

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

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**FORM 8-K**

**CURRENT REPORT**

**Pursuant To Section 13 OR 15(d) Of The Securities Exchange Act Of 1934**

Date of report (Date of earliest event reported)

**June 3, 2020**

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**PATRICK INDUSTRIES, INC.**

(Exact name of registrant as specified in its charter)

**Indiana**

**000-03922**

**35-1057796**

(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

(IRS Employer  
Identification Number)

**107 W. Franklin Street, P.O. Box 638**

**Elkhart**

**Indiana**

**46515**

(Address of Principal Executive Offices)

(Zip Code)

Registrant's Telephone Number, including area code

**(574) 294-7511**

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(Former name or former address if changed since last report)

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

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

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, no par value	PATK	NASDAQ

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

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

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**Item 7.01 Regulation FD Disclosure.**

The information referenced in this Form 8-K is furnished pursuant to Item 7.01, "Regulation FD Disclosure." Such information, including the Exhibit attached hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

(a) Slides for Investor Presentation as contained in Exhibit 99.1.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibit

[Exhibit 99.1](#) - Slides for Investor Presentation

**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 hereunto duly authorized.

**PATRICK INDUSTRIES, INC.**

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(Registrant)

Date: June 3, 2020

By: /s/ Joshua A. Boone

Joshua A. Boone

Executive Vice President - Finance and Chief Financial Officer



# INVESTOR PRESENTATION

June 2020

## 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 operations 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.

A photograph showing the silhouettes of several people on the deck of a boat. They appear to be in motion, possibly dancing or socializing. The background is a bright sunset or sunrise over the ocean, with the sun low on the horizon. The image is framed by white geometric shapes, including a large 'X' or diamond shape, against a light beige background.

# COMPANY OVERVIEW & HIGHLIGHTS

Investor Presentation

 **PATRICK**  
INDUSTRIES, INC.



# KEY MESSAGES



01

Market leader in our primary market sectors; uniquely positioned for near- and long-term shift toward outdoor activities

02

Leadership team with deep industry experience and proven track record of successfully navigating economic cycles

03

Flexible, high variable cost business model to drive operational efficiency and navigate through all economic conditions

04

Disciplined cost management balanced with strategic growth investment opportunities

05

Strong balance sheet with no near-term debt maturities, ample liquidity and an enhanced capital structure



Focused on Creating Long-term Shareholder Value

# PATRICK INDUSTRIES AT A GLANCE (NASDAQ: PATK)



Key Component Manufacturer and Supplier to RV, Marine, Manufactured Housing and Industrial Markets

## KEY FACTS

Founded	1959
Headquartered	Elkhart, Indiana
Market-cap*	\$1.2B
Facilities	~170
Current States Presence	23
Employees	~7,000

## Q1'20 LTM RESULTS

Revenue	\$2.3B
Net Income	\$90MM
Operating Cash Flows	\$178MM

\*Market-cap as of 6/01/2020

## SUSTAINABLE COMPETITIVE ADVANTAGES

-  Experienced management team with an average of 20+ years of industry experience
-  Leading market position in all product categories
-  Deep customer relationships with 30+ years for top customers, including key design partners
-  Stable Free Cash Flow (FCF) generation
-  Favorable demographic trends supporting growth across multiple end markets
-  Diversified end market exposure with favorable secular trends

## LEADING AND DIVERSIFIED MARKET PLATFORM

Leisure & Lifestyle		Housing & Industrial	
RV	Marine	MH	Industrial
Travel Trailer, Fifth Wheel, Folding Trailer, Class A, B, C	Pontoon, Fiberglass, Ski & Wake, Aluminum	Manufactured and Modular Housing, Modular Structure	Resid. Housing, Comm'l Fixtures, Institutional Furniture

Manufacture and Distribute Quality Products that Exceed Customer Expectations

# SUCCESSFULLY TRANSFORMED OUR BUSINESS



Transformed through acquisitions into a scaled and diversified value-added player across multiple end markets, positioning the Company to perform well through the cycle

	2007	2019
Revenue	\$370MM	\$2,337MM
Gross Margin	11.9%	18.1%
Adj. EBITDA / % of Revenue	\$6MM / 2%	\$250MM / 11%
Free Cash Flow	\$20MM	\$165MM
Revenue by Segment	<ul style="list-style-type: none"> <li>RV</li> <li>MH</li> <li>Industrial</li> </ul>	<ul style="list-style-type: none"> <li>RV</li> <li>Marine</li> <li>MH</li> <li>Industrial</li> </ul>
Company Summary	<ul style="list-style-type: none"> <li>✓ Small-scale</li> <li>✓ Geographically centralized in Midwest</li> <li>✓ Serving RV &amp; MH markets</li> <li>✓ Weak cash flows</li> <li>✓ Limited liquidity</li> <li>✓ Restrictive capital structure</li> </ul>	<ul style="list-style-type: none"> <li>✓ Highly-scaled</li> <li>✓ Geographically diversified throughout U.S.</li> <li>✓ Serving RV, Marine, MH and adjacent industrial markets</li> <li>✓ Strong cash flows</li> <li>✓ Ample liquidity</li> <li>✓ Enhanced capital structure</li> </ul>
Key Capabilities & Product Portfolio	<p>Commodity-based, lower margin product lines</p> <ul style="list-style-type: none"> <li>✓ Laminated decorative wall and ceiling panels</li> <li>✓ Wrapped mouldings, stiles and battens</li> <li>✓ Hardwood doors</li> <li>✓ Slotwall and components, drawer sides</li> <li>✓ Aluminum extrusions</li> </ul>	<p>Value-added, higher margin products, plus legacy product lines</p> <ul style="list-style-type: none"> <li>✓ Plastics / thermoforming</li> <li>✓ Furniture and sourcing / specialty bath, shower and closet systems</li> <li>✓ Solid surface / granite / quartz countertops and fabrication</li> <li>✓ Metal fabrication / fuel tanks</li> <li>✓ Fiberglass component products / tooling / hulls / engineering and design</li> <li>✓ Warehousing / distribution / logistics / comprehensive design center</li> <li>✓ Full and partial body paint / FRP and aluminum sidewalls</li> <li>✓ Electrical / wiring solutions / harnesses / instrument panels / lighting</li> <li>✓ Hardwoods / softwoods / cabinetry</li> </ul>



## EXPERIENCED MANAGEMENT TEAM



**Andy Nemeth**  
President &  
CEO  
Joined: 1996



**John Forbes**  
Interim CFO  
2020; Patrick Board  
Member since 2011



**Kip Ellis**  
EVP – Operations  
& COO  
2016



**Jeffrey Rodino**  
EVP – Sales &  
CSO  
2009



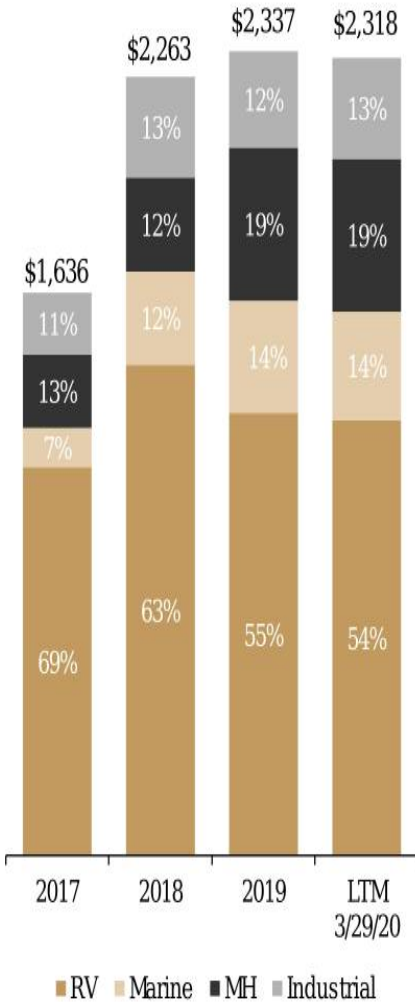
**Courtney Blosser**  
EVP – Human  
Resources & CHRO  
2009

