



# PLANNED ACQUISITION OF REGIONAL HOMES

AUGUST 2023

SKYLINE  CHAMPION

## FORWARD-LOOKING STATEMENTS

Statements in this presentation and discussions that follow are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 (“PSLRA”). A forward-looking statement is a statement that is not a historical fact and, without limitation, includes any statement that may predict, forecast, indicate or imply future results, performance or achievements, including without limitation, statements relating to the planned acquisition of Regional Homes and timing thereof, projected accretion to financial and production results, estimates of Regional Homes’ revenue and EBITDA, our earnings growth, and expected synergies related to the acquisition. These forward-looking statements generally can be identified by use of words such as “believe,” “expect,” “future,” “anticipate,” “intend,” “plan,” “foresee,” “may,” “could,” “should,” “will,” “potential,” “continue,” or other similar words or phrases. Similarly, statements that describe objectives, plans, or goals also are forward-looking statements. Such forward-looking statements involve inherent risks and uncertainties, many of which are difficult to predict and are generally beyond the control of Skyline Champion. Skyline Champion cautions that a number of important factors could cause actual results to differ materially from those expressed in, implied, or projected by such forward-looking statements. Risks and uncertainties include regional, national and international economic, financial, public health and labor conditions, and the following: supply-related issues, including prices and availability of materials; labor-related issues; inflationary pressures in the North American economy; the cyclical and seasonality of the housing industry and its sensitivity to changes in general economic or other business conditions; demand fluctuations in the housing industry, including as a result of actual or anticipated increases in homeowner borrowing rates; the possible unavailability of additional capital when needed; competition and competitive pressures; changes in consumer preferences for our products or our failure to gauge those preferences; quality problems, including the quality of parts sourced from suppliers and related liability and reputational issues; data security breaches, cybersecurity attacks, and other information technology disruptions; the potential disruption of operations caused by the conversion to new information systems; the extensive regulation affecting the production and sale of factory-built housing and the effects of possible changes in laws with which we must comply; the potential impact of natural disasters on sales and raw material costs; the risks associated with mergers and acquisitions, including integration of operations and information systems; periodic inventory adjustments by, and changes to relationships with, independent retailers; changes in interest and foreign exchange rates; insurance coverage and cost issues; the possibility that all or part of our intangible assets, including goodwill, might become impaired; the possibility that our risk management practices may leave us exposed to unidentified or unanticipated risks; the potential disruption to our business caused by public health issues, such as an epidemic or pandemic, and resulting government actions; and other risks set forth in the “Risk Factors” section, the “Legal Proceedings” section, the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section, and other sections, as applicable, in our Annual Reports on Form 10-K, including our Annual Report on Form 10-K for the fiscal year ended April 1, 2023 previously filed with the Securities and Exchange Commission (“SEC”), as well as in our Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, filed with or furnished to the SEC.

If any of these risks or uncertainties materializes or if any of the assumptions underlying such forward-looking statements proves to be incorrect, the developments and future events concerning Skyline set forth in this presentation and any discussions that follow may differ materially from those expressed or implied by these forward-looking statements. You are cautioned not to place undue reliance on these statements, which speak only as of the date of this document. We anticipate that subsequent events and developments will cause our expectations and beliefs to change. Skyline assumes no obligation to update such forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events, unless obligated to do so under the federal securities laws.

## NON-GAAP FINANCIAL MEASURES

In addition to disclosing financial measures that are determined in accordance with GAAP, we present and discuss certain non-GAAP financial measures, as supplemental measures to help investors evaluate our operational performance. EBITDA is defined as net income before taxes attributable to Regional Homes before interest income, interest expense, and depreciation and amortization expenses. EBTDA is defined as net income before taxes attributable to Regional Homes before depreciation and amortization expenses. Skyline has provided reconciliations within these slides, as necessary, of the non-GAAP financial measures to the most directly comparable GAAP financial measure.

# REGIONAL HOMES OVERVIEW

## HIGHLIGHTS

