

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

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 26, 2023

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**

(Address of Principal Executive Offices)

46515

(Zip Code)

(574) 294-7511

Registrant's Telephone Number, including area code

(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. "

Item 2.02 Results of Operations and Financial Condition

On October 26, 2023, the Company issued a press release announcing operating results for the third quarter ended October 1, 2023. 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 26, 2023

[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 26, 2023

By: /s/ Matthew S. Filer
Matthew S. Filer
Interim Executive Vice President - Finance, Chief Financial Officer, and Treasurer

Patrick Industries, Inc. Reports Third Quarter 2023 Financial Results

Third Quarter 2023 Highlights *(compared to Third Quarter 2022 unless otherwise noted)*

- Net sales of \$866 million decreased 22% as a result of lower wholesale unit shipments in our end markets and lower pricing passed on to our customers to reflect changes in certain commodity costs, partially offset by market share gains.
- Diversification strategy, acquisitions, successful labor management and cost control, continuous improvement and automation initiatives resulted in operating margin resilience despite the sales decline, with operating margin declining 10 basis points to 8.2% during the quarter.
- Adjusted EBITDA of \$113 million decreased 14%; adjusted EBITDA margin increased 130 basis points to 13.1%.
- Inventory reduction of \$150 million from year-end 2022 and \$216 million from the end of the third quarter of 2022; cash provided by operations for the first nine months of 2023 was \$294 million versus \$230 million for the same period last year.
- On a trailing twelve-month basis, free cash flow through the third quarter of 2023 was \$412 million, an increase of 64% compared to \$250 million through the third quarter of 2022.
- Strong cash flow and solid balance sheet and liquidity position us favorably and help enable us to continue to opportunistically deploy capital and flex our operations, to reflect current market conditions.

ELKHART, IN - October 26, 2023 - Patrick Industries, Inc. (NASDAQ: PATK) ("Patrick" or the "Company"), a leading component solutions provider for the Outdoor Enthusiast and Housing markets, today reported financial results for the third quarter ended October 1, 2023.

Net sales were \$866 million, a decrease of \$246 million, or 22% from \$1.11 billion in the third quarter of 2022. The decline in sales was primarily driven by a decrease in unit shipments across our end markets and lower pricing passed on to our customers to reflect changes in certain commodity costs, partially offset by market share gains.

Operating income of \$71 million in the third quarter of 2023 decreased \$22 million from \$93 million in the third quarter of 2022. Operating margin of 8.2% decreased 10 basis points compared to 8.3% in the same period a year ago, primarily due to the impact of lower net sales, absorption on certain fixed distribution expenses, and an increase in non-cash amortization due to acquisitions.

Net income decreased 33% to \$40 million from \$59 million in the third quarter of 2022. Diluted earnings per share of \$1.81 decreased 26% compared to \$2.43 for the third quarter of 2022.

"Our operating results for the third quarter of 2023 are a reflection of our team's thoughtful discipline to manage our business and drive resilient operating margins in a very dynamic environment, despite the continued reduction in shipments across our end markets," said Andy Nemeth, Chief Executive Officer. "We have reduced our overall cost structure and reduced our inventory by \$150 million from year-end 2022. Our team's focus on labor management, automation and continuous improvement has helped enable us to dynamically adjust our business to current market demand and industry trends, while remaining opportunistically nimble and poised, ready to pivot when opportunity presents itself or upon an uptick in our markets."

Jeff Rodino, President, said, "We continue to strategically deploy capital and reinvest in the business with the goal of achieving our long-term growth objectives and operational excellence. This focus is also reflected in our repayment of \$112 million of long-term debt during the quarter, demonstrating our commitment to maintaining our solid financial foundation and bolstering our ability to seize upon both organic and strategic opportunities. Our acquisition pipeline remains full of potential targets to continue to enhance our outdoor enthusiast platform."