- Average management team industry experience of 20+ years, spanning multiple economic cycles
- Senior leadership team managed the Company through the last recession and have subsequently transformed the Company
- Given deep industry experience, management team has proactively identified additional levers to pull if economic conditions change

# STRATEGIC END MARKET OVERVIEW



Sales Composition (\$MM)



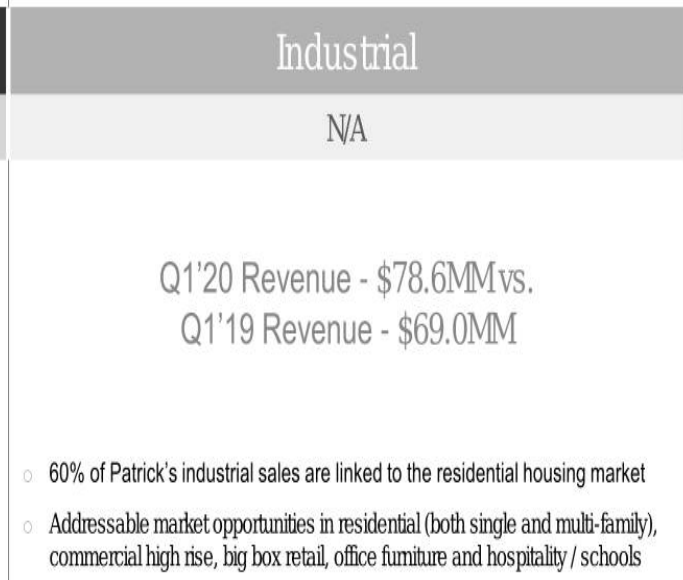
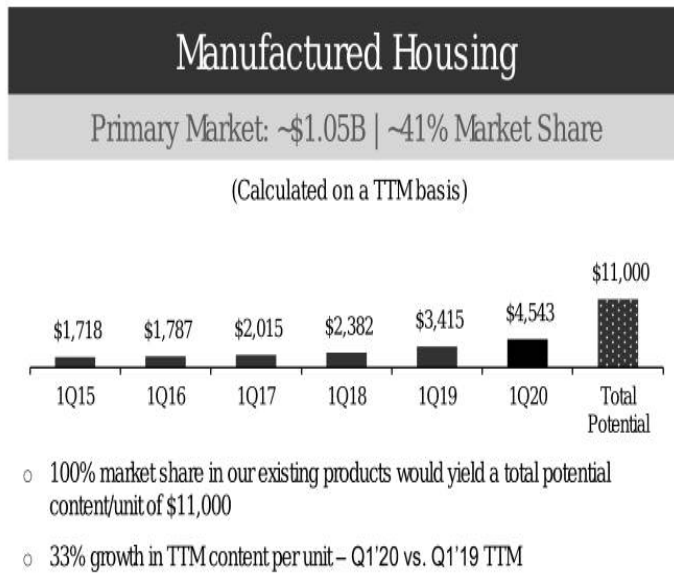
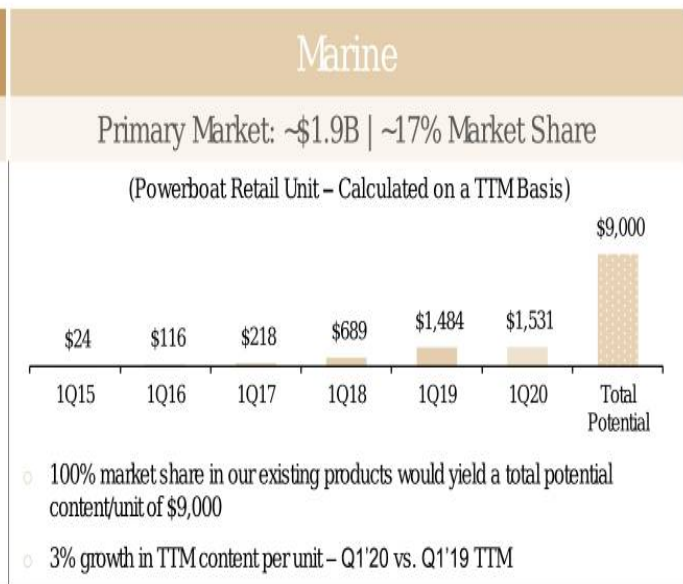
	Lifestyle & Leisure		Housing & Industrial	
	RV	Marine	MH	Industrial
Net Sales (LTM as of 3/29/20)	\$1,265MM	\$316MM	\$443MM	\$294MM
Areas of Expertise				
Lamination/Custom Components	✓		✓	✓
Hard/Softwoods Cabinetry	✓		✓	✓
Thermofoming/ Plastics	✓	✓	✓	✓
Countertops & Fabrication	✓		✓	✓
Metal Fabrication / Fuel Tanks	✓	✓		✓
Electrical Systems & Wire Harnesses	✓	✓	✓	✓
Electronics & Appliances	✓	✓	✓	✓
Full Body Paint	✓			
Wiring	✓	✓		✓
Marine Canvas & Towers		✓		
Fiberglass	✓	✓	✓	✓
Distribution & Design Center	✓	✓	✓	
Geographic Reach & Industry Concentration				

Portfolio of Products are Highly Leverageable Across Business Lines

# LEADING MARKET POSITION IN ALL PRODUCT CATEGORIES



Significant organic growth opportunities with current product categories in RV, Marine and MH markets; addressable industrial market is very large and fragmented, resulting in significant growth opportunities

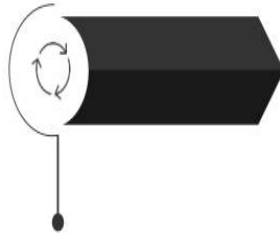


# CLEAR STRATEGIC PATH FORWARD FOR PROFITABLE GROWTH



## Pursue Organic Growth

- Invest in internal growth via cross-selling, product line extensions driven by brands, deep industry relationships, and using comprehensive design and innovation center
- Devote capital to strategic infrastructure to drive efficiency and capacity
- Identify and realize synergistic cost saving initiatives to increase FCF



## Execute Disciplined Acquisition Strategy

- Leverage fragmentation in our core markets and achieve meaningful growth at a competitive price
- Diversify our end market exposure
- Drive gross and operating margin expansion through value-add products and realization of input cost synergies



## Focus on Geographic Expansion

- Leverage existing product capabilities, relationships, and expertise
- Increase collaboration with regional manufacturers to lower cost



## Exercise a Prudent Financial Policy

- Use strong cash flow to reduce debt and reload growth capacity
- Long-term target leverage ratio of ~2.00x – 2.25x
- When below target leverage and ample FCF is available, return value to shareholders through share repurchases on an opportunistic basis



# INCREASED FOCUS ON ESG RESPONSIBILITIES AND BEST PRACTICES



## Environmental



- Established transportation / resource usage program to reduce costs, fuel consumption and emissions
- Build leading safety culture with continuous improvement and training
- Ongoing conservation efforts to reduce waste, recycle chemicals and increase energy efficiency

## Social



- Assess product suppliers for environmental & social responsibility
- Support numerous charitable organizations in local communities:
  - Elkhart Community Foundation
  - RV industry production associate skills training program
  - Boys & Girls Clubs in Elkhart and neighboring towns
- Recruit new college graduates for 3-year IMPACT Leadership Development Program

## Governance



- Experienced and diverse board with an independent lead director; 78% independent members; 33% gender & ethnic diversity
- Annual election of all directors
- Single class voting structure
- Code of Ethics and Business Conduct for all employees and directors

Focused on ESG to Drive Long-term Shareholder Value



A photograph showing the silhouettes of several people on the deck of a boat. They appear to be celebrating or dancing, with one person in the foreground having their arms raised. The background is a bright sunset over the ocean, with the sun low on the horizon. The image is framed by white geometric shapes on a light beige background.

