

# ACQUISITION OF NEWMAR

September 16, 2019



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**WINNEBAGO**<sup>®</sup><sub>IND</sub>

**NEWMAR**

# Forward Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that forward-looking statements are inherently uncertain and involve potential risks and uncertainties. A number of factors could cause actual results to differ materially from these statements, including, but not limited to risks relating to our proposed acquisition of Newmar and related companies (“Newmar”), including the possibility that the closing conditions to the contemplated transaction may not be satisfied or waived, including that a governmental entity may prohibit, delay or refuse to grant antitrust approval; delay in closing the transaction or the possibility of non-consummation of the transaction; the failure to consummate the debt or other securities transactions contemplated by the Newmar acquisition; the occurrence of any event that could give rise to termination of the agreement; risks inherent in the achievement of expected financial results and cost synergies for the acquisition and the timing thereof; risks that the pendency, financing, and efforts to consummate the transaction may be disruptive to Winnebago Industries or Newmar or their respective management teams; the effect of announcing the transaction on Newmar’s ability to retain and hire key personnel and maintain relationships with customers, suppliers and other third parties; risks related to integration of the two companies and other factors. Additional information concerning other risks and uncertainties that could cause actual results to differ materially from that projected or suggested is contained in the Company's filings with the Securities and Exchange Commission (SEC) over the last 12 months, copies of which are available from the SEC or from the Company upon request. The Company disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained in this presentation or to reflect any changes in the Company's expectations after the date of this presentation or any change in events, conditions or circumstances on which any statement is based, except as required by law.



# Winnebago Industries to Acquire Newmar

## Driving Growth and Long-Term Value for Shareholders

- Approximately \$344 million cash and stock acquisition
  - Implied multiple of 5.2x LTM Adjusted EBITDA, adjusted for the value of the tax assets and including run-rate net synergies
- Adds significant RV platform for expansion
  - Newmar is the industry's fastest growing brand of Class A motorhomes
  - New entry into Super-C category
- Aligns with Winnebago Industries' strategy
  - Enhances position and capabilities in the motorhome market
  - Expands Winnebago Industries' premium product portfolio
- Enhances long-term value creation
  - Expected to be immediately accretive to free cash flow and fiscal 2020 cash EPS<sup>1</sup>

(1) Excluding transaction costs, impacts of purchase accounting and before giving effect to anticipated synergies



# Successfully Achieving our Transformational Mandate



## Re-establishing leadership in Motorhome business

- ✓ Acquisition of Newmar
- ✓ Executing operational improvements to Winnebago brand to strengthen lineup



## Creating a Compelling Towables Platform

- ✓ Acquisition of Grand Design in 2016
- ✓ Achieved significant organic growth in the Winnebago-branded Towables business



## Diversifying into Adjacent Outdoor Lifestyle Brands

- ✓ Dramatically expanded revenue and profitability across premium portfolio
- ✓ Entered into the marine segment with the acquisition of Chris-Craft in 2018

# A Compelling Acquisition for Winnebago Industries



## Strategic

- Furthers strategy to strengthen and expand our core RV platform and to reenergize our motorized business
- Enhances Winnebago Industries' premium position within North American RV landscape
- Complementary product portfolio and expanded access to premium dealer channel
- Newmar's growth platform provides opportunity for future organic RV expansion



## Cultural

- Similar long-tenured legacies defined by a commitment to quality, service and innovation
- Similar premium focus with dealer and supplier relationships
- Talented employees with shared commitment to craftsmanship and unique customization expertise
- Collaborative culture will accelerate the sharing of best practices across the businesses



## Financial

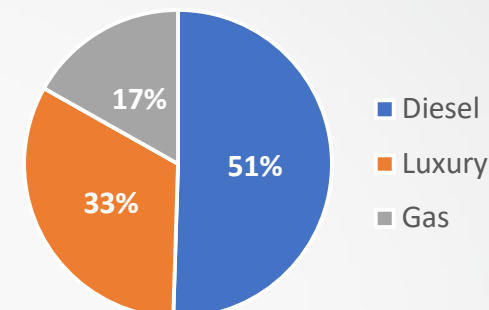
- Enhances capabilities and profitability and creates opportunity to drive synergies across the RV portfolio
- Delivers improved cash flow generation
- Transaction expected to be immediately accretive to fiscal 2020 cash EPS
- Manageable pro-forma leverage profile with greater ability to weather cyclical downturn

