

**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)

**October 27, 2022**

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**PATRICK INDUSTRIES, INC.**

(Exact name of registrant as specified in its charter)

**Indiana**

(State or other jurisdiction  
of incorporation)

**000-03922**

(Commission  
File Number)

**35-1057796**

(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 2.02. Results of Operations and Financial Condition.**

On October 27, 2022, the Company issued a press release announcing operating results for the third quarter ended September 25, 2022. A copy of the press release is furnished herewith as Exhibit 99.1 and incorporated herein by reference.

**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 Earnings Presentation as contained in Exhibit 99.2

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits

[Exhibit 99.1](#) - Press Release issued October 27, 2022

[Exhibit 99.2](#) - Slides for Earnings Presentation

Exhibit 104 - Cover Page Interactive Data File (embedded within the Inline XBRL document)

**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.**

(Registrant)

Date: October 27, 2022

By: /s/ Jacob R. Petkovich

Jacob R. Petkovich

Executive Vice President - Finance, Chief Financial Officer, and Treasurer

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## Patrick Industries, Inc. Reports Third Quarter 2022 Financial Results

### Third Quarter 2022 Highlights *(compared to Third Quarter 2021 unless otherwise noted)*

- Net sales of \$1.11 billion increased 5%, reflecting growth in our marine and housing markets, partially offset by a 40% reduction in RV OEM shipments
- Gross profit of \$236 million increased 14%
- Gross margin of 21.3% increased 170 basis points
- Operating income of \$93 million
- Operating margin of 8.3% decreased 50 basis points
- Net income of \$59 million increased 2%
- Diluted earnings per share of \$2.43 includes a reduction for the impact of the accounting treatment for convertible notes of \$0.20 per share
- Operating cash flows of \$156 million increased 126%
- Returned \$14 million to shareholders in the quarter, including \$7 million through common stock purchases

ELKHART, IN - October 27, 2022 - Patrick Industries, Inc. (NASDAQ: PATK), a leading component solutions provider for the Leisure Lifestyle and Housing markets today reported financial results for the third quarter ended September 25, 2022.

Net sales in the third quarter of 2022 increased \$52 million, or 5%, to \$1.11 billion from \$1.06 billion in the third quarter of 2021, demonstrating the benefit of our strategic end market diversification initiatives. The strength in our marine and housing end markets, market share gains, and the contribution of acquisitions completed in 2021 and 2022 more than offset a \$110 million decline in RV revenues in the quarter resulting from the planned reduction of production by our RV OEM customers.

Operating income remained stable at \$93 million compared to the third quarter of 2021, and the operating margin of 8.3% in the third quarter of 2022 decreased 50 basis points compared to 8.8% in the same period a year ago. The decline in margin was driven principally by fixed cost absorption related to reduced RV OEM production of approximately 40% in the quarter, increased infrastructure investments to support our growth and strategic diversification efforts, continued execution of our IT transformation initiatives, and an increase in amortization of intangible assets from recent acquisitions, partially offset by the continued realization of efficiencies related to automation initiatives.

Net income increased 2% to \$59 million, from \$57 million in the third quarter of 2021. Diluted earnings per share of \$2.43 decreased 1% compared to \$2.45 for the third quarter of 2021. Third quarter 2022 diluted earnings per share includes a reduction of \$0.20 for the accounting treatment of convertible notes discussed below.

In the first quarter of 2022, the Company adopted a new accounting standard that requires its 1.00% convertible notes due 2023 to be presented on an "if converted" basis in the calculation of diluted earnings per share. As a result of the adoption of this standard, the Company's third quarter 2022 diluted earnings per share was reduced by \$0.20. Prior year results do not reflect the adoption of the new accounting standard. The Company does not intend to issue shares in settlement of the 1.00% convertible notes due 2023 that may be converted by their holders.

"We are pleased with our third quarter performance which reflects the resilience of our business and margin profile as a result of our end market diversification and the diligence of our team as we worked with each of our customers in very dynamic market conditions to meet evolving consumer demand," said Andy Nemeth,

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Chief Executive Officer. "We remain focused on ensuring that our business is scalable to enable us to stay nimble, and our strong balance sheet positions us well to flex our business model and capitalize upon opportunities for additional growth and strategic diversification."