# COVID-19 RESPONSE AND UPDATE

Investor Presentation

 **PATRICK**  
INDUSTRIES, INC.

# OUR STRATEGIC RESPONSE TO THE COVID-19 PANDEMIC



## COMPANY-WIDE ACTIONS

### Health and Safety

- ✓ Created COVID-19 Task Force and Business Unit Champions to provide continued awareness, training and education
- ✓ Implemented social distancing, strict sanitation practices and PPE measures
- ✓ Applied protocols in alignment with both CDC and state guidelines
- ✓ Encouraged work from home program as applicable
- ✓ Eliminated non-essential travel
- ✓ Implemented "Return to Work" protocols



### Supporting Our Communities

- ✓ Donating PPE to hospitals, care centers and front-line responders
- ✓ Sponsoring meals for local hospitals and frontline COVID-19 workers
- ✓ Temporary shifting of manufacturing focus at certain facilities to produce plastic face shields, masks and isolation gowns



### Cost Containment and Financial Measures

- ✓ Voluntary compensation reductions by the executive management team
- ✓ Voluntary reduced compensation for the Board of Directors
- ✓ Wage reductions for salaried team members across the organization
- ✓ Freeze on all non-essential hiring
- ✓ Fixed cost reduction of \$35MM
- ✓ Reduction of non-essential spending
- ✓ Suspended acquisition activities and paused share repurchases



### Operational Efficiencies

- ✓ Suspended operations at certain facilities over a five-week period in alignment with customer demand
- ✓ Furloughed team members with benefits impacted by suspended operations
- ✓ Consolidating certain facilities with like product lines



# WELL POSITIONED FOR THE NEAR- AND LONG TERM



## Great Recession

- Portfolio consisted of commodity-based product lines
- Low margin profile
- Little scale and diversification
- Geographically centralized in Midwest
- Weak cash flows
- Limited liquidity and restrictive capital structure
- High leverage heading into recession

## Response to Recession

- Aggressive fixed cost reduction and consolidated certain operations
- Divestiture of non-core assets
- Streamlining of administrative and support activities
- Targeted margin accretive acquisitions – post recovery
- Market and geographic diversification
- Added liquidity and enhanced capital structure

## Better Positioned Today

- Engineered, value-added, brand-centric product portfolio
- Higher margin profile
- Highly scaled / market & geographically diversified
- Highly variable (>80%) cost structure
- Flexible manufacturing process
- Asset light and not capital intensive
- Ample liquidity and enhanced capital structure
- Maintain disciplined financial policy

## Operations & Short-term Outlook

- Rolled out "Return to Work" protocols for re-opening of all facilities by May 4, 2020
- Anticipate significant short-term disruption in all end markets in the second quarter, followed by sequential improvement through the back-half of 2020
- Leverage high-variable cost model and flexible manufacturing capabilities – shifting production to match demand throughout various plants and geographies as necessary
- Consolidate certain like-product based facilities as appropriate to maximize efficiencies, capacities and synergies

**\$35MM**

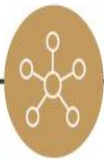
Additional Cost Savings  
Identified

Eliminated annualized fixed  
overhead (effective Q2'20)  
Consolidate certain like-product  
facilities



## FLEXIBLE BUSINESS MODEL

- High variable cost model
  - >80% variable costs
- Flexible manufacturing process
  - Ability to shift production across like-product facilities
- Ability to moth-ball or ramp up facilities based on capacities and demand
- Geographically diverse
  - Presence in 23 states
- Non-capital-intensive businesses
- Flexible working capital



## COST CONTAINMENT ACTIONS TAKEN

- ✓ Voluntary wage reductions for the executive management team and Board of Directors' compensation
- ✓ Wage reductions for salaried team members across the organization
- ✓ Furlough of certain team members that were impacted by the suspension of operations
- ✓ Freeze on all non-essential hiring
- ✓ Prioritized critical maintenance capital expenditures
- ✓ Aggressive reduction in inventories and working capital



## ADDITIONAL LEVERS AVAILABLE

- Fixed overhead reductions
- Variable compensation reductions
- Consolidation of facilities
- Sale-leasebacks (2.7MM sq. ft.)
- Staggered lease terms for leased facilities (6.9MM sq. ft.)
- Divestiture of facilities and/or brands
- Aggressive inventory and working capital reductions
- Suspension of dividends





# MARKET OUTLOOK – 2020



Market Segment	Q1	Q2	Q3	Q4
<b>RV</b> 54% of Sales*	<ul style="list-style-type: none"> <li>Dealer inventory levels calibrated</li> <li>OEM production curtailed at the end of March, but still shipped produced units to dealers</li> </ul>	<ul style="list-style-type: none"> <li>April OEM shutdowns dramatically impacted production, followed by ramp-up in May</li> <li>Pent-up demand driving strong retail traffic</li> </ul>	<ul style="list-style-type: none"> <li>OEM production normalizes</li> <li>Pent-up demand and long-term benefits from lifestyle and adaptation changes related to COVID-19 and social distancing</li> <li>Dealer inventories still running lean</li> </ul>	
<b>Marine</b> 14% of Sales*	<ul style="list-style-type: none"> <li>Dealer inventory correction predictably continued</li> <li>COVID-19 disruption in late March dramatically impacted March retail</li> </ul>	<ul style="list-style-type: none"> <li>Quicker resumption of OEM production as industry headed into prime selling season</li> <li>Dealer inventories continue recalibrating</li> </ul>	<ul style="list-style-type: none"> <li>OEM production normalizes</li> <li>Pent-up demand and long-term benefits from lifestyle and adaptation changes related to COVID-19 and social distancing</li> <li>Expect dealer inventory levels to be recalibrated by the start of the new model year</li> </ul>	
<b>MH</b> 19% of Sales*	<ul style="list-style-type: none"> <li>Q4 momentum continued into Q1</li> <li>Production curtailment in late March due to COVID-19</li> </ul>	<ul style="list-style-type: none"> <li>Experienced a reduced, yet steady, pace of production in April for those identified as essential businesses</li> </ul>	<ul style="list-style-type: none"> <li>Production normalizes</li> <li>Long-term benefits from favorable demographics, low inventories, rising home prices, and low interest rates</li> </ul>	
<b>Industrial</b> 13% of Sales*	<ul style="list-style-type: none"> <li>Robust growth in new housing starts continued into Q1</li> <li>Experienced modest impact in late March related to COVID-19</li> </ul>	<ul style="list-style-type: none"> <li>Experienced a reduced, yet steady, pace of production in April for those identified as essential businesses</li> </ul>	<ul style="list-style-type: none"> <li>Long-term benefits from favorable demographics, low inventories, rising home prices, and low interest rates</li> <li>Increased demand from big box retail as homeowners look to remodel</li> </ul>	

\* Q1 '20 LTM



# FAVORABLE LONG-TERM DEMOGRAPHIC TRENDS



# STRONG, FAVORABLE DEMOGRAPHIC TRENDS ACROSS END MARKETS



Lifestyle and Leisure



Housing and Industrial

- Participation in outdoor activities of U.S. population has averaged 49% over the last five years
- Improved consumer savings levels for discretionary spend items
- Culture shift toward outdoor activities being embraced by all population segments and ethnicities
- Shift in consumer behavior that aligns with social distancing guidelines, which are naturally embodied by the RV & boating lifestyles