# Newmar Overview

## Business Overview

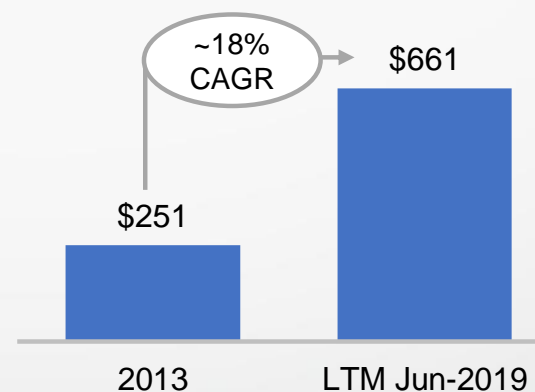
- 50-year history of industry leadership with a full-line of premium Class A diesel & gas and Super C motorhomes
  - 11 model families (4 luxury, 4 diesel and 3 gas)
  - Mobility enhanced models
  - Recent launch of Super-C Super Star model well received by market
- Experienced team of industry leading talent committed to the QIS (quality, innovation, and service) business model
- High-quality network of 57 dealers in North America
  - <1/3 overlaps with a Winnebago Industries brand dealer network
  - Highly protected Designated Market Areas for dealers
  - Commitment to carry Newmar's full lineup
- Unique production model focused on high-margin, customized features
- A leader in customer service through significant investment in factory customer service, dealer service and emerging mobile customer service
- Headquartered in Nappanee, IN with ~1,060 employees

## Revenue Breakdown by Product Type (LTM June 2019)

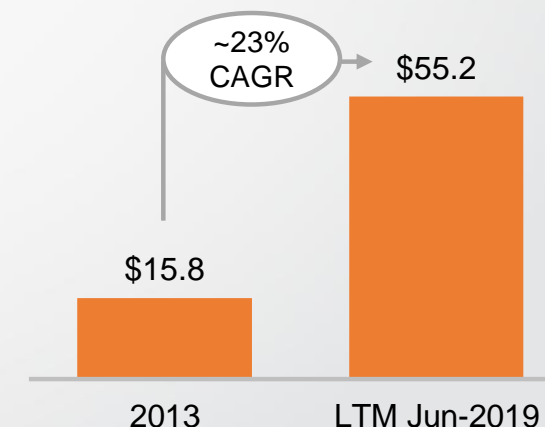


## Strong Revenue and Adjusted EBITDA Growth

### Revenue (\$mm)



### Adjusted EBITDA (\$mm)



# Premium Portfolio of Motorhome Products

## LUXURY



King Aire

## DIESEL



Dutch Star

## GAS



Canyon Star

## SUPER C



Super Star

## MOBILITY



Essex



Ventana



Bay Star





# Customization and Service Set Newmar Apart

## Customer-Focused Product Development

- Best-in-class production model leads to efficient customization
  - Over 50% of sales are customized products built to order
  - Average production experience of 8 years among manufacturing employees
- Customer-focused product development
  - 2-3 annual customer engagement events,
  - Quarterly visits with key dealers
- Nimble ability to meet the evolving needs of the customer