Jeff Rodino, President, said, "Our team continues to effectively and efficiently manage our business as we navigate the current reduction of production levels in our RV end market while supporting the growth in our marine and housing end market revenues. Our RV customers' thoughtful discipline in managing production is helping maintain healthy dealer inventory levels and continues to position the industry well to manage through a range of potential market conditions."

**Third Quarter 2022 Revenue by Market Sector** *(compared to Third Quarter 2021 unless otherwise noted)*

**RV** (47% of Revenue)

- Revenue of \$524 million decreased 17% while wholesale RV industry unit shipments decreased 40%
- Content per wholesale RV unit (on a trailing twelve-month basis) increased 36% to \$5,071

**Marine** (24% of Revenue)

- Revenue of \$271 million increased 57% while estimated wholesale powerboat industry unit shipments increased 5%
- Estimated content per wholesale powerboat unit (on a trailing twelve-month basis) increased 60% to \$5,109

**Manufactured Housing ("MH")** (16% of Revenue)

- Revenue of \$175 million increased 30% while estimated wholesale MH industry unit shipments increased 10%
- Estimated content per wholesale MH unit (on a trailing twelve-month basis) increased 21% to \$6,023

**Industrial** (13% of Revenue)

- Revenue of \$142 million increased 19% while industry housing starts decreased 7%

**Balance Sheet, Cash Flow and Capital Allocation**

Cash provided by operations for the third quarter of 2022 of \$156 million increased 126% compared to \$69 million in the third quarter of 2021, reflecting continued profitability in our end markets and monetization of our working capital. Capital expenditures totaled \$19 million in the third quarter of 2022, reflecting continued investments in infrastructure, software, and automation initiatives to better align resources for increased scalability, flexibility and efficiency. Net repayments on our revolving credit facility totaled \$140 million in the third quarter of 2022.

In alignment with our capital allocation strategy, we returned approximately \$14 million to shareholders in the third quarter of 2022, including \$7 million through opportunistic repurchases of approximately 154,400 shares and \$7 million of dividends.

Our total debt at the end of the third quarter was approximately \$1.36 billion, resulting in a total net leverage ratio of 1.8x (as calculated in accordance with our credit agreement). Available net liquidity, comprised of borrowing availability under our credit facility and cash on hand, was approximately \$485 million which is net of a \$202.5 million temporary reserve against our \$775 million revolving credit facility availability until the settlement of our 1.00% convertible notes due February 2023.

## **Business Outlook and Summary**

"In the third quarter of 2022, our team did an outstanding job of flexing our production capabilities and managing our variable costs in response to a 40% reduction in RV OEM shipments," continued Mr. Nemeth. "The marine and housing markets, which represent 53% of our total revenues, continued to perform well and have runway for channel fill with lower than optimum dealer and field inventory levels despite macro-economic headwinds. We believe our ongoing efforts to grow and diversify our end markets will continue to bear fruit and position the Company to manage effectively through periods of volatility. Our capital investment in automation and innovation will aid our ability to grow market share while also helping to drive a resilient margin profile. The \$225 million increase in our revolving credit facility capacity during the third quarter of 2022, our balanced capital structure, and improving cash flow provide a solid liquidity foundation and support our goal of delivering long-term value for our shareholders, team members, customers, partners, and communities."

## **Conference Call Webcast**

As previously announced, Patrick Industries will host an online webcast of its third quarter 2022 earnings conference call that can be accessed on the Company's website, [www.patrickind.com](http://www.patrickind.com), under "For Investors," on Thursday, October 27, 2022 at 10:00 a.m. Eastern time. In addition, a supplemental earnings presentation can be accessed on the Company's website, [www.patrickind.com](http://www.patrickind.com) under "For Investors."

## **About Patrick Industries, Inc.**

Patrick Industries (NASDAQ: PATK) is a leading component solutions provider for the RV, marine, manufactured housing and various industrial markets – including single and multi-family housing, hospitality, institutional and commercial markets. Founded in 1959, Patrick is based in Elkhart, Indiana, with over 12,000 employees across the United States.