Sources: 2019 Outdoor Participation Report; RVIA; U.S. Census Bureau

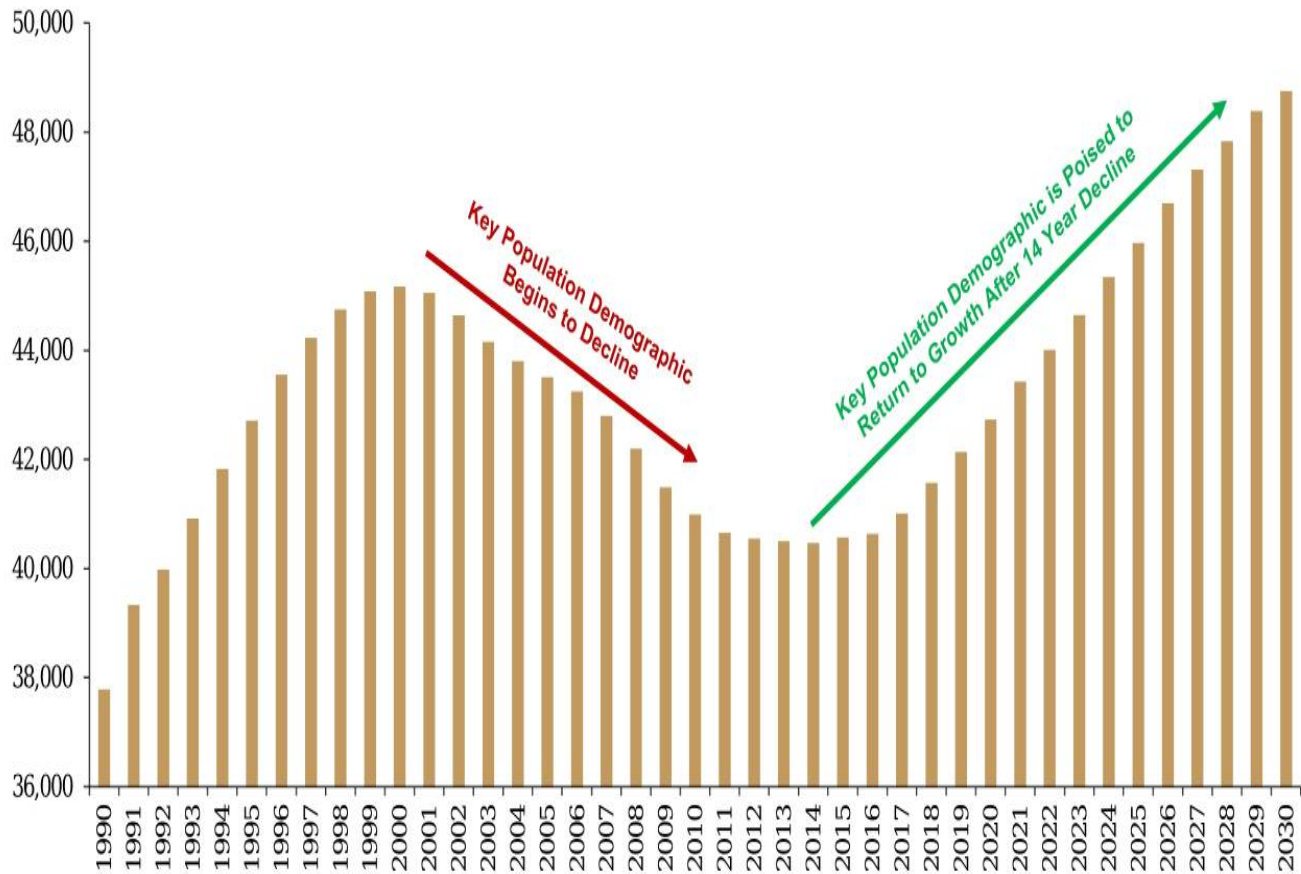
- U.S. adult population estimated to expand by 12MM between 2019 – 2024
- Gen Y (Millennials - age 18-39) is the largest group: 98MM in 2019 (older Gen Y in peak home buying years)
- Growth in population of first-time home buyers and those looking to downsize
- Record low housing inventory is driving up prices – lack of high-quality, affordable homes
- Continued low interest rate environment

# INCREASING POPULATION WITHIN WEALTH FORMING DEMOGRAPHIC



Specific population is within family building stages of lifecycle – settling into permanent housing and allocating a portion of disposable income to discretionary purchases and high-ticket items

US Population: Ages 35 – 44 (000s)



Sources: The Company, Euromonitor, RVIA & News Articles

Key Population Demographic Supports Future Market Upside Potential

# END MARKET TRENDS





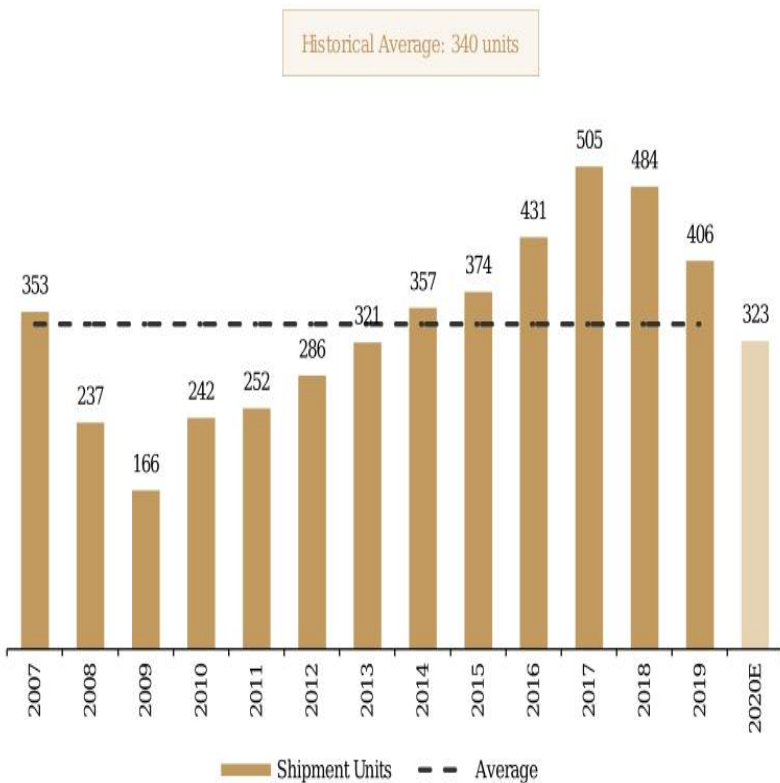
# DIVERSE END MARKET WITH FAVORABLE SECULAR TRENDS



## RV End Market Overview

- Despite further drawback, 2019 marked the fourth most historical units ever shipped
- Shipments of wholesale units expected to decline ~21% in 2020 reflecting market disruption related to COVID-19 in 1H20

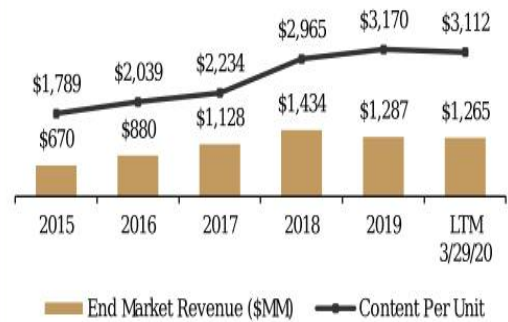
U.S. Wholesale Unit Shipments (000s)



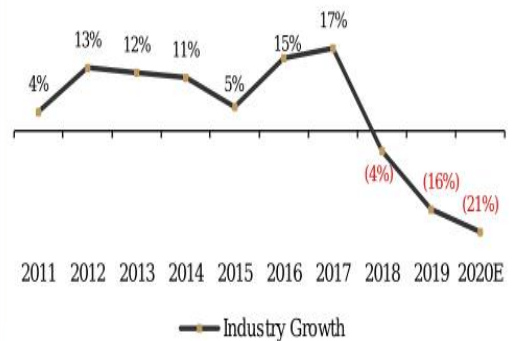
\*2020E = Company Estimates

Investor Presentation

RV End Market Performance



Market Growth





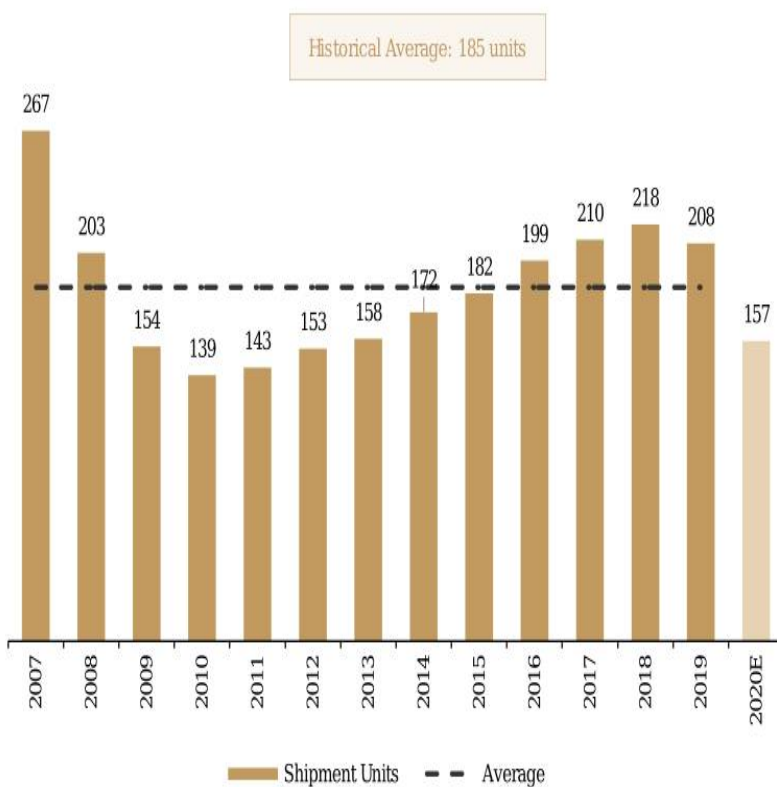
# DIVERSE END MARKET WITH FAVORABLE SECULAR TRENDS



