



Q2 2023 EARNINGS
PRESENTATION

July 27, 2023

FORWARD- LOOKING STATEMENTS



This presentation contains certain statements related to future results, our intentions, beliefs and expectations or predictions for the future which are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from either historical or anticipated results depending on a variety of factors. These risks and uncertainties include, but are not limited to, the impact of the continuing financial and operational uncertainty due to the COVID-19 pandemic, including its impact on the overall economy, our sales, customers, operations, team members and suppliers. Further information concerning the Company and its business, including factors that potentially could materially affect the Company's financial results, is contained in the Company's filings with the Securities and Exchange Commission.

This presentation includes market and industry data, forecasts and valuations that have been obtained from independent consultant reports, publicly available information, various industry publications and other published industry sources. Although we believe these sources are reliable, we have not independently verified the information and cannot make any representation as to the accuracy or completeness of such information.

We disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in this presentation or to reflect any change in our expectations after the date of this presentation or any change in events, conditions or circumstances on which any statement is based.

USE OF NON-GAAP FINANCIAL MEASURES

This presentation contains non-GAAP financial measures. These measures, the purposes for which management uses them, why management believes they are useful to investors, and a reconciliation to the most directly comparable GAAP financial measures can be found in the Appendix of this presentation. All references to profit measures and earnings per share on a comparable basis exclude items that affect comparability.

Q2 2023 KEY MESSAGES

TEAM PERFORMING WELL IN CHALLENGING ENVIRONMENT

CONFIDENT IN STRATEGIC DIRECTION

- Diversification of model has been effective
- Tested leadership team and business strategy
- Working capital monetization and strong cash flows

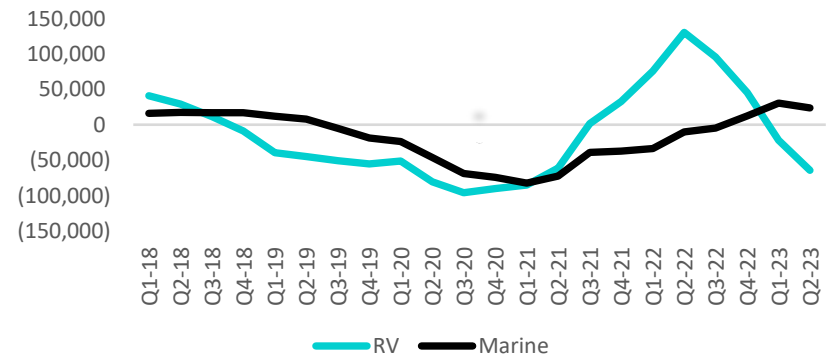
TRANSFORMATION RESULTING IN MORE RESILIENT ENTERPRISE

	Q2 2019	Q2 2023	Δ
Wholesale RV Shipments	116,605	86,230	(26%)
Total Net Sales	\$613	\$921	+50%
<i>Total RV Sales</i>	\$341	\$384	+13%
<i>Total Marine Sales</i>	\$90	\$268	+198%
<i>Total Housing Sales</i>	\$182	\$269	+48%
Gross margin	18.4%	22.8%	+440 bps
Operating margin	7.4%	8.2%	+80bps
Diluted EPS	\$1.18	\$1.94	+64%
Free cash flow	\$58	\$163	+182%

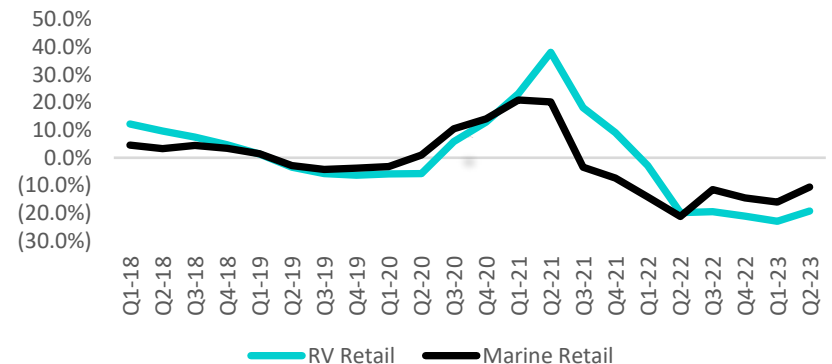
(\$ in millions except per share data)