## **Use of Financial Metrics**

In addition to reporting financial results in accordance with U.S. GAAP, the Company also provides financial metrics, such as net leverage ratio, content per unit, net debt and available liquidity, which we believe are important measures of the Company's business performance. These metrics should not be considered alternatives to U.S. GAAP. Our computations of net leverage ratio, content per unit, net debt and available liquidity may differ from similarly titled measures used by others. We calculate net debt by subtracting cash and cash equivalents from the gross value of debt outstanding. RV wholesale unit shipments are provided by the RV Industry Association. Marine wholesale unit shipments are provided by the National Marine Manufacturers Association. MH wholesale unit shipments are provided by the Manufactured Housing Institute. Housing starts are provided by the U.S. Census Bureau. You should not consider these metrics in isolation or as substitutes for an analysis of our results as reported under U.S. GAAP.

## **Cautionary Statement Regarding Forward-Looking Statements**

This press release 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. Potential factors that could impact results include: 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, suppliers, and the countries where we have operations or from which we source products and raw materials, such as China; the effects of external economic factors, including adverse developments in world financial markets, disruptions related to tariffs and other trade issues, and global supply chain interruptions, including as a result of the current war in Ukraine; adverse economic and business conditions, including cyclical and seasonality in the industries we sell our products; the effects of interest rate changes and other monetary and market fluctuations; the deterioration of

the financial condition of our customers or suppliers; the ability to adjust our production schedules up or down quickly in response to rapid changes in demand; the loss of a significant customer; changes in consumer preferences; pricing pressures due to competition; conditions in the credit market limiting the ability of consumers and wholesale customers to obtain retail and wholesale financing for RVs, manufactured homes, and marine products; the imposition of restrictions and taxes on imports of raw materials and components used in our products; information technology performance and security to include our ability to deter cyber attacks or other information security incidents; any increased cost or limited availability of certain raw materials; the impact of governmental and environmental regulations, and our inability to comply with them; our level of indebtedness; the ability to remain in compliance with our credit agreement covenants; the availability and costs of labor and production facilities and the impact of labor shortages; inventory levels of retailers and manufacturers; the ability to manage working capital to include inventory and inventory obsolescence; the ability to generate cash flow or obtain financing to fund growth; future growth rates in the Company's core businesses; realization and impact of efficiency improvements and cost reductions; the successful integration of acquisitions and other growth initiatives; increases in interest rates and oil and gasoline prices; the ability to retain key executive and management personnel; the disruption of business resulting from natural disasters or other unforeseen events, and adverse weather conditions impacting retail sales.

There can be no assurance that any forward-looking statement will be realized or that actual results will not be significantly different from that set forth in such forward-looking statement. Information about certain risks that could affect our business and cause actual results to differ from those expressed or implied in the forward-looking statements are contained in the section entitled "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2021, and in the Company's Forms 10-Q for subsequent quarterly periods, which are filed with the Securities and Exchange Commission ("SEC") and are available on the SEC's website at [www.sec.gov](http://www.sec.gov). Each forward-looking statement speaks only as of the date of this press release, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances occurring after the date on which it is made.

**Contact:**

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574.294.7511

**PATRICK INDUSTRIES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)**

(thousands except per share data)	<u>Third Quarter Ended</u>		<u>Nine Months Ended</u>	
	<b>September 25, 2022</b>	September 26, 2021	<b>September 25, 2022</b>	September 26, 2021
<b>NET SALES</b>	<b>\$ 1,112,089</b>	<b>\$ 1,060,177</b>	<b>\$ 3,929,957</b>	<b>\$ 2,930,613</b>
Cost of goods sold	<b>875,638</b>	852,016	<b>3,071,057</b>	2,356,443
<b>GROSS PROFIT</b>	<b>236,451</b>	<b>208,161</b>	<b>858,900</b>	<b>574,170</b>
Operating Expenses:				
Warehouse and delivery	<b>39,997</b>	35,885	<b>125,213</b>	100,613
Selling, general and administrative	<b>84,924</b>	64,245	<b>250,969</b>	175,842
Amortization of intangible assets	<b>18,769</b>	14,758	<b>54,175</b>	40,695
Total operating expenses	<b>143,690</b>	114,888	<b>430,357</b>	317,150
<b>OPERATING INCOME</b>	<b>92,761</b>	93,273	<b>428,543</b>	257,020
Interest expense, net	<b>15,302</b>	15,436	<b>44,990</b>	41,195
<b>Income before income taxes</b>	<b>77,459</b>	77,837	<b>383,553</b>	215,825
Income taxes	<b>18,640</b>	20,440	<b>95,537</b>	51,930
<b>NET INCOME</b>	<b>\$ 58,819</b>	<b>\$ 57,397</b>	<b>\$ 288,016</b>	<b>\$ 163,895</b>
<b>BASIC NET INCOME PER COMMON SHARE</b>	<b>\$ 2.66</b>	\$ 2.52	<b>\$ 12.93</b>	\$ 7.18
<b>DILUTED NET INCOME PER COMMON SHARE</b>	<b>\$ 2.43</b>	\$ 2.45	<b>\$ 11.78</b>	\$ 7.01
Weighted average shares outstanding - Basic	<b>22,087</b>	22,789	<b>22,274</b>	22,826
Weighted average shares outstanding - Diluted	<b>24,413</b>	23,403	<b>24,573</b>	23,375