## Commitment to Service Excellence and Dealer Satisfaction

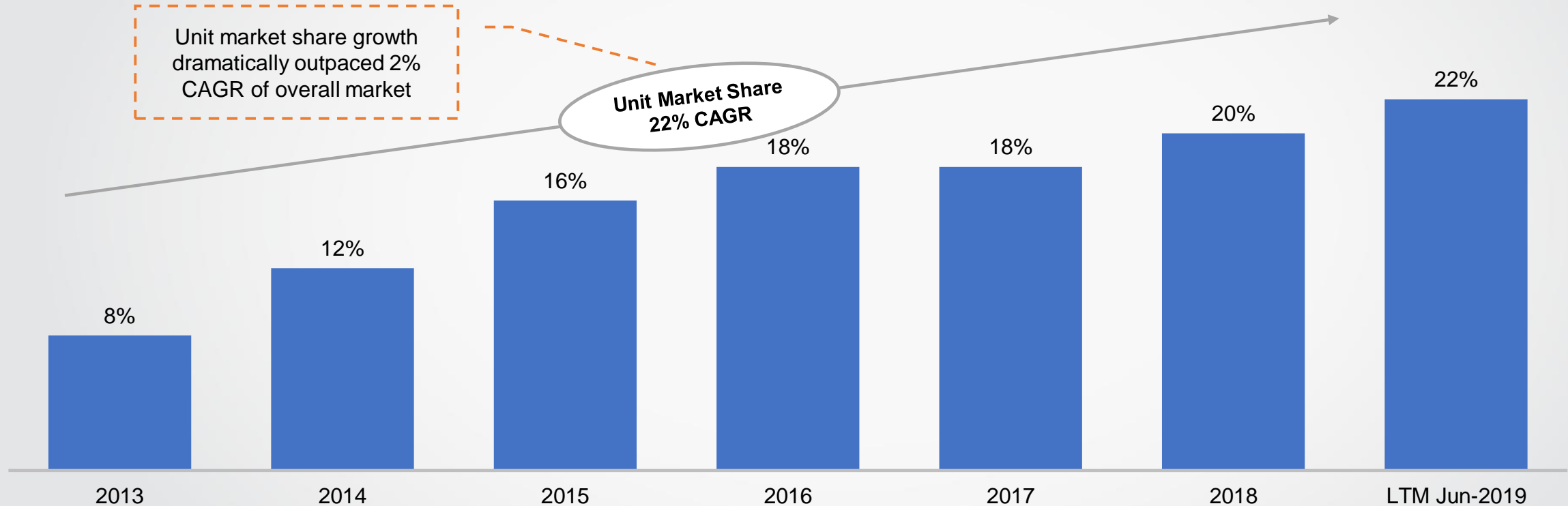
- Reputation for providing high-quality service a catalyst behind market share growth
  - 55 dealer service centers across the country
  - 160,000 sq. ft. service center on its campus in Indiana
  - Plans to launch mobile service offering
- Dealer net promoter scores among the highest in the industry
  - Above 90% over the past 3 years





# Track Record of Consistent, Premium Share Growth

Newmar's Class A Diesel Market Share (Unit Volume)



**~70% of Newmar's total sales are in the resilient, high-end diesel market**

Source: Market share data per SSI (Statistical Surveys Inc)

# Complementary Product Lineup with Winnebago

Newmar's premium product offering in Class A motorhomes is a natural fit with the Winnebago brand



Expanded, balanced lineup of 17  
Class A Motorhome model families

Note: Pricing represents indicative retail price

# Transaction Overview

|                          |  |
|--------------------------|--|
| Consideration            | <ul style="list-style-type: none"> <li>Total consideration of approximately \$344<sup>(1)</sup> million, based on WGO closing stock price on September 13, 2019               <ul style="list-style-type: none"> <li>— \$270 million cash</li> <li>— 2 million WGO shares issued to the sellers</li> </ul> </li> <li>Adjusted for \$30 million in tax assets and run-rate net synergies, the purchase price implies a multiple of 5.2x LTM Adjusted EBITDA</li> <li>Newmar shareholders will own approximately 6% of WGO shares outstanding</li> </ul> |
| Financial Impact         | <ul style="list-style-type: none"> <li>Immediately accretive to motorhome segment margins and cash EPS<sup>(2)</sup></li> <li>Minimum anticipated annual run-rate net cost synergies of \$5 million, phased in over three years               <ul style="list-style-type: none"> <li>— Identified opportunities in purchasing and elimination of redundant processes</li> <li>— Additional upside potential from sharing of manufacturing best practices</li> </ul> </li> <li>Enhanced cash flow generation</li> </ul>                                 |
| Leverage Profile         | <ul style="list-style-type: none"> <li>Expected net debt to EBITDA ratio of approximately 2.1x following transaction<sup>(3)</sup></li> <li>Prioritize delevering the business immediately following the acquisition               <ul style="list-style-type: none"> <li>— Expected to de-lever to within stated target of 0.9x to 1.5x net debt to Adjusted EBITDA by the end of fiscal 2020</li> </ul> </li> </ul>  |
| Organizational Structure | <ul style="list-style-type: none"> <li>Newmar will operate as a standalone unit within Winnebago Industries               <ul style="list-style-type: none"> <li>— Newmar management team will remain in place and continue to operate out of Nappanee, IN</li> <li>— Newmar CEO, Matt Miller will report directly to Mike Happe</li> </ul> </li> </ul>  |
| Closing                  | <ul style="list-style-type: none"> <li>Expected to close in the first quarter of fiscal 2020, subject to regulatory approvals and other customary closing conditions</li> </ul>  |

