued interest and other amounts payable thereunder, to be immediately due and payable. Under such circumstances, we may not have sufficient funds or other resources to satisfy all of our obligations. In addition, the limitations imposed on our ability to incur additional debt and to take other corporate actions might significantly impair our ability to obtain other financing.

In addition, the Credit Agreement contains certain restrictions on our ability to undertake certain types of transactions. Therefore, we may need to seek permission from our lenders in order to engage in certain corporate actions and any additional indebtedness that we may incur will need to comply with the terms of the Credit Agreement and will have its own restrictions on our ability to undertake certain types of transactions. Likewise, the Indenture related to the Convertible Notes issued to help finance the acquisition of Newmar includes certain limited covenants that could impact our ability to operate our business.

In addition, our indebtedness could:

- Make us more vulnerable to general adverse economic, regulatory, and industry conditions;
- Limit our flexibility in planning for, or reacting to, changes and opportunities in the markets in which we compete;
- Place us at a competitive disadvantage compared to our competitors that have less debt or could require us to dedicate a substantial portion of our cash flow to service our debt; and
- Restrict us from making strategic acquisitions or exploiting other business opportunities.

Various factors, including share dilution, changes to credit terms, and our ability to meet financial performance expectations, could result in a decline in our stock price.

Our stock price may fluctuate based on many factors. To partially finance our acquisition of Grand Design, we issued $124.1 million worth of common stock to the owners of Grand Design and registered these shares for resale after the transaction closed. Similarly, we issued 2.0 million shares of our common stock to the owners of Newmar. In connection with our acquisition of Newmar, we also issued $300.0 million in aggregate principal amount of 1.50% convertible senior notes due 2025. We will settle conversions of the Convertible Notes by paying or delivering, as applicable, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election, based on the applicable conversion rate(s). Any future stock issuance by us or liquidation of stock holding by the former owners of Grand Design or Newmar or holders of the Convertible Notes may cause dilution of earnings per share or put selling pressure on our share price. Changing credit agreements and leverage ratios may also impact stock price. In general, analysts' expectations and our ability to meet those expectations quarterly may cause stock price fluctuations. If we fail to meet expectations related to future growth, profitability, debt repayment, dividends, share issuance or repurchase, or other market expectations, our stock price may decline significantly.

Failure to effectively manage strategic acquisitions and alliances, joint ventures, or partnerships could have a negative impact on our business.

One of our growth strategies is to drive growth through targeted acquisitions and alliances, stronger customer relations, and new joint ventures and partnerships that contribute profitable growth while supplementing our existing brands and product portfolio. On November 8, 2019, we acquired Newmar (the "Newmar Acquisition"), a leading manufacturer of Class A and Super C motorized RVs. Our ability to grow through acquisitions depends, in part, on the availability of suitable candidates at acceptable prices, terms, and conditions, our ability to compete effectively for acquisition candidates, and the availability of capital and personnel to complete such acquisitions and run the acquired business effectively. Any acquisition, alliance, joint venture, or partnership could impair our business, financial condition, reputation, and operating results. The benefits of an acquisition, including the Newmar Acquisition, or new alliance, joint venture, or partnership may take more time than expected to develop or integrate into our operations, and we cannot guarantee that previous or future acquisitions, alliances, joint ventures, or partnerships will, in fact, produce any benefits. Such acquisitions, alliances, joint ventures, and partnerships may involve a number of risks, including:

- Diversion of management’s attention;
- Disruption to our existing operations and plans;
- Inability to effectively manage our expanded operations;

- Difficulties or delays in integrating and assimilating information and financial systems, operations, and products of an acquired business or other business venture or in realizing projected efficiencies, growth prospects, cost savings, and synergies;
- Inability to successfully integrate or develop a distribution channel for acquired product lines;
- Potential loss of key employees, customers, distributors, or dealers of the acquired businesses or adverse effects on existing business relationships with suppliers, customers, distributors, and dealers;
- Adverse impact on overall profitability, if our expanded operations do not achieve the financial results projected in our valuation model;
- Inaccurate assessment of additional post-acquisition or business venture investments, undisclosed, contingent or other liabilities or problems, unanticipated costs associated with an acquisition or other business venture, and an inability to recover or manage such liabilities and costs; and
- Incorrect estimates made in the accounting for acquisitions, occurrence of non-recurring charges, and write-off of significant amounts of goodwill or other assets that could adversely affect our operating results.

We may experience difficulties in integrating the operations of Newmar into our business and in realizing the expected benefits of the Newmar Acquisition.