Third Quarter 2023 Revenue by Market Sector (compared to Third Quarter 2022 unless otherwise noted)

RV (46% of Revenue)

- Revenue of \$400 million decreased 24% while wholesale RV industry unit shipments declined 20%.
- Content per wholesale RV unit (on a trailing twelve-month basis) decreased 2% to \$4,957.

Marine (24% of Revenue)

- Revenue of \$205 million decreased 24% while estimated wholesale powerboat industry unit shipments decreased 23%.
- Estimated content per wholesale powerboat unit (on a trailing twelve-month basis) increased 3% to \$5,009.

Housing (30% of Revenue, comprised of Manufactured Housing ("MH") and Industrial)

- Revenue of \$261 million decreased 18%; estimated wholesale MH industry unit shipments decreased 22%; total housing starts decreased 6%, with single-family housing starts increasing 7% and multifamily housing starts decreasing 28%.
- Estimated MH content per wholesale MH unit (on a trailing twelve-month basis) increased 8% to \$6,498.

Balance Sheet, Cash Flow and Capital Allocation

Cash provided by operations of \$294 million in the first nine months of 2023 increased by \$64 million from \$230 million in the first nine months of 2022 due to an improvement of \$227 million in working capital monetization, partially offset by a \$176 million reduction in net income. Capital expenditures totaled \$11 million in the third quarter of 2023, reflecting continued investments in alignment with our automation and technology initiatives. On a trailing twelve-month basis, free cash flow through the third quarter of 2023 was \$412 million, an increase of 64% compared to \$250 million through the third quarter of 2022. Our long-term debt decreased approximately \$112 million during the third quarter of 2023, principally due to net repayments on our revolving credit facility.

We remained disciplined in allocating and deploying capital, returning approximately \$10 million to shareholders in the third quarter of 2023 through dividends.

Our total debt at the end of the third quarter was approximately \$1.13 billion, resulting in a total net leverage ratio of 2.5x (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 \$700 million.

Business Outlook and Summary

"We remain confident in our ability to navigate the current macroeconomic environment while continuing to reinvest in our business thanks to our solid balance sheet and liquidity position and our team's dedication to operational excellence and customer service at the highest level," continued Mr. Nemeth. "We believe RV OEM production is calibrated with retail unit shipments as a result of disciplined business management by dealers and OEMs alike resulting in lower dealer inventory relative to historical levels, and a healthier mix of product by model year. As we anticipate a potential recovery in RV production next year, we expect improving industry wholesale shipments to offset the financial impact of continued restricted production from marine OEMs and inventory discipline from dealers. More importantly, long-term demand for the outdoor enthusiast lifestyle is supported by positive demographic trends and consumers' affinity for outdoor living and innovative lifestyle product enhancements. Affordable housing continues to be in short supply and we remain optimistic about the long-term opportunity this presents as home buyers adjust to higher interest rates. We like our position in the markets we serve and are confident that our diverse portfolio and flexible operating model will help continue to enable us to deliver value to our stakeholders."

Conference Call Webcast

Patrick Industries will host an online webcast of its third quarter 2023 earnings conference call that can be accessed on the Company's website, www.patrickind.com, under "For Investors," on Thursday, October 26, 2023 at 10:00 a.m. Eastern Time. In addition, a supplemental earnings presentation can be accessed on the Company's website, www.patrickind.com under "For Investors."

About Patrick Industries, Inc.

Patrick Industries (NASDAQ: PATK) is a leading component solutions provider for the RV, Marine and Housing markets. Founded in 1959, Patrick is based in Elkhart, Indiana, employing approximately 10,000 team members throughout the United States.

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 effects of external macroeconomic factors, including adverse developments in world financial markets, disruptions related to tariffs and other trade issues, and global supply chain interruptions; adverse economic and business conditions, including inflationary pressures, cyclicity 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; public health emergencies or pandemics, such as the COVID-19 pandemic; the imposition of, or changes in, 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 cyberattacks 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, including 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 impact on our business resulting from wars and military conflicts such as war in Ukraine and evolving conflict in Israel, Gaza and Syria, and throughout the Middle East; natural disasters or other unforeseen events, and adverse weather conditions.