## Marine End Market Overview

- 1M boats are expected to be retired in the next 3 – 4 years due to increasing average age of boats in service (estimate 25 years)
- \$10.5B in retail sales of new powerboats in 2018

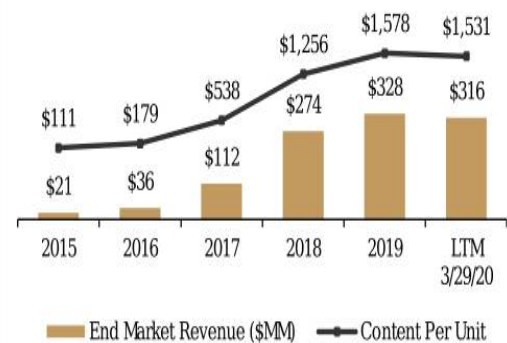
### U.S. Retail Unit Shipments (000s)



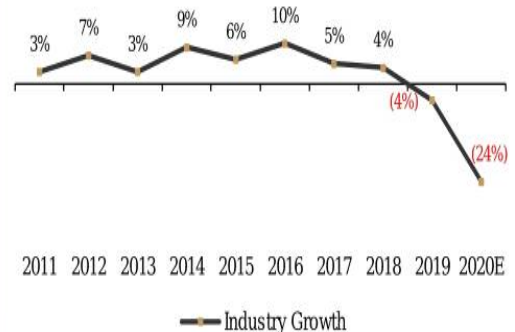
\*2020E = Company Estimates

Investor Presentation

### Marine End Market Performance



### Market Growth (Retail)



# DIVERSE END MARKET WITH FAVORABLE SECULAR TRENDS

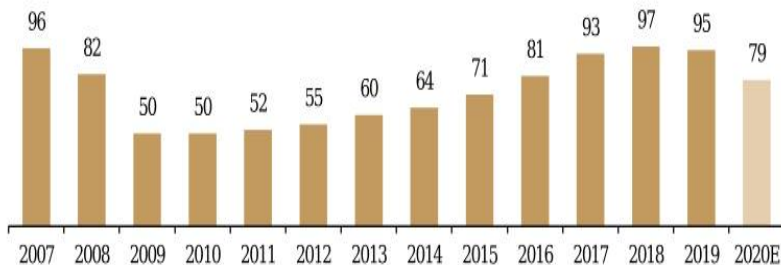


## Manufactured Housing End Market Overview

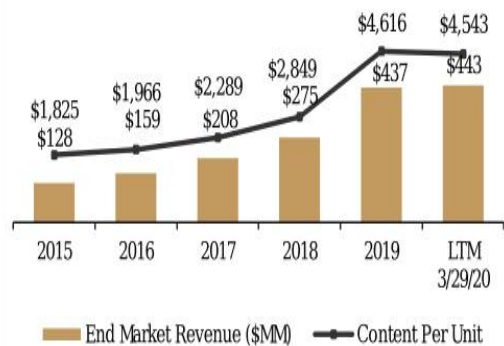
- Demand for new construction
- Pent up housing demand; improving credit combined with low inventory and affordability to drive continued growth
- Shipments of wholesale units expected to decline ~17% in 2020

MH Wholesale Unit Shipments (000s)

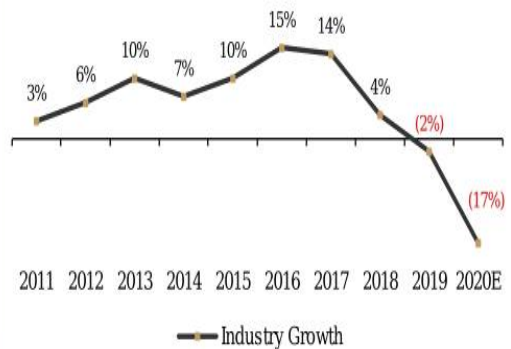
Historical Average: 73 units



MH End Market Performance



Market Growth



\*2020E = Company Estimates

Investor Presentation

# DIVERSE END MARKET WITH FAVORABLE SECULAR TRENDS



## Industrial End Market Overview

- Expanded portfolio of products, driven primarily through acquisitions, allows Patrick to capture more of forecasted growth
- Due to our array of capabilities and diversified geographic presence, we can shift capacity to fill market needs
- Consensus estimates for 2020 of 1.016M

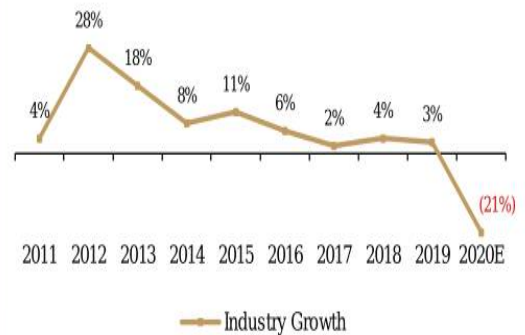
Seasonally Adjusted New Housing Starts (000s)



Industrial End Market Performance



Market Growth



\*2020E = Company Estimates

A photograph showing the silhouettes of several people on the deck of a boat. They appear to be celebrating or dancing, with one person in the foreground having their arms raised. The background is a bright sunset over the ocean, with the sun low on the horizon. The image is framed by white geometric shapes.

# FINANCIAL OVERVIEW

Growth Initiatives and Capital Allocation Strategy



# STRONG TRAJECTORY OF SALES AND EARNINGS GROWTH



### Sales Growth (\$MM)



### Earnings Growth



- Sales continued to grow and outpace their respective markets, albeit at a slower pace in 2019, driven by acquisitions, new products and line extensions, and market share gains, and were offset in part by lower sales volumes in our end markets
- Net income and EPS in 2019 reflected the impact of headwinds associated with each of our primary markets and were offset by cost reduction and strategic initiatives

# Q1 2020 FINANCIAL HIGHLIGHTS



## COVID-19 IMPACT

<p>Income Statement</p>	<ul style="list-style-type: none"> <li>○ Net sales of \$589.2MM decreased 3.1%</li> <li>○ Operating income of \$39.3MM increased 9.6%</li> <li>○ Operating margin expanded 80bps to 6.7%</li> <li>○ Net income of \$21.2MM increased 1.6%</li> <li>○ Diluted EPS of \$0.91 increased 1.5%</li> </ul>	<ul style="list-style-type: none"> <li>○ Sales decline primarily attributable to lost production days and business disruption in our end markets in late Q1 2020</li> <li>○ Earnings negatively impacted by lost production days</li> </ul>
<p>Other Important Highlights</p>	<ul style="list-style-type: none"> <li>○ Completed two strategic acquisitions adding \$20MM in expected annualized revenues</li> <li>○ Returned \$21.4MM to shareholders through share repurchases and dividends</li> <li>○ Available liquidity of over \$500MM, including \$94.5MM of cash, with no major debt maturities until 2023</li> </ul>	<ul style="list-style-type: none"> <li>○ Suspended acquisition activities</li> <li>○ Share buybacks paused</li> <li>○ Aggressive management of cash flows and working capital to preserve liquidity</li> </ul>