The success of the Newmar Acquisition will depend in part on our ability to realize the anticipated business opportunities from combining the operations of Newmar with our business in an efficient and effective manner. The integration process could take longer than anticipated and could result in the loss of key employees, the disruption of each company’s ongoing businesses, tax costs or inefficiencies, or inconsistencies in standards, controls, information technology systems, procedures, and policies, any of which could adversely affect our ability to maintain relationships with customers, employees or other third parties, or our ability to achieve the anticipated benefits of the Newmar Acquisition, and could harm our financial performance. We cannot assure you that the Newmar business will perform as expected, that integration or other one-time costs will not be greater than expected, that we will not incur unforeseen obligations or liabilities, or that the rate of return from the acquisition will justify our investment. We also incurred significant costs in connection with the Newmar Acquisition, the substantial majority of which are non-recurring expenses. In addition, we expect to incur additional costs in the integration of Newmar's business and may not achieve cost synergies and other benefits sufficient to offset the incremental costs of the Newmar Acquisition. If we are unable to successfully or timely integrate the operations of Newmar with our business, we may incur unanticipated liabilities and be unable to realize the revenue growth, synergies, and other anticipated benefits resulting from the Newmar Acquisition, and our business, results of operations, and financial condition could be materially and adversely affected.

The Newmar Acquisition also involves risks associated with integrating acquired assets into existing operations which could have a material adverse effect on our business, financial condition, results of operations, and cash flows, including, among others:

- failure to implement our business plan for the combined business;
- unanticipated issues in integrating equipment, logistics, information, communications, and other systems;
- possible inconsistencies in standards, controls, contracts, procedures, and policies;
- impacts of change in control provisions in contracts and agreements;
- failure to retain key customers and suppliers;
- unanticipated changes in applicable laws and regulations;
- failure to recruit and retain key employees to operate the combined business;
- increased competition within the industries in which Newmar operates;
- difficulties in managing the expanded operations of a significantly larger and more complex combined company;
- inherent operating risks in the business;
- unanticipated issues, expenses, and liabilities;
- additional reporting requirements pursuant to applicable rules and regulations;
- additional requirements relating to internal control over financial reporting;
- diversion of our senior management’s attention from the management of daily operations to the integration of the Newmar business;
- significant unknown and contingent liabilities we incur for which we have limited or no contractual remedies or insurance coverage;
- the assets to be acquired failing to perform as well as we anticipate; and
- unexpected costs, delays, and challenges arising from integrating the assets acquired in the Newmar Acquisition into our existing operations.

Even if we successfully integrate the assets acquired in the Newmar Acquisition into our operations, it may not be possible to realize the full benefits we anticipate or we may not realize these benefits within the expected time frame. If we fail to realize the benefits we anticipate from the Newmar Acquisition, our business, results of operations, and financial condition may be adversely affected.

Newmar may have liabilities that are not known, probable, or estimable at this time.

Following the acquisition of Newmar, Newmar became our subsidiary and remains subject to all of its liabilities. There could be unasserted claims or assessments that we failed or were unable to discover or identify in the course of performing due diligence investigations of Newmar. In addition, there may be liabilities that are neither probable nor estimable at this time that may become probable or estimable in the future. Any such liabilities, individually or in the aggregate, could have a material adverse effect on our financial results.

Additionally, Newmar is subject to various rules, regulations, laws, and other legal requirements, enforced by governments or other public authorities. Misconduct, fraud, non-compliance with applicable laws and regulations, or other improper activities by any of Newmar's directors, officers, employees, or agents could have a significant impact on Newmar's business and reputation and could subject Newmar to fines and penalties and criminal, civil, and administrative legal sanctions, resulting in reduced revenues and profits.

The Newmar Acquisition significantly increases our goodwill and other intangible assets.

We have a significant amount, and the Newmar acquisition increased the amount of goodwill and other intangible assets on our consolidated financial statements, which are subject to impairment based upon future adverse changes in our business or prospects. The impairment of any goodwill and other intangible assets may have a negative impact on our consolidated results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(c) Stock Repurchases

Purchases of our common stock during each fiscal month of the third quarter of Fiscal 2020 were:

Period	Total Number of Shares Purchased[1]	Average Price Paid per Share	Number of Shares Purchased as Part of Publicly Announced Plans or Programs[1]	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs[2]
03/01/20 - 04/04/20	—	$ —	—	$ 58,870,000
04/05/20 - 05/02/20	—	$ —	—	$ 58,870,000
05/03/20 - 05/30/20	1,021	$ 50.58	—	$ 58,870,000
Total	1,021	$ 50.58	—	$ 58,870,000

(1) Shares not purchased as part of a publicly announced program were repurchased from employees who vested in Company shares and elected to pay their payroll tax via the value of shares delivered as opposed to cash.
(2) Pursuant to a $70.0 million share repurchase program authorized by our Board of Directors on October 18, 2017. There is no time restriction on the authorization.