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, 2022, 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. 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)

(\$ in thousands except per share data)	Third Quarter Ended		Nine Months Ended	
	October 1, 2023	September 25, 2022	October 1, 2023	September 25, 2022
NET SALES	\$ 866,073	\$ 1,112,089	\$ 2,686,858	\$ 3,929,957
Cost of goods sold	<u>666,954</u>	<u>875,638</u>	<u>2,083,527</u>	<u>3,071,057</u>
GROSS PROFIT	199,119	236,451	603,331	858,900
Operating Expenses:				
Warehouse and delivery	37,664	39,997	109,540	125,213
Selling, general and administrative	70,873	84,924	231,814	250,969
Amortization of intangible assets	19,507	18,769	59,093	54,175
Total operating expenses	<u>128,044</u>	<u>143,690</u>	<u>400,447</u>	<u>430,357</u>
OPERATING INCOME	71,075	92,761	202,884	428,543
Interest expense, net	16,879	15,302	53,623	44,990
Income before income taxes	54,196	77,459	149,261	383,553
Income taxes	14,646	18,640	37,181	95,537
NET INCOME	\$ 39,550	\$ 58,819	\$ 112,080	\$ 288,016
BASIC EARNINGS PER COMMON SHARE	\$ 1.84	\$ 2.66	\$ 5.20	\$ 12.93
DILUTED EARNINGS PER COMMON SHARE	\$ 1.81	\$ 2.43	\$ 5.09	\$ 11.78
Weighted average shares outstanding - Basic	21,511	22,087	21,541	22,274
Weighted average shares outstanding - Diluted	21,884	24,413	22,063	24,573

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

(\$ in thousands)	As of	
	October 1, 2023	December 31, 2022
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 16,450	\$ 22,847
Trade receivables, net	240,850	172,890
Inventories	517,657	667,841
Prepaid expenses and other	36,296	46,326
Total current assets	811,253	909,904
Property, plant and equipment, net	358,266	350,572
Operating lease right-of-use assets	170,128	163,674
Goodwill and intangible assets, net	1,308,156	1,349,493
Other non-current assets	8,140	8,828
TOTAL ASSETS	\$ 2,655,943	\$ 2,782,471
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Current maturities of long-term debt	\$ 7,500	\$ 7,500
Current operating lease liabilities	47,262	44,235
Accounts payable	148,239	142,910
Accrued liabilities	132,813	172,595
Total current liabilities	335,814	367,240
Long-term debt, less current maturities, net	1,104,618	1,276,149
Long-term operating lease liabilities	126,231	122,471
Deferred tax liabilities, net	47,390	48,392
Other long-term liabilities	10,587	13,050
TOTAL LIABILITIES	1,624,640	1,827,302
TOTAL SHAREHOLDERS' EQUITY	1,031,303	955,169
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 2,655,943	\$ 2,782,471

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

(\$ in thousands)	Nine Months Ended	
	October 1, 2023	September 25, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 112,080	\$ 288,016
Depreciation and amortization	107,976	96,256
Stock-based compensation expense	13,675	15,596
Amortization of convertible notes debt discount	823	1,399
Other adjustments to reconcile net income to net cash provided by operating activities	3,201	(664)
Change in operating assets and liabilities, net of acquisitions of businesses	56,075	(170,795)
Net cash provided by operating activities	293,830	229,808
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(47,430)	(63,437)
Business acquisitions and other investing activities	(28,033)	(145,447)
Net cash used in investing activities	(75,463)	(208,884)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		
Decrease in cash and cash equivalents	(6,397)	(69,580)
Cash and cash equivalents at beginning of year	22,847	122,849
Cash and cash equivalents at end of period	\$ 16,450	\$ 53,269

PATRICK INDUSTRIES, INC.
Earnings 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 Senior Notes due 2023, which were paid off in full at maturity in February 2023:

(\$ in thousands except per share data)	Third Quarter Ended		Nine Months Ended	
	October 1, 2023	September 25, 2022	October 1, 2023	September 25, 2022
Numerator:				
Earnings for basic earnings per common share calculation	\$ 39,550	\$ 58,819	\$ 112,080	\$ 288,016
Effect of interest on potentially dilutive convertible notes, net of tax	—	478	162	1,417
Earnings for diluted earnings per common share calculation	<u>\$ 39,550</u>	<u>\$ 59,297</u>	<u>\$ 112,242</u>	<u>\$ 289,433</u>
Denominator:				
Weighted average common shares outstanding - basic	21,511	22,087	21,541	22,274
Weighted average impact of potentially dilutive convertible notes	—	2,064	221	2,053
Weighted average impact of potentially dilutive securities	373	262	301	246
Weighted average common shares outstanding - diluted	<u>21,884</u>	<u>24,413</u>	<u>22,063</u>	<u>24,573</u>
Earnings per common share:				
Basic earnings per common share	\$ 1.84	\$ 2.66	\$ 5.20	\$ 12.93
Diluted earnings per common share	<u>\$ 1.81</u>	<u>\$ 2.43</u>	<u>\$ 5.09</u>	<u>\$ 11.78</u>

PATRICK INDUSTRIES, INC.
Non-GAAP Reconciliation (Unaudited)

Use of Non-GAAP 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, free cash flow, earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted EBITDA, 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, free cash flow, EBITDA, adjusted EBITDA, 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. We calculate EBITDA by adding back depreciation and amortization, net interest expense, and income tax expense to net income. We calculate adjusted EBITDA by taking EBITDA and adding back stock-based compensation and loss on sale of property, plant and equipment and subtracting out gain on sale of property, plant and equipment. We calculate free cash flow by subtracting cash paid for purchases of property, plant and equipment from cash flow from operations. RV wholesale unit shipments are provided by the RV Industry Association. Marine wholesale unit shipments are Company estimates based on data 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.

The following table reconciles net income to EBITDA and adjusted EBITDA:

(\$ in thousands)	Third Quarter Ended		Nine Months Ended	
	October 1, 2023	September 25, 2022	October 1, 2023	September 25, 2022
Net income	\$ 39,550	\$ 58,819	\$ 112,080	\$ 288,016
+ Depreciation & amortization	36,484	33,281	107,976	96,256
+ Interest expense, net	16,879	15,302	53,623	44,990
+ Income taxes	14,646	18,640	37,181	95,537
EBITDA	107,559	126,042	310,860	524,799
+ Stock-based compensation	5,729	5,352	13,675	15,596
+ Loss (Gain) on sale of property, plant and equipment	142	(165)	242	(5,713)
Adjusted EBITDA	\$ 113,430	\$ 131,229	\$ 324,777	\$ 534,682

The following table reconciles cash flow from operations to free cash flow on a trailing twelve-month basis:

(\$ in thousands)	Trailing Twelve Months Ended	
	October 1, 2023	September 25, 2022
Cash flow from operations	\$ 475,760	\$ 334,521
Less: purchases of property, plant and equipment	(63,876)	(84,086)
Free cash flow	\$ 411,884	\$ 250,435



Q3 2023 EARNINGS PRESENTATION

October 26, 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 public health emergencies or pandemics, such as 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.