**PATRICK INDUSTRIES, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)**

(thousands)	As of	
	September 25, 2022	December 31, 2021
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 53,269	\$ 122,849
Trade receivables, net	285,734	172,392
Inventories	733,970	614,356
Prepaid expenses and other	34,448	64,478
<b>Total current assets</b>	<b>1,107,421</b>	<b>974,075</b>
Property, plant and equipment, net	343,262	319,493
Operating lease right-of-use assets	164,725	158,183
Goodwill and intangible assets, net	1,273,065	1,191,833
Other non-current assets	8,177	7,147
<b>TOTAL ASSETS</b>	<b>\$ 2,896,650</b>	<b>\$ 2,650,731</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current Liabilities		
Current maturities of long-term debt	\$ 7,500	\$ 7,500
Current operating lease liabilities	43,352	40,301
Accounts payable	188,691	203,537
Accrued liabilities	196,361	181,439
<b>Total current liabilities</b>	<b>435,904</b>	<b>432,777</b>
Long-term debt, less current maturities, net	1,333,455	1,278,989
Long-term operating lease liabilities	124,289	120,161
Deferred tax liabilities, net	42,812	36,453
Other long-term liabilities	13,514	14,794
<b>TOTAL LIABILITIES</b>	<b>1,949,974</b>	<b>1,883,174</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>946,676</b>	<b>767,557</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 2,896,650</b>	<b>\$ 2,650,731</b>



**PATRICK INDUSTRIES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)**

(thousands)	Nine Months Ended	
	September 25, 2022	September 26, 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 288,016	\$ 163,895
Depreciation and amortization	96,256	76,298
Stock-based compensation expense	15,596	17,307
Amortization of convertible notes debt discount	1,399	5,528
Other adjustments to reconcile net income to net cash provided by operating activities	(664)	8,184
Change in operating assets and liabilities, net of acquisitions of businesses	(170,795)	(123,795)
<b>Net cash provided by operating activities</b>	<b>229,808</b>	<b>147,417</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(63,437)	(44,155)
Business acquisitions and other investing activities	(145,447)	(299,561)
<b>Net cash used in investing activities</b>	<b>(208,884)</b>	<b>(343,716)</b>
<b>NET CASH FLOWS (USED IN) PROVIDED BY FINANCING ACTIVITIES</b>	<b>(90,504)</b>	<b>196,414</b>
(Decrease) increase in cash and cash equivalents	(69,580)	115
Cash and cash equivalents at beginning of year	122,849	44,767
<b>Cash and cash equivalents at end of period</b>	<b>\$ 53,269</b>	<b>\$ 44,882</b>

**PATRICK INDUSTRIES, INC.**  
**Net Income Per Common Share**

The table below illustrates the calculation for diluted share count which shows the dilutive impact of the adoption of ASU 2020-06 on our 1.00% convertible notes due 2023 as mentioned above:

(thousands except per share data)	Third Quarter Ended		Nine Months Ended	
	September 25, 2022	September 26, 2021	September 25, 2022	September 26, 2021
<b>Numerator:</b>				
Net income for basic per share calculation	\$ 58,819	\$ 57,397	\$ 288,016	\$ 163,895
Effect of interest on potentially dilutive convertible notes, net of tax	478	—	1,417	—
Net income for dilutive per share calculation	<u>\$ 59,297</u>	<u>\$ 57,397</u>	<u>\$ 289,433</u>	<u>\$ 163,895</u>
<b>Denominator:</b>				
Weighted average common shares outstanding - basic	22,087	22,789	22,274	22,826
Weighted average impact of potentially dilutive convertible notes	2,064	—	2,053	—
Weighted average impact of potentially dilutive securities	262	614	246	549
Weighted average common shares outstanding - diluted	<u>24,413</u>	<u>23,403</u>	<u>24,573</u>	<u>23,375</u>
<b>Net income per common share:</b>				
Basic net income per common share	\$ 2.66	\$ 2.52	\$ 12.93	\$ 7.18
Diluted net income per common share	\$ 2.43	\$ 2.45	\$ 11.78	\$ 7.01



## Q3 2022 Earnings Presentation

October 27, 2022

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## Forward Looking Statements

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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.

## Q3 2022 Quarterly Highlights



### Growth in Total Revenue of +5% Y/Y

- RV / Marine driven by outdoor recreation trends. Strong execution of nimble platform as RV production reduction offset by growth in our Marine & Housing markets
- RV channel inventory has achieved balance, while marine channel continues to rebuild
- Industrial and MH driven by housing demand, shift to multi-family and continued R&R spending



### Gross Margin Expansion of +170bps Y/Y

- Efficient and flexible platform with highly variable cost structure; growing portfolio of higher margin products
- Automation and technology initiatives help mitigate commodity and labor pressures
- Strong execution, leverageable platform, strategic acquisitions and close partnership with customers



### Increased Cash Flows and Access to Capital Resources

- 126% increase in cash flow from operations partially driven by working capital monetization
- Deploying Capex to invest in increased automation, improve efficiency, and expand capacity where appropriate
- Increased available liquidity, including expansion of credit facility, allows us to remain opportunistic as attractive growth opportunities appear
- Returned capital to shareholders through share repurchases and continued dividends



### Continued Progress on ESG Initiatives

- Ensuring well-being, health and safety of team members
- Human capital management: investments to attract, develop and retain top talent
- Waste minimization and recycling & upcycling initiatives
- Publication of first sustainability report targeted for year-end 2022

**Strong Portfolio Performance and Execution by Team Members**



## Performance by Market Sectors



### RV

Revenue of \$524M

47% of Q3'22 Sales

↓ (17%)

CPU<sup>1</sup> of \$5,071

↑ +36%



### Marine

Revenue of \$271M

24% of Q3'22 Sales

↑ +57%

CPU<sup>1</sup> of \$5,109

↑ +60%



### MH

Revenue of \$175M

16% of Q3'22 Sales

↑ +30%

CPU<sup>1</sup> of \$6,023

↑ +21%



### Industrial

Revenue of \$142M

13% of Q3'22 Sales

↑ +19%

Housing Starts (Y/Y)

↓ (7%)

Multi-Family    Single-Family

↑ +19%    ↓ (18%)