(1) Guaranteed value of \$330 million on a trailing five-day average as of the closing date. Any stock price based shortfall, as of the date of close, will be made up with incremental cash consideration capped at \$20 million

(2) Excluding transaction costs, impacts of purchase accounting and before giving effect to anticipated synergies

(3) Represents unaudited financial estimate; EBITDA inclusive of \$5 million of annual run-rate net synergies



# Greater Scale and Enhanced Motorhome Profitability

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Greater Scale  
(Revenue \$mm)

\$2,017



\$661



\$2,678

Enhanced  
Motorhome  
Margins  
(EBITDA  
Margin)

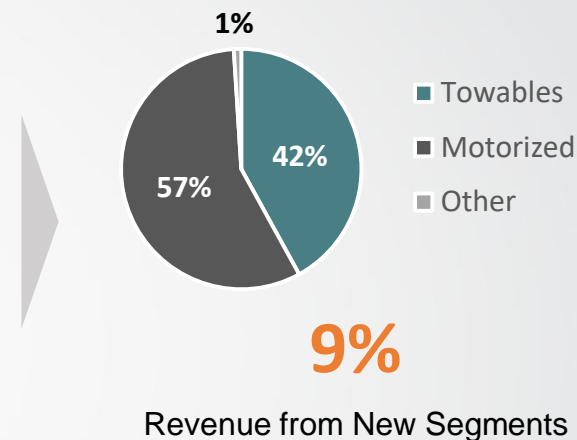
4.1%



8.4%



6.0%



Note: Winnebago Industries data as of Fiscal 2018 and Newmar data as of LTM Jun-2019

# Financing and Capital Structure

## Financing

- Approximately \$344 million in total consideration
- Sources of financing:
  - Equity to sellers: \$73.5 million<sup>(1)</sup>
  - Secured Senior Notes: \$270 million
- Goldman Sachs has provided committed financing