TEAM DELIVERED SOLID PERFORMANCE IN DYNAMIC ENVIRONMENT

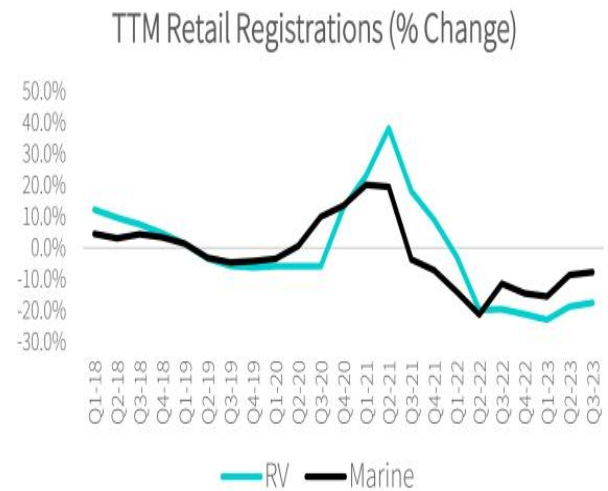
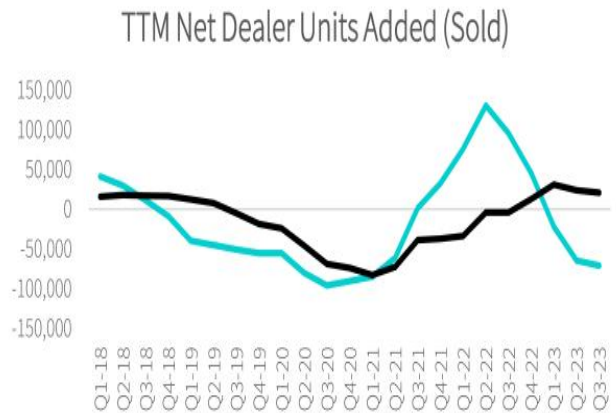
DRIVING LONG-TERM GROWTH

- Experienced, tested leadership team
- Diverse end markets continue to support success
- Solid cost control and strong balance sheet
- Strategic deployment of capital

BUSINESS TRANSFORMATION EVIDENT IN Q3 RESULTS

(\$ in millions except per share data)	Q3 2019	Q3 2023	Δ
Wholesale RV Shipments	93,360	73,300	(21%)
Total Net Sales	\$566	\$866	+53%
<i>Total RV Sales</i>	\$310	\$400	+29%
<i>Total Marine Sales</i>	\$75	\$205	+174%
<i>Total Housing Sales</i>	\$181	\$261	+44%
Gross margin	18.4%	23.0%	+460 bps
Operating margin	6.6%	8.2%	+160 bps
Diluted EPS	\$0.92	\$1.81	+97%
Free cash flow	\$24	\$105	+333%

CONTINUED INVENTORY DISCIPLINE IN OUTDOOR ENTHUSIAST MARKETS WITH STABILIZING RETAIL TRENDS¹





Q3 2023 QUARTERLY HIGHLIGHTS

RESILIENT MARGIN PERFORMANCE WITH CONTINUED STRONG CASH FLOW GENERATION

REVENUE DOWN 22% Y/Y AS SHIPMENTS DECREASED ACROSS END MARKETS

- RV retail registrations continue to outpace declining wholesale shipments, implying continued dealer inventory reductions
- Marine OEMs remained disciplined as inventories reached equilibrium at the end of Q2'23
- Housing revenue declined as consumers continue to adjust to inflationary pressures and higher interest rates

WE REMAIN POISED TO DILIGENTLY DEPLOY CAPITAL AND SEIZE OPPORTUNITIES

- Repaid \$112 million of long-term debt in the third quarter, including \$110 million on revolving credit facility
- Our acquisition pipeline remains full of companies with strong management teams and solid growth characteristics
- Investing in automation and innovation to improve operational efficiency

DIVERSE PORTFOLIO AND STRINGENT COST MANAGEMENT DROVE RESILIENT OPERATING MARGIN

- Executing \$100 million of annualized cost reductions at the organization level
- Operating margin declined 10 bps despite a 22% reduction in quarterly sales
- Working capital monetization helping drive significant operating and free cash flow despite lower net income
- With improved cost structure, solid balance sheet, and committed team, we are focused on our ongoing continuous improvement initiatives, along with capitalizing on long-term growth opportunities

PERFORMANCE BY MARKET SECTORS



RV



MARINE



HOUSING

Revenue of \$400M

46% of Q3'23 Sales

↓ (24%)