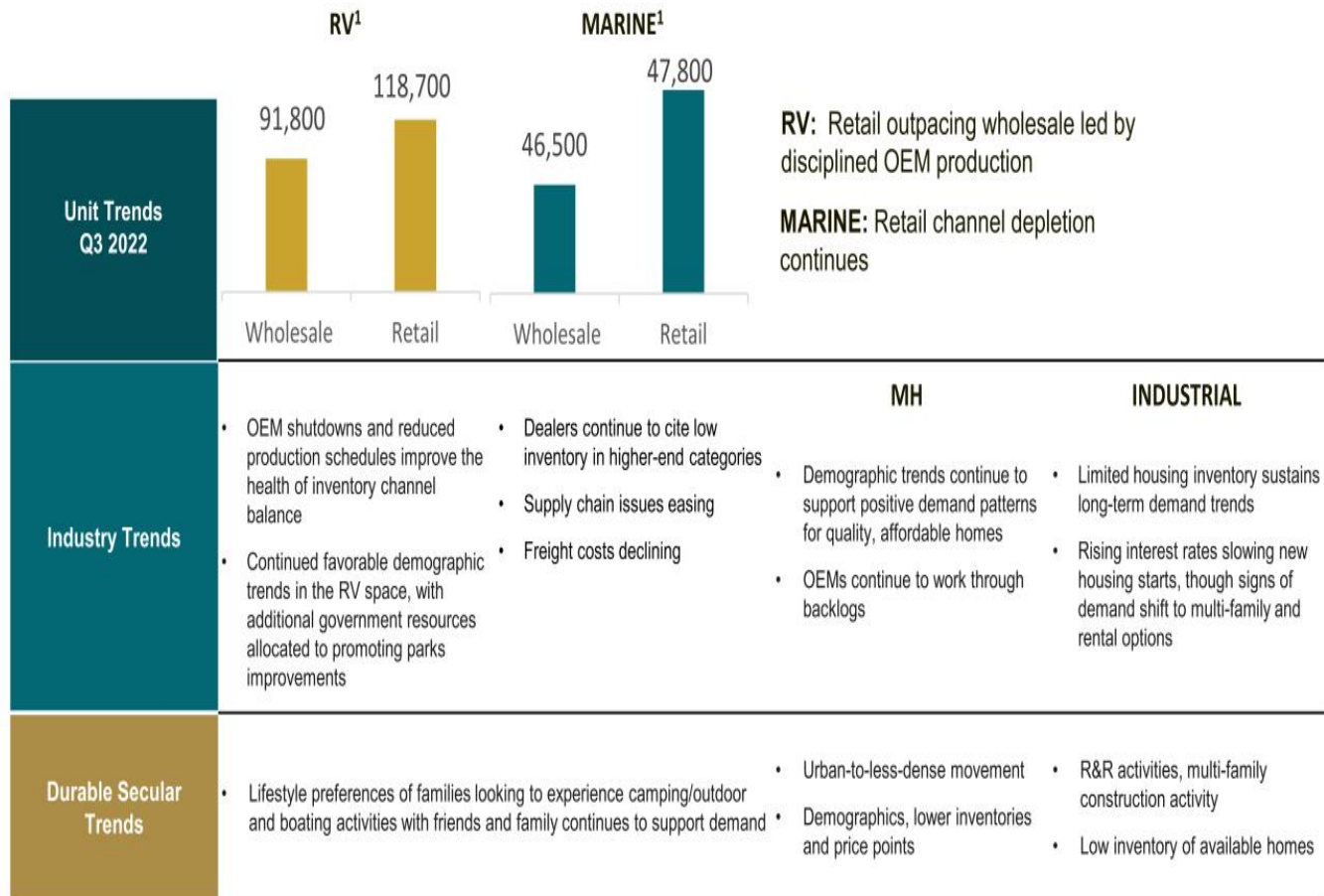


CPU<sup>1</sup> = Content per wholesale unit on a trailing twelve-month basis

Q3 2022 Earnings Presentation

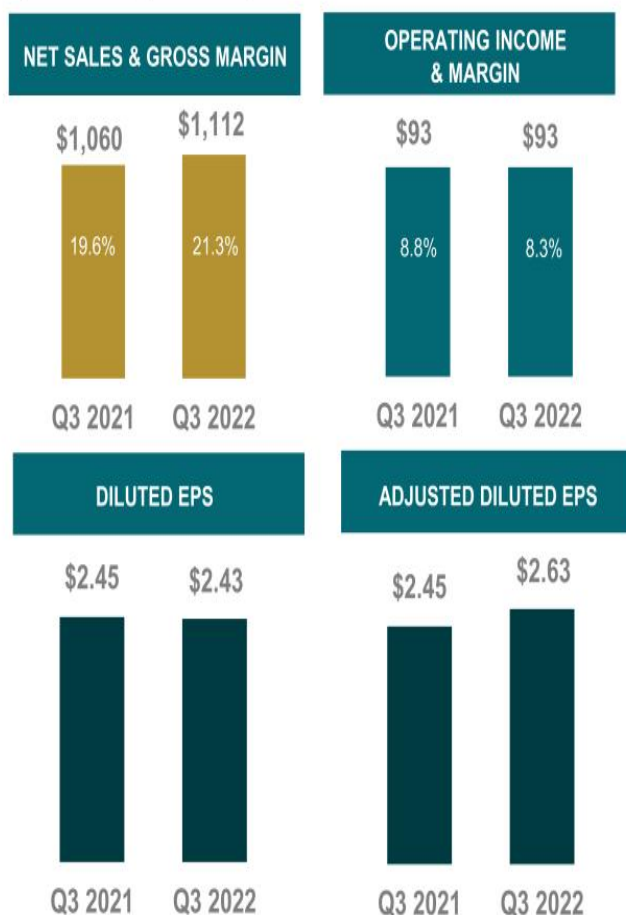
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## Market Sector Trends