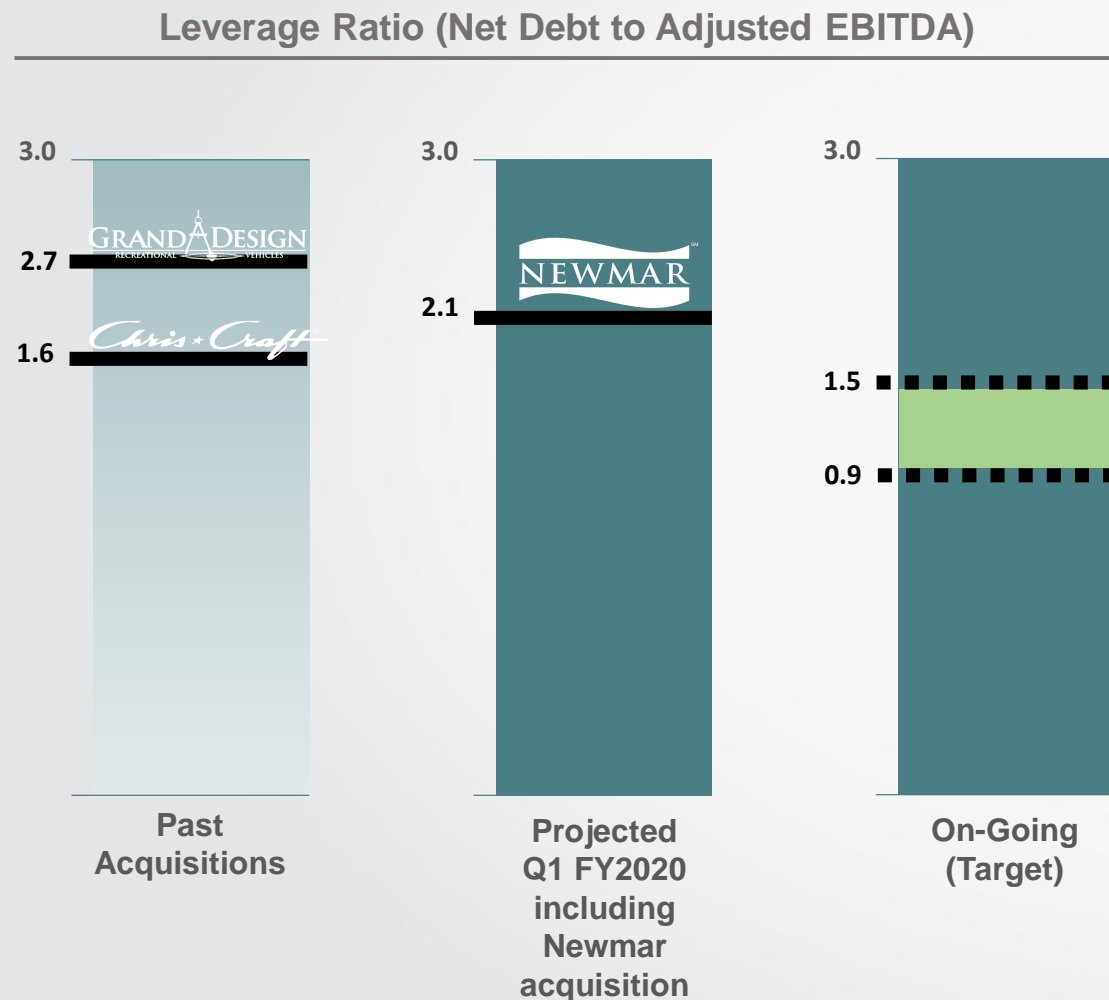
## Pro Forma Balance Sheet

- Pro-forma net debt-to-Adjusted EBITDA ratio of 2.1x<sup>(2)</sup>
  - Equity issuance to sellers preserves balance sheet flexibility
- Intend to upsize the ABL from \$165mm to \$192mm prior to the transaction close
- Over \$200 million in liquidity anticipated at close

(1) Represents equity value of 2 million WGO shares as of September 13, 2019

(2) Note: Represents unaudited financial estimate; Adjusted EBITDA inclusive of \$5 million of annual run-rate net synergies