Industry Shipments¹

↓ (20%)

CPU³ of \$4,957

↓ (2%)

Revenue of \$205M

24% of Q3'23 Sales

↓ (24%)

Industry Shipments²

↓ (23%)

CPU³ of \$5,009

↑ +3%

Revenue of \$261M

30% of Q3'23 Sales

↓ (18%)

Manufactured Housing ("MH") Industry Shipments²

↓ (22%)

Housing Starts (Y/Y)⁴

↓ (6%)

MH CPU³ of \$6,498

↑ +8%

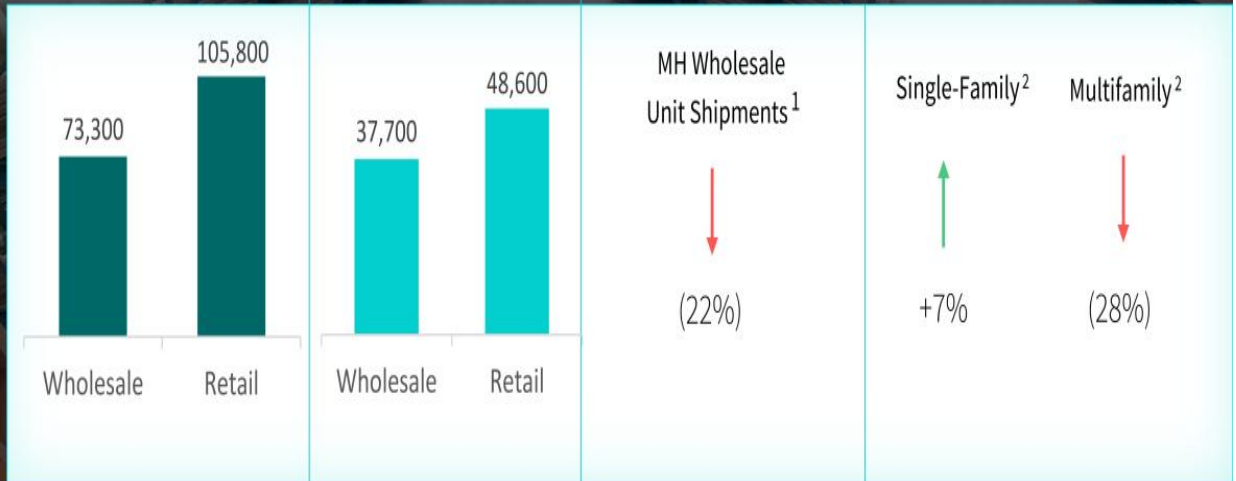
MARKET SECTOR TRENDS

RV¹

MARINE¹

HOUSING¹

Q3 2023
UNIT
SNAPSHOT



INDUSTRY
TRENDS

- OEMs maintaining production discipline to manage dealer inventory levels
- We estimate dealer inventory remains low relative to historical weeks-on-hand metrics
- Dealers and OEMs are collaborating on how best to manage model year change-over

- Marine inventory at normalized levels for most categories
- OEMs maintaining disciplined production schedules to reflect consumers and dealers impacted by higher interest rates

- MH dealer-level inventory back to historical seasonal trends
- OEM backlogs returning to normalized levels
- Consumers continue to adjust to higher interest rate environment

- Long-term demand for construction continues to be supported by low inventory of affordable housing
- New construction importance remains elevated given lack of inventory with homeowners locked into low rates and unwilling to re-finance at 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
- An increase in Millennial and Gen-Z outdoor enthusiasts support favorable, long-term market trends
- Additional government resources allocating funds to park improvements and encouraging outdoor recreational activities, specifically in communities that have lacked access to recreational spaces

- Limited inventory of cost-effective, affordable homes
- MH continues to retain significant price point advantage vs. site-built homes
- Annual OEM shipments remain well below long-term historical average