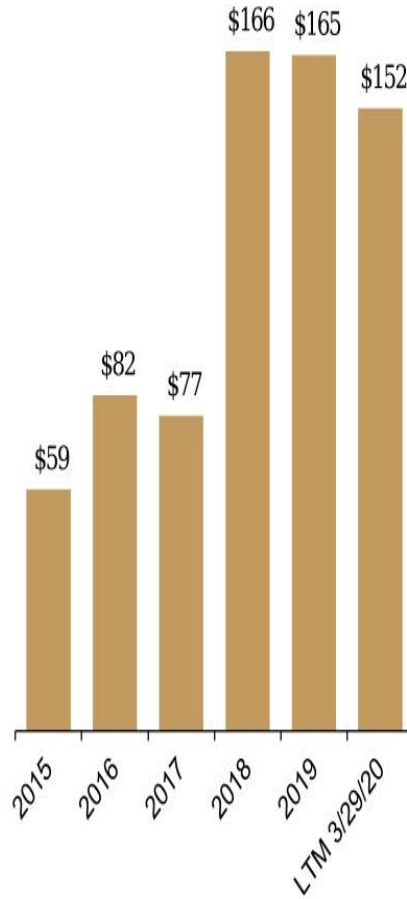
# TRACK RECORD OF STRONG CASH FLOW GENERATION



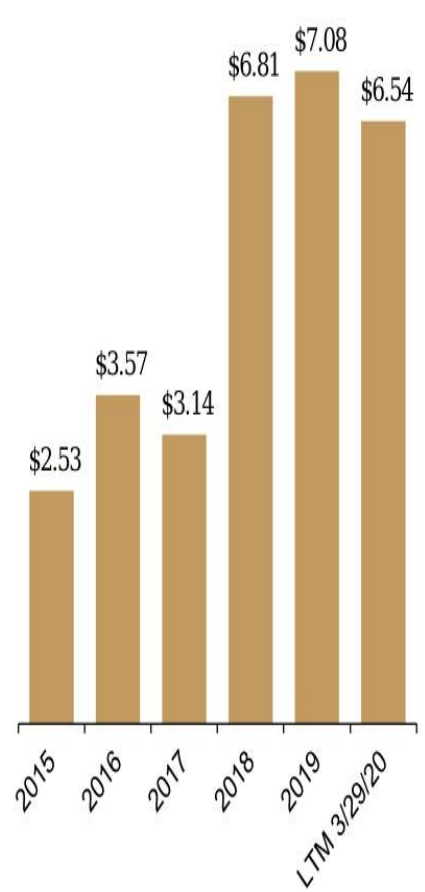
### Cash Flow from Operating Activities (\$MM)



### Free Cash Flow<sup>1</sup> (\$MM)



### Free Cash Flow per Share<sup>2</sup>



<sup>1</sup> FCF is calculated as operating cash flow less capex

<sup>2</sup> FCF divided by weighted average diluted shares outstanding

**Strong FCF Generation Provides Flexibility Across Strategic and Financial Objectives**

# STRONG BALANCE SHEET AND LIQUIDITY



Strength of our cash flows, combined with our liquidity, provides us with the flexibility to navigate a variety of scenarios through these unprecedented times

## Debt Structure

- \$550MM Senior Secured Revolver
- \$100MM Term Loan (\$97.5M o/s at 3/29/20)
- \$172.5MM 1% Convertible Senior Notes
- \$300MM 7.5% Senior Notes

## Debt Maturities

- Revolver borrowings – September 2024
- Term Loan – pre-determined quarterly installments; balance due at maturity
- Convertible Senior Notes – February 2023
- Senior Notes – October 2027

## Covenants

- Consolidated Net Leverage Ratio – maximum 4.00x vs. 2.32x at 3/29/20
- Consolidated Fixed Charge Coverage ratio - minimum 1.50x vs. 6.53x at 3/29/20

## Liquidity

- Available liquidity, including cash on hand - \$504.7M at 3/29/20

## NET LEVERAGE<sup>1</sup> (\$MM)

Total Debt Outstanding	\$703.8
Less: Cash on Hand	(108.8)
Net Debt	\$595.0
LTMA Adj. EBITDA	256.2
Net Debt to Adj. EBITDA	2.32x

## LIQUIDITY (\$MM)

Total Revolver Credit Capacity	\$550.0
Less: Total Debt Outstanding (including outstanding Letters of Credit)	(139.8)
Unused Credit Capacity	410.2
Add: Cash on hand	94.5
Total Available Liquidity	\$504.7

<sup>1</sup> As defined by credit agreement.

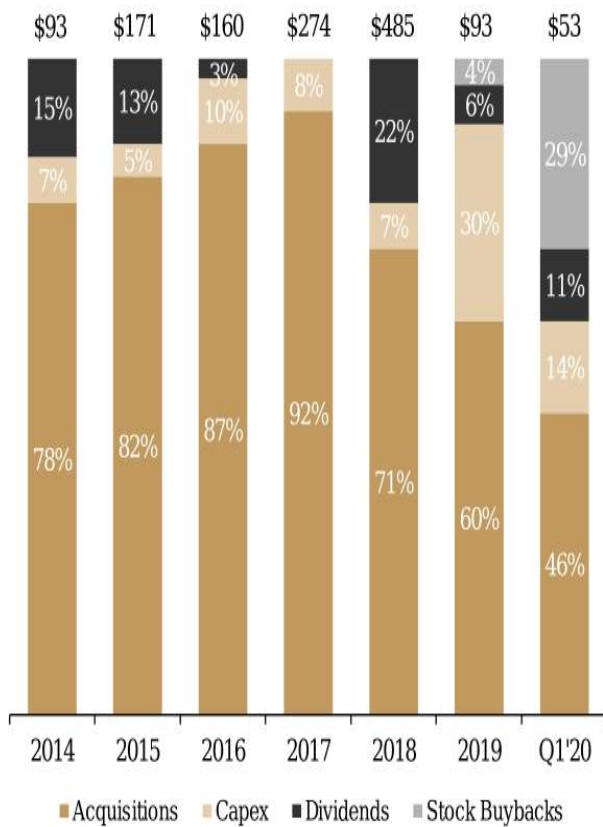


# DISCIPLINED CAPITAL ALLOCATION STRATEGY



Our capital allocation strategy is centered around the utilization of strong cash flows, a balanced disciplined leverage position, and capital resources to grow and reinvest in the business model

## Historical Capital Allocation (\$MM)



## Future Priorities

### Opportunistic Acquisitions

- Strategic criteria
  - Strong management team
  - Aligns with our primary end markets
  - Expanded/enhanced customer relationships
  - Expand geographic reach
  - Expands product offerings and manufacturing/distribution capabilities
- Financial filters
  - Focused on accretive margins
  - ROIC > Cost of Capital within 1-2 years
  - EPS accretive in first full year

### Capex

- Continued critical investments to drive efficiencies and capacities where necessary

### Dividends

- Latest dividend declared for Q2'20 on 5/14/20

### Stock Buybacks

- Paused out of abundance of caution due to COVID-19

## KEY INVESTMENT HIGHLIGHTS



- 01** Driving operational efficiencies with manufacturing flexibility across all four end markets

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- 02** Strong leadership team with proven ability to manage through challenging economic conditions

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- 03** Uniquely positioned to benefit from continued shift toward outdoor activities

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- 04** Prudent cost management while remaining well-positioned for strategic growth opportunities in a fragmented market

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- 05** Strong balance sheet with ample liquidity and an enhanced capital structure

# APPENDIX







# END MARKET PRODUCT CATEGORIES




## RV PRODUCT CATEGORIES<sup>1</sup>

TOWABLE		MOTORIZED	
Shipments: 88% Wholesale   60% Retail Value		Shipments: 12% Wholesale   40% Retail Value	
Travel Trailer   ASP: \$22,900	Fifth Wheel   ASP: \$49,000	Class A   ASP: \$212,800	Class B & C   ASP: \$95,600
			
Total Retail Value of Shipments in 2018: \$20B			

## MARINE PRODUCT CATEGORIES<sup>2</sup>

Pontoon	Ski & Wake	Fiberglass	Aluminum
ASP: \$39,200   28% of Market	ASP: \$104,300   5% of Market	ASP: \$75,500   36% of Market	ASP: \$22,700   31% of Market
			
U.S. Expenditures On Boats, Engines and Accessories Totaled \$42B in 2018			

## MANUFACTURED HOUSING PRODUCT CATEGORIES<sup>3</sup>

Single-Section Homes	Multi-Section Homes
ASP: \$48,300   50% of Market	ASP: \$92,800   50% of Market
	

<sup>1</sup> Source: RVIA 2018 Industry Profile (travel trailer ASP stat includes camping trailers and truck campers). <sup>2</sup> Source: NMMA 2018 Statistical Abstracts. <sup>3</sup> Source: MHI / IBTS.