## Q3 2022 Financial Performance

(\$ millions except per share data)



- ✓ 5% increase in Net Sales driven by increased demand in our Marine, MH and Industrial end markets, partially offset by the reduction in RV OEM production
- ✓ Gross margin improved through continued realization of production efficiency initiatives and proactive management of our highly variable cost structure
- ✓ Operating margin results driven by the impact of reduced RV OEM production, investments in human capital, continued execution of our IT transformation and an increase in amortization of intangible assets
- ✓ Invested \$19M in capital expenditures to support automation, information technology and production efficiency initiatives
- ✓ Adjusted diluted EPS for Q3 2022 increased 7% excluding the impact of new accounting standard on diluted EPS of \$0.20, reflecting our growth in profitability and our opportunistic share repurchase activity



## Balance Sheet and Liquidity

### DEBT STRUCTURE AND MATURITIES<sup>1</sup>

- \$150.0M Term Loan (\$140.6M o/s), pre-determined quarterly installments; balance due August 2027
- \$775.0M (\$135.0M o/s) Senior Secured Revolver, due August 2027
- \$172.5M 1.00% Convertible Senior Notes, due February 2023
- \$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 RATIOS<sup>1</sup>

- Consolidated Net Leverage Ratio – 1.8x
- Consolidated Secured Net Leverage Ratio – 0.27x versus 2.75x maximum
- Consolidated Fixed Charge Coverage Ratio – 6.19x vs. minimum 1.50x

### LIQUIDITY<sup>1</sup>

- Available liquidity, including cash on hand - \$485.3M

### NET LEVERAGE<sup>2</sup> (\$ millions)

Total Debt Outstanding	\$	1,356.9
Less: Cash and Debt Paid as Defined by the Credit Agreement		(84.8)
Net Debt	\$	1,272.1
LTM Adj. EBITDA	\$	701.3
Net Debt to Adj. EBITDA		1.8x

### LIQUIDITY (\$ millions)

Total Revolver Credit Capacity	\$	775.0
Less: Total Revolver Used (including outstanding letters of credit)		(140.5)
Unused Credit Capacity	\$	634.5
Add: Cash on Hand		53.3
Total Liquidity	\$	687.8
Less: Reserve for 1.00% Convertible Senior Notes, due February 2023 <sup>2</sup>		(202.5)
Total Available Liquidity	\$	485.3

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



<sup>1</sup> As of 9/25/22; <sup>2</sup> As defined by credit agreement

Q3 2022 Earnings Presentation | 7

# Appendix

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## Non-GAAP Reconciliation

### RECONCILIATION OF NET INCOME TO EBITDA TO LTM ADJUSTED EBITDA

(\$ in millions)	LTM 9/25/2022
Net Income	\$ 349.0
+ Depreciation & Amortization	124.8
+ Interest Expense, net	61.7
+ Income Taxes	112.5
EBITDA	\$ 648.0
+ Stock Compensation Expense	21.2
+ Acquisition proforma, transaction-related expenses & other	32.1
Adjusted EBITDA	\$ 701.3

### RECONCILIATION OF NET LEVERAGE\*

(\$ in millions)	
Total debt outstanding @ 9/25/2022	\$ 1,356.9
Less debt paid off for two day provision 9/27/2022	0.0
Less: cash on hand @ 9/25/2022	(53.3)
Adjust for two day provision 9/27/2022	(31.5)
Net debt @ 9/27/2022	\$ 1,272.1
Adjusted EBITDA	\$ 701.3
Net debt to Adjusted EBITDA	1.8x

#### 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"), Adjusted EBITDA, and Net Debt to 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.



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