DISCIPLINED LEISURE LIFESTYLE DEALER INVENTORY MANAGEMENT AND STABILIZING RETAIL TRENDS

TTM Net Dealer Units Added (Sold)



TTM Retail Registrations (% Change)



Q2 2023 QUARTERLY HIGHLIGHTS

STRONG GROSS MARGIN AND CASH FLOW PERFORMANCE

REVENUE DOWN 38% Y/Y AS OEMS REDUCE PRODUCTION TO MAINTAIN HEALTHY DEALER INVENTORIES

- RV OEMs maintained disciplined production levels to better align dealer inventory with end user demand
- Marine inventory replenishment cycle largely complete and OEMs prudently scaling back production to ensure retail alignment
- Housing revenue declined due to industry headwinds, persistent inflation and higher rates
- Long-term demographic trends in Leisure Lifestyle and Housing remain positive despite near-term uncertainty

IMPROVING GROSS MARGINS DESPITE OEM VOLUME RECALIBRATION

- Growing portfolio of higher margin products in the marine market
- Leveraging variable cost structure in line with lower unit volumes
- Executing \$35 million in annualized fixed cost reduction initiatives at the organization level
- Improved efficiency through automation and technology and growing offering of proprietary products promotes long-term margin expansion

GENERATED \$179M IN OPERATING CASH FLOW THROUGH PRUDENT BALANCE SHEET MANAGEMENT

- Working capital monetization helped drive significant cash flow improvement despite lower net income
- Investing to improve operational efficiency through increased automation and expanding capabilities
- Reduced outstanding debt by \$117 million while returning cash to shareholders through \$0.45 per share regular quarterly dividend and \$8 million of opportunistic share repurchases
- Strong liquidity profile, favorable debt structure and disciplined leverage position allow us to remain opportunistic and forward-leaning as we drive our capital allocation strategy

PERFORMANCE BY MARKET SECTORS



RV

Revenue of \$384M

42% of Q2'23 Sales

↓ (54%)

Industry Shipments¹

↓ (44%)

CPU³ of \$5,051

↑ +6%



MARINE

Revenue of \$268M

29% of Q2'23 Sales

↓ (8%)

Industry Shipments²

↓ (19%)

CPU³ of \$5,330

↑ +15%



HOUSING

Revenue of \$269M

29% of Q2'23 Sales

↓ (23%)

Manufactured Housing ("MH") Industry Shipments²

↓ (30%)

Housing Starts (Y/Y)⁴

↓ (11%)

MH CPU³ of \$6,411

↑ +11%

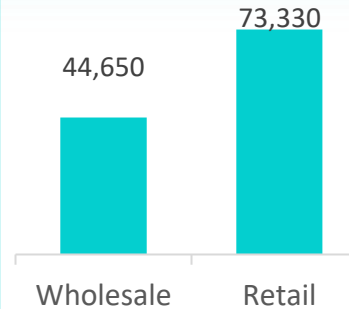
MARKET SECTOR TRENDS

Q2 2023
UNIT
SNAPSHOT

RV¹



MARINE¹



HOUSING¹

MH Wholesale Unit Shipments¹



Single-Family²



Multifamily²



INDUSTRY
TRENDS

- OEMs acting with discipline, maintaining reduced production schedules to manage dealer inventories
- Model Year 2022 inventory levels continue to improve
- Model Year 2024 launch ongoing

- Marine inventory levels have reached equilibrium
- OEMs recalibrating production & maintaining discipline
- Buyers adjusting to interest rate environment

- MH dealer-level inventory destocking cycle nearing completion
- Consumer / Retail backlog rebounded quicker than community / build-for-rent business

- Limited housing inventory supports long-term demand trends
- New housing construction of increased importance given homeowners locked into low rates and are unwilling to re-finance at higher current rates

DURABLE
SECULAR
TRENDS

- Lifestyle preferences of families looking to experience camping/outdoor and boating activities with friends and family continue to support long-term demand
- Additional government resources allocating funds to park improvements and encouraging outdoor recreational activities, specifically in communities that have lacked access to recreational spaces
- Favorable long-term demographic trends, including growing penetration of Millennial and Gen Z consumers

- Demographics, low inventory levels at affordable price points
- MH retains significant price point advantage vs. stick-build homes
- Urban-to-less-dense movement