# PATRICK PRODUCT LINES: RV EXTERIOR



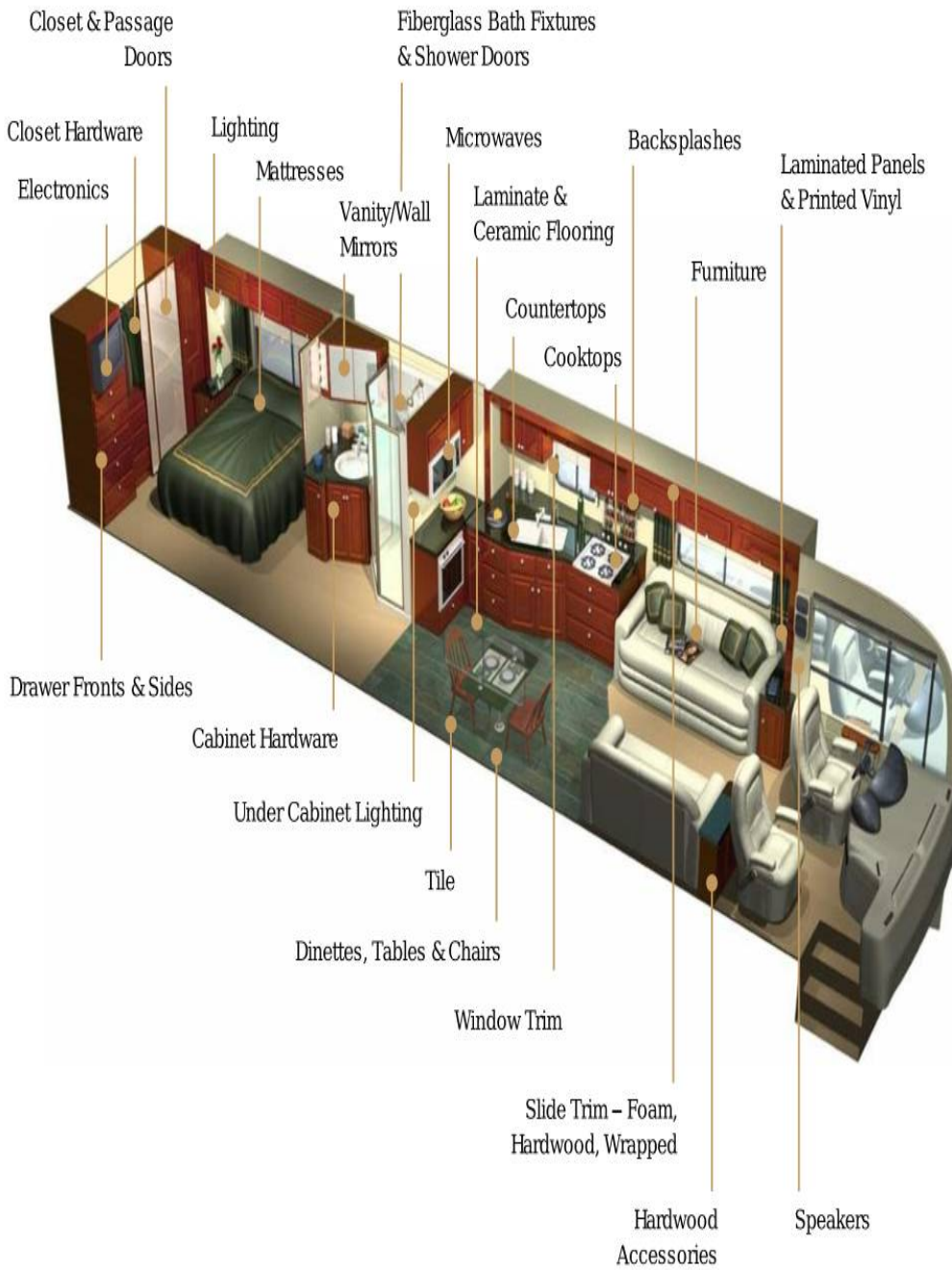
## Additional Product Lines:

- Softwoods
- Full Body Paint
- Aluminum Gauges
- Steel Gauges
- Mill Finish & Pre-painted Aluminum and Steel
- Slit & Embossed Steel
- FRP Coil & Sheet
- Trim Panels
- Fuel Systems

## RV Grills & Accessories



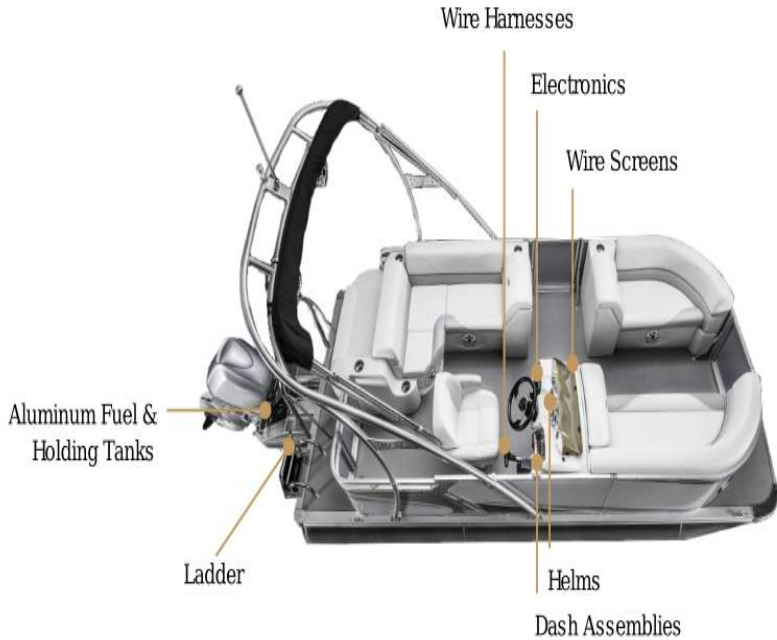
# PATRICK PRODUCT LINES: RV INTERIOR



## Additional Supplied Products:

- Exit Lighting
- Ceiling Fans
- Power Cords & Inlets
- RV Tank Heater Pads
- Fire Extinguishers
- Electric Fireplaces
- Wiring, Electrical & Plumbing Products
- Inverters
- Tire Pressure Monitors
- Electrical Switches, Receptacles, & Outlets
- RV Transfer Switches
- Battery Selector Switches
- Cut-to-Size, Boring, Foiling & Edge-Banding
- Flooring Adhesive
- Instrument Panel
- Made-to-Order Laminated Products including Vinyl, Paper, Veneers & High-Pressure Laminates (HPL)
- Trim Products