- Low inventory of homes on secondary market
- High mortgage rates and persistent inflation contribute to demand for affordable housing
- Innovative and durable products continue to support demand in the repair and remodel space



¹ Company estimates based on data published by RVIA, NMMA, MHI & SSI | ²U.S. Census Bureau

Q3 2023 FINANCIAL PERFORMANCE

(\$ millions except per share data)

NET SALES & GROSS MARGIN



OPERATING INCOME & MARGIN



DILUTED EPS



- Net Sales declined 22%, mainly driven by a decline in shipments across our end markets and lower pricing, which was passed on to our customers to reflect changes in certain commodity costs, partially offset by market share gains
- Gross margin improved 170 basis points; strategic diversification strategy, improved cost and inventory management, and operational efficiencies helped to offset shipment declines
- Operating margin remained resilient but decreased Y/Y due to lower net sales and increased amortization related to acquisitions and continued investment in IT and automation
- Made an \$11M investment in capital expenditures to support automation, production efficiency initiatives, and information technology
- Generated operating cash flow of \$115M and reduced outstanding debt balances by \$112M

BALANCE SHEET AND LIQUIDITY

DEBT STRUCTURE AND MATURITIES¹

- \$150.0M Term Loan (\$131.3M o/s), scheduled quarterly installments; balance due August 2027
- \$775.0M (\$85.0M 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

NET LEVERAGE² (\$ millions)

Total Debt Outstanding	\$	1,125.0
Less: Cash and Debt Paid as Defined by the Credit Agreement		(21.2)
Net Debt	\$	1,103.8
TTM Pro-Forma Adjusted EBITDA	\$	441.7
Net Debt to Pro-Forma Adjusted EBITDA		2.5 x