# Proven Track Record of Deleveraging



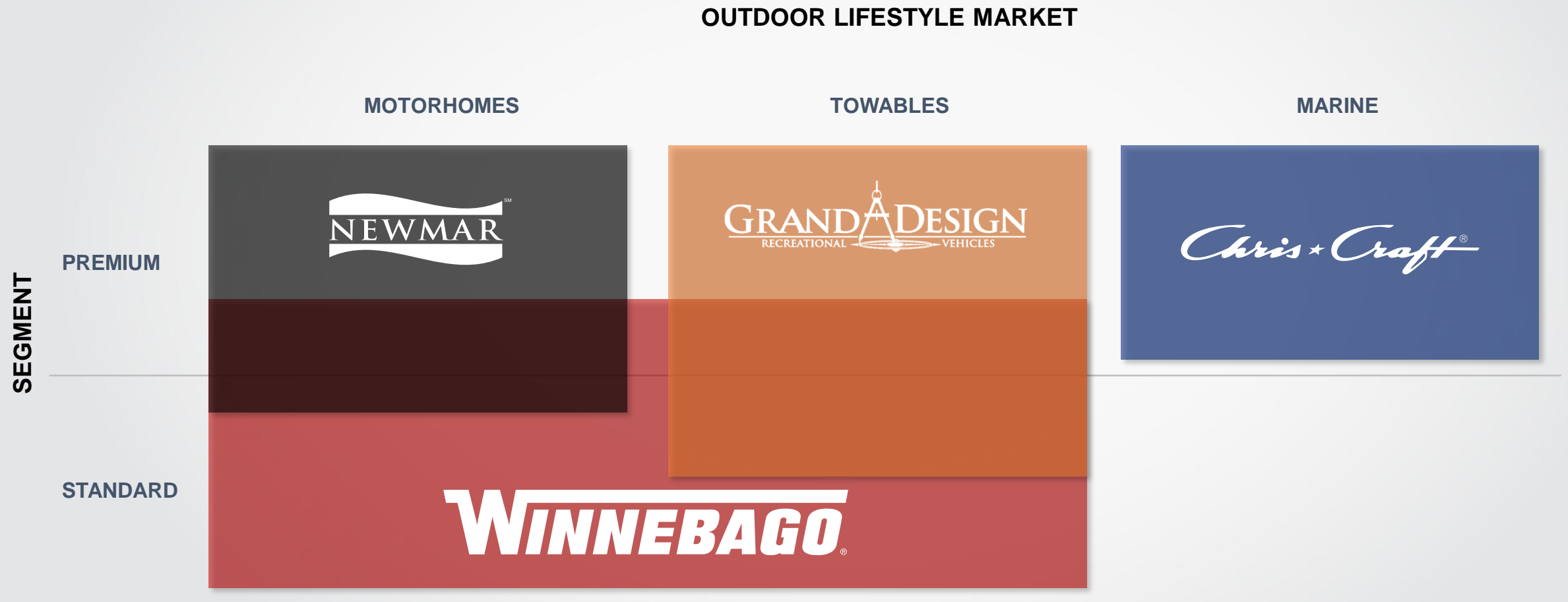
- ✓ Strong balance sheet provides ample flexibility to pursue transaction
  - Strong liquidity profile with no near-term maturities
  - Equity issuance to sellers preserves balance sheet flexibility
- ✓ Prioritize de-levering the business immediately following the acquisition
- ✓ Strong cash flow generation and proven track record of rapid debt paydown following acquisitions



# Aligned with Winnebago Industries' Strategies



# Established Portfolio of High-End Outdoor Lifestyle Brands



# WINNEBAGO®



[WinnebagoInd.com](http://WinnebagoInd.com)



# Reconciliation of Non-GAAP Measures

The following information provides reconciliations of non-GAAP financial measures from operations, which are presented in the accompanying presentation, to the most comparable financial measures calculated and presented in accordance with accounting principles generally accepted in the U.S. ("GAAP"). The Company has provided non-GAAP financial measures, which are not calculated or presented in accordance with GAAP, as information supplemental and in addition to the financial measures presented in the accompanying presentation that are calculated and presented in accordance with GAAP. Such non-GAAP financial measures should not be considered superior to, as a substitute for, or as an alternative to, and should be considered in conjunction with, the GAAP financial measures presented in the presentation. The non-GAAP financial measures in the accompanying presentation may differ from similar measures used by other companies. The following tables reconcile the non-GAAP measure of Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") referred to in this presentation to the most directly comparable GAAP measure.

| LTM Through June 2019 (in Millions) |         |  |
|-------------------------------------|---------|--|
|                                     | Newmar  |  |
| Net Income                          | \$ 47.7 |  |
| Depreciation & Amortization         | 2.7     |  |
| Income Taxes                        | 0.7     |  |
| Interest Expense                    | 0.9     |  |
| EBITDA                              | \$ 52.0 |  |
| Certain Non-Recurring Expenses      | 3.2     |  |
| Adjusted EBITDA                     | \$ 55.2 |  |

Represents unaudited financial information