# PATRICK PRODUCT LINES: MARINE

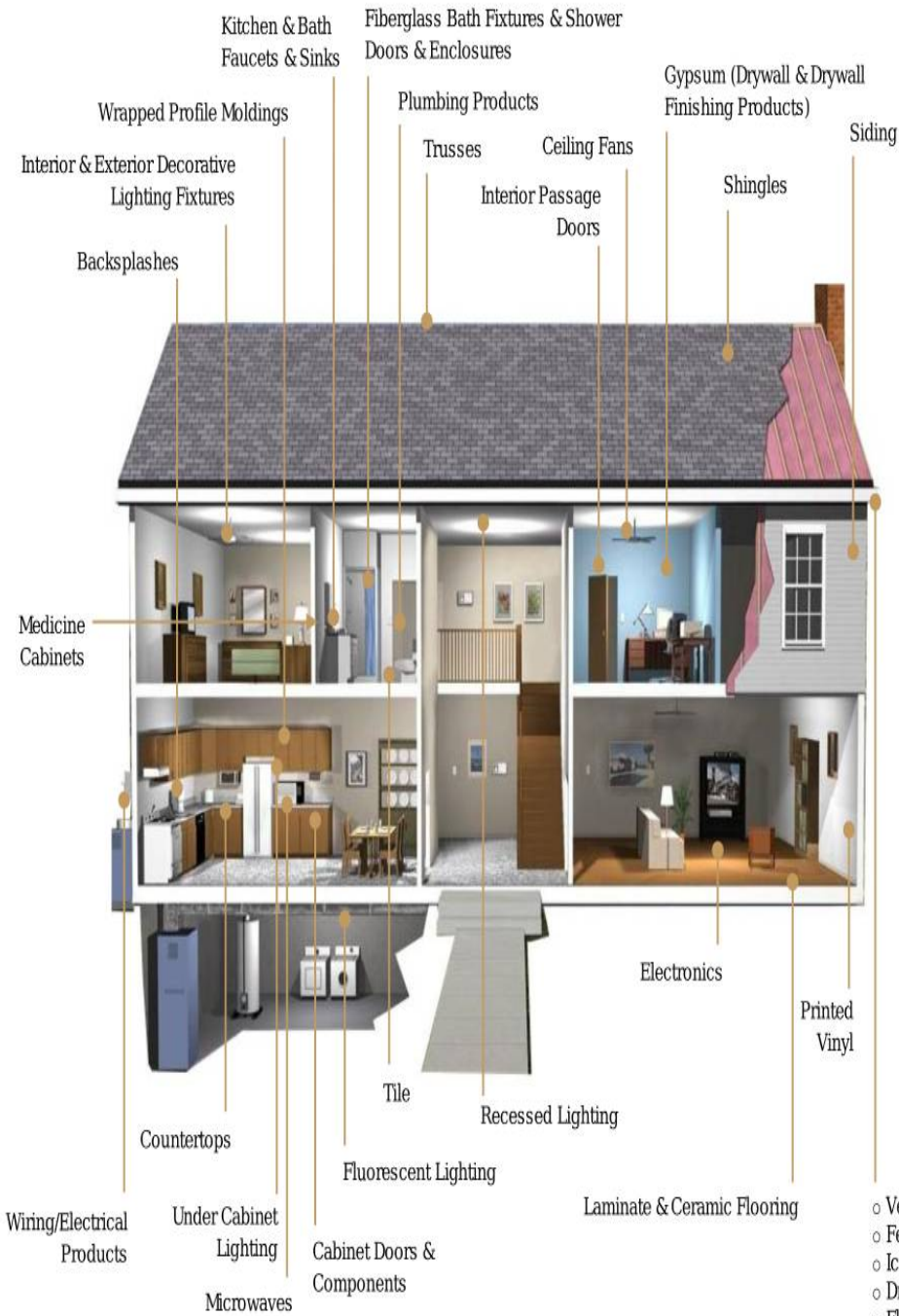


## Marine Growth:

- Wind Shields (Glass)
- Plastic Fuel & Holding Tanks
- Fuel System Related Components
- Plastic Seat Bases & Components
- Vinyls (Biminis, Covers)
- Fabricated & Extruded Aluminum
- Decking, Flooring, Carpet, Vinyls
- Gauges, Instrument Panels, Displays
- Lighting
- Steering & Throttle Controls
- Plastic Products: Boxes, Inlay Tables
- Canvas Products, Panels & Trim



# PATRICK PRODUCT LINES: MANUFACTURED HOUSING



## Additional Supplied Products:

- Building Arches
- Closet Organization Products
- Adhesives & Sealants
- Innovative Lighting
- Electrical Components (e.g., Panels/ Breakers, Outlet Boxes & Switches/ Receptacles)
- Fireplaces and Surrounds
- Made-to-Order Laminated Products including Vinyl, Paper, Veneers & High-Pressure Laminates (HPL)
- Cut-to-Size, Boring, Foiling & Edge-Banding
- Solid Surface, Granite and Quartz Fab
- Flooring Adhesive
- Tables & Signs
- Roof Trusses
- Wardrobe Doors & Hardware Systems
- Closet Organizers & Shelving
- Air Handling Products
- Carpeting
- Ventilation System & Ridge Cap
- Felt Paper
- Ice & Water Protection
- Drip Edge
- Flashing
- Roofing Membrane
- Soffit & Fascia



# NON-GAAP RECONCILIATIONS



## Reconciliation of Cash Flow from Operations to Free Cash Flow

(\$ in millions)	2007	2015	2016	2017	2018	2019	LTM3/29/20
Cash Flow from Operations	\$ 23	\$ 67	\$ 97	\$ 100	\$ 200	\$ 192	\$ 178
Less: Capital Expenditures	(3)	(8)	(15)	(22)	(34)	(28)	(26)
Free Cash Flow	\$ 20	\$ 59	\$ 82	\$ 77	\$ 166	\$ 165	\$ 152

## Reconciliation of Net Income to EBITDA

(\$ in millions)	2015	2016	2017	2018	2019
Net income	\$ 42	\$ 56	\$ 86	\$ 120	\$ 90
Add:					
Depreciation & amortization	17	24	33	55	63
Interest expense, net	4	7	9	26	37
Income taxes	24	28	27	32	28
EBITDA	\$ 87	\$ 115	\$ 155	\$ 233	\$ 217

## Reconciliation of % Conversion (Cash Flow as % of EBITDA)

(\$ in millions)	2015	2016	2017	2018	2019
Cash Flow from Operations	\$ 67	\$ 97	\$ 100	\$ 200	\$ 192
EBITDA	\$ 87	\$ 115	\$ 155	\$ 233	\$ 217
% Conversion	77%	84%	64%	86%	89%

## Reconciliation of Free Cash Flow Per Share

(\$ / #shares in millions except per share data)	2015	2016	2017	2018	2019	LTM3/29/20
Free Cash Flow	\$ 59	\$ 82	\$ 77	\$ 166	\$ 165	\$ 152
Divided by: Weighted Average Diluted Shares Outstanding	23.3	22.9	24.6	24.3	23.3	23.3
Free Cash Flow Per Share	\$ 2.53	\$ 3.57	\$ 3.14	\$ 6.81	\$ 7.08	\$ 6.54

### Use of Non-GAAP Financial Information

Free Cash Flow, Earnings before interest, taxes, depreciation and amortization ("EBITDA"), % Conversion, and Free Cash Flow Per Share 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.

# NON-GAAP RECONCILIATIONS (CONTINUED)



## Reconciliation of Net Income to EBITDA to Adjusted EBITDA

(\$ in millions)	2007	2019	LTM3/29/20
Net income (loss)	\$ (5.8)	\$ 89.6	\$ 89.9
+ Depreciation & amortization	6.4	62.8	64.4
+ Interest expense, net	6.5	36.6	38.1
+ Income taxes (credit)	(2.8)	28.3	29.9
EBITDA	4.2	217.3	222.3
+ Stock compensation expense	1.5	15.4	15.8
+ Acquisition proforma, transaction-related expenses & other	(0.2)	17.3	18.1
Adjusted EBITDA	\$ 5.5	\$ 250.0	\$ 256.2

## Reconciliation of Net Leverage\*

(\$ millions)	
Total debt outstanding @ 3/29/20	\$ 705.0
Less: term loan payment	(1.2)
Total debt outstanding @ 3/31/20	703.8
Less: cash on hand @ 3/31/20	(108.8)
Net debt @ 3/31/20	\$ 595.0
LTM Adjusted EBITDA	\$ 256.2
Net Debt to Adjusted EBITDA	2.32 X

\*As defined by credit agreement which includes debt balance and cash balance two days following quarter end

### Use of Non-GAAP Financial Information

Earnings before interest, taxes, depreciation and amortization ("EBITDA") and 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.

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