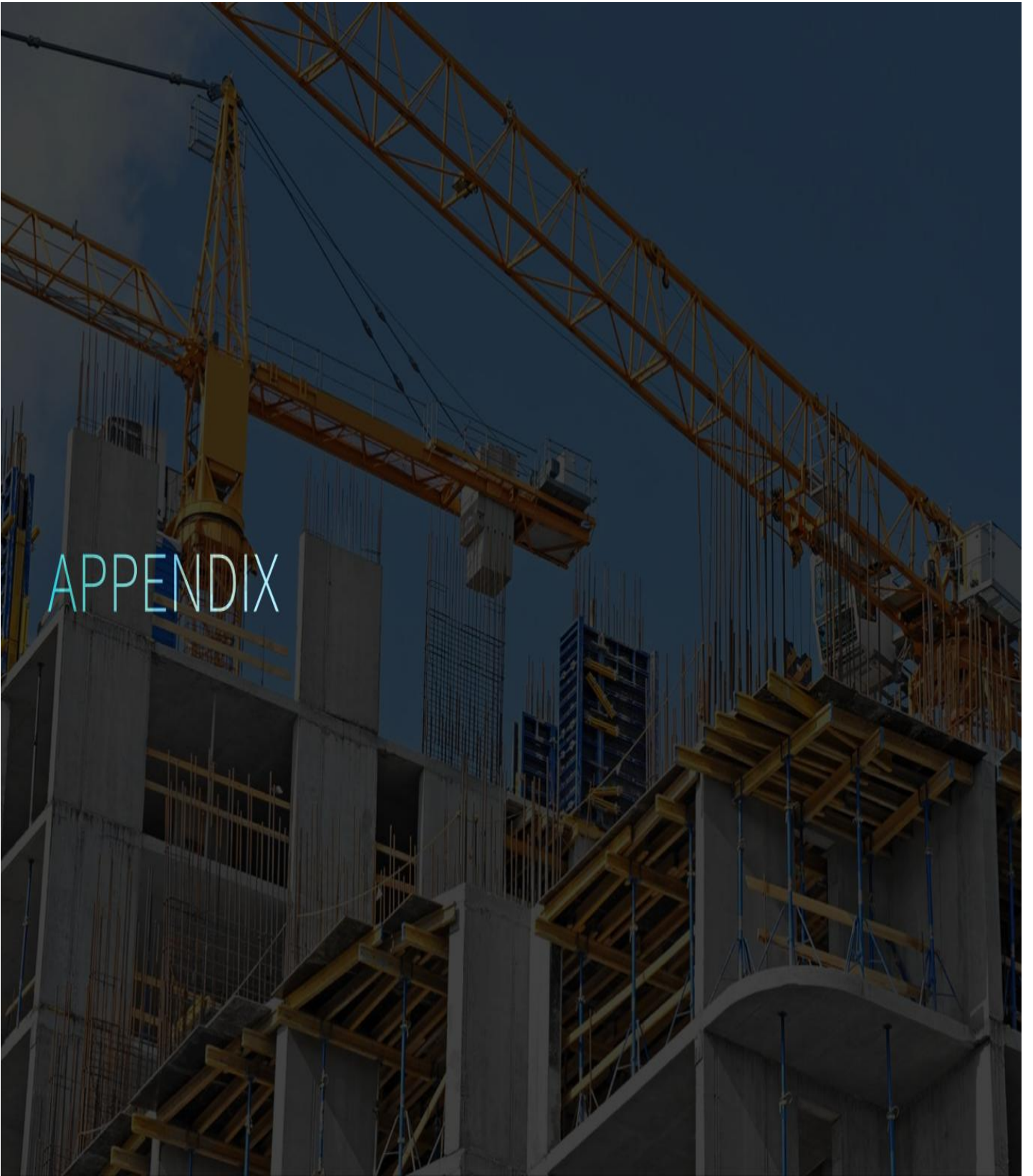
COVENANTS AND RATIOS¹

- Consolidated Net Leverage Ratio – 2.5x
- Consolidated Secured Net Leverage Ratio – 0.44x versus 2.75x maximum
- Consolidated Fixed Charge Coverage Ratio – 2.88x vs. minimum 1.50x

LIQUIDITY (\$ millions)

Total Revolver Credit Capacity	\$	775.0
Less: Total Revolver Used (including outstanding letters of credit)		(91.9)
Unused Credit Capacity	\$	683.1
Add: Cash on Hand		16.4
Total Available Liquidity	\$	699.5

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



APPENDIX



NON-GAAP RECONCILIATION

Use of Non-GAAP Financial Measures

This presentation contains non-GAAP financial measures. Management believes that, when considered together with reported amounts, these measures are useful to investors and management in understanding our ongoing operations and in the analysis of ongoing operating trends. These measures should be considered in addition to, and not as replacements for, the most comparable GAAP measure.

-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.

-We calculate free cash flow by subtracting cash paid for purchases of property, plant and equipment from cash flow from operations.

- Figures may not sum due to rounding.

* As defined by credit agreement which includes debt and cash balances

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

(\$ in millions)	10/1/2023
Net Income	\$ 152.3
+ Depreciation & Amortization	142.5
+ Interest Expense, net	69.4
+ Income Taxes	48.9
EBITDA	\$ 413.1
+ Stock Compensation Expense	19.8
+ Acquisition Pro-Forma, Transaction- related Expenses & Other	8.8
TTM Pro-Forma Adjusted EBITDA	\$ 441.7

RECONCILIATION OF NET LEVERAGE*

(\$ in millions)	
Total debt outstanding @ 10/1/2023	\$ 1,125.0
Less: cash on hand @ 10/3/2023	(21.2)
Net debt @ 10/3/2023	\$ 1,103.8
TTM Pro-Forma Adjusted EBITDA	\$ 441.7
Net Debt to Pro-Forma Adjusted EBITDA	2.5x

CALCULATION OF FREE CASH FLOW

(\$ in millions)	Q3 2019	Q3 2023
Cash Flows from Operations	\$ 28.2	\$ 115.5
Less: Capital Expenditures	(4.0)	(10.9)
Free Cash Flow	\$ 24.2	\$ 104.6