Our Credit Agreements, as defined in Note 9, *Long-Term Debt*, of the Notes to Condensed Consolidated Financial Statements, included in Item 1, *Condensed Consolidated Financial Statements*, of this Quarterly Report on Form 10-Q, contains restrictions that may limit our ability to make distributions or payments with respect to purchases of our common stock without consent of the lenders, except for limited purchases of our common stock from employees, in the event of a significant reduction in our EBITDA or in the event of a significant borrowing on our ABL Credit Facility.

Item 6. Exhibits.

2.1	Stock Purchase Agreement dated as of September 15, 2019, by and among the Registrant, Octavius Corporation, Newmar Corporation, Dutch Real Estate Corp., New-Way Transport Corp., New-Serv, Inc., the shareholders of Newmar Corporation, Dutch Real Estate Corp., New-Way Transport Corp. and New-Serv, Inc. and Matthew Miller, as Sellers Agent previously filed as Exhibit 2.1 with the Registrant's Current Report on Form 8-K dated September 15, 2019.
3a.	Articles of Incorporation of the Registrant previously filed as Exhibit 3a to the Registrant's Annual Report on Form 10-K for the fiscal year ended August 25, 2018 (Commission File Number 001-06403) and incorporated by reference herein.
3b.	Amended By-Laws of the Registrant previously filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K dated March 16, 2016 (Commission File Number 001-06403) and incorporated by reference herein.
4.1	Indenture, dated November 1, 2019, by and between Winnebago Industries, Inc. and U.S. Bank National Association previously filed as Exhibit 4.1 with the Registrant's Current Report on Form 8-K dated October 29, 2019.
4.2	Form of 1.50% Convertible Senior Note due 2025 (included in Exhibit 4.1).
31.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following financial statements from our Quarterly Report on Form 10-Q for the third quarter of Fiscal 2020 in Inline Extensible Business Reporting Language ("iXBRL"): (i) the Condensed Consolidated Balance Sheets at May 30, 2020, and August 31, 2019, (ii) the Condensed Consolidated Statements of Income and Comprehensive Income for the nine months ended May 30, 2020, and May 25, 2019, (iii) the Condensed Consolidated Statements of Cash Flows for the nine months ended May 30, 2020, and May 25, 2019, (iv) the Condensed Consolidated Statements of Changes in Stockholders' Equity for the three and nine months ended May 30, 2020, and May 25, 2019, and (v) the Notes to the Condensed Consolidated Financial Statements.
104	The cover page from our Quarterly Report on Form 10-Q for the third quarter of Fiscal 2020 formatted in iXBRL (included as Exhibit 101).

* Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant hereby undertakes to furnish copies of any of the omitted schedules upon request of the U.S. Securities and Exchange Commission.

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.

Date:	June 24, 2020	By	*/s/ Michael J. Happe*
			Michael J. Happe
			Chief Executive Officer, President
			(Principal Executive Officer)
Date:	June 24, 2020	By	*/s/ Bryan L. Hughes*
			Bryan L. Hughes
			Vice President, Chief Financial Officer
			(Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION BY CHIEF EXECUTIVE OFFICER
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Michael J. Happe, Chief Executive Officer of Winnebago Industries, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Winnebago Industries, Inc. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's Board of Directors (or persons performing the equivalent functions):

    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date:	June 24, 2020	By:	*/s/ Michael J. Happe*
			Michael J. Happe
			Chief Executive Officer, President

Exhibit 31.2

CERTIFICATION BY CHIEF FINANCIAL OFFICER
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Bryan L. Hughes, Chief Financial Officer of Winnebago Industries, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Winnebago Industries, Inc. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's Board of Directors (or persons performing the equivalent functions):

    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date:	June 24, 2020	By:	*/s/ Bryan L. Hughes*
			Bryan L. Hughes
			Vice President, Chief Financial Officer

Exhibit 32.1

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Michael J. Happe, Chief Executive Officer of Winnebago Industries, Inc. (the "Company"), hereby certify that to my knowledge:

a. The Quarterly Report on Form 10-Q for the fiscal quarter ended May 30, 2020 (the "Report") of the Company, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

b. The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	June 24, 2020	By:	*/s/ Michael J. Happe*
			Michael J. Happe
			Chief Executive Officer, President

Exhibit 32.2

CERTIFICATION BY CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Bryan L. Hughes, Chief Financial Officer of Winnebago Industries, Inc. (the "Company"), hereby certify that to my knowledge:

a. The Quarterly Report on Form 10-Q for the fiscal quarter ended May 30, 2020 (the "Report") of the Company, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

b. The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	June 24, 2020	By:	*/s/ Bryan L. Hughes*
			Bryan L. Hughes
			Vice President, Chief Financial Officer