- Repair & remodel activities align with our growth of innovative and durable products
- Low inventory of available homes
- Multifamily development continues to grow as a share of total housing starts

Q2 2023 FINANCIAL PERFORMANCE

(\$ millions except per share data)



- Net Sales declined 38% primarily as a result of a 44% reduction in RV OEM wholesale shipments, which drove a \$454M decline in our RV end market revenue
- Gross margin improved 60 basis points due to improved mix of Marine revenue despite the sharp RV industry volume decline
- Operating margin results driven by the decline in sales coupled with investments in human capital, continued execution of our IT transformation partially offset by gross margin improvement
- Invested \$16M in purchases of property, plant and equipment to support automation, production efficiency initiatives, and information technology
- Generated operating cash flow of \$179M, which was partially used to reduce outstanding debt balances by \$117M

BALANCE SHEET AND LIQUIDITY

DEBT STRUCTURE AND MATURITIES¹

- \$150.0M Term Loan (\$133.1M o/s), scheduled quarterly installments; balance due August 2027
- \$775.0M (\$195.0M o/s) Senior Secured Revolver, due August 2027
- \$300.0M 7.50% Senior Notes, due October 2027
- \$258.8M 1.75% Convertible Senior Notes, due December 2028
- \$350.0M 4.75% Senior Notes, due May 2029

COVENANTS AND RATIOS¹

- Consolidated Net Leverage Ratio – 2.6x
- Consolidated Secured Net Leverage Ratio – 0.64x versus 2.75x maximum
- Consolidated Fixed Charge Coverage Ratio – 2.84x vs. minimum 1.50x

NET LEVERAGE² (\$ millions)

Total Debt Outstanding	\$	1,236.9
Less: Cash and Debt Paid as Defined by the Credit Agreement		(33.9)
Net Debt	\$	1,203.0
LTM Pro-Forma Adj. EBITDA	\$	462.4
Net Debt to Pro-Forma Adj. EBITDA		2.6 x

LIQUIDITY (\$ millions)

Total Revolver Credit Capacity	\$	775.0
Less: Total Revolver Used (including outstanding letters of credit)		(202.0)
Unused Credit Capacity	\$	573.0
Add: Cash on Hand		33.9
Total Available Liquidity	\$	606.9

Strong Balance Sheet and Favorable Capital Structure to Support Investments and Pursue Attractive Growth Opportunities



APPENDIX

NON-GAAP RECONCILIATION

RECONCILIATION OF NET INCOME TO EBITDA TO PRO-FORMA ADJUSTED EBITDA FOR THE TRAILING TWELVE MONTHS

	7/2/2023
(\$ in millions)	
Net Income	\$ 171.5
+ Depreciation & Amortization	139.3
+ Interest Expense, net	67.8
+ Income Taxes	52.9
EBITDA	\$ 431.5
+ Stock Compensation Expense	19.5
+ Acquisition Pro-Forma, Transaction-related Expenses & Other	11.4
Pro-Forma Adjusted EBITDA	<u>\$ 462.4</u>

Use of Non-GAAP Financial Information

* As defined by credit agreement which includes debt and cash balances
 -Earnings before interest, taxes, depreciation and amortization ("EBITDA"), Pro-Forma Adjusted EBITDA, and Net Debt to Pro-Forma Adjusted EBITDA are non-GAAP financial measures. In addition to reporting financial results in accordance with accounting principles generally accepted in the United States, we provide non-GAAP operating results adjusted for certain items and other one-time items.

-We adjust for the items listed above in all periods presented, unless the impact is clearly immaterial to our financial statements.

-We utilize the adjusted results to review our ongoing operations without the effect of these adjustments and for comparison to budgeted operating results. We believe the adjusted results are useful to investors because they help them compare our results to previous periods and provide important insights into underlying trends in the business and how management oversees our business operations on a day-to-day basis.

RECONCILIATION OF NET LEVERAGE

(\$ in millions)	
Total debt outstanding @ 7/2/2023	\$ 1,236.9
Less: cash on hand @ 7/5/2023	(33.9)
Net debt @ 7/5/2023	<u>\$ 1,203.0</u>
Pro-Forma Adjusted EBITDA	\$ 462.4
Net debt to Pro-Forma Adjusted EBITDA	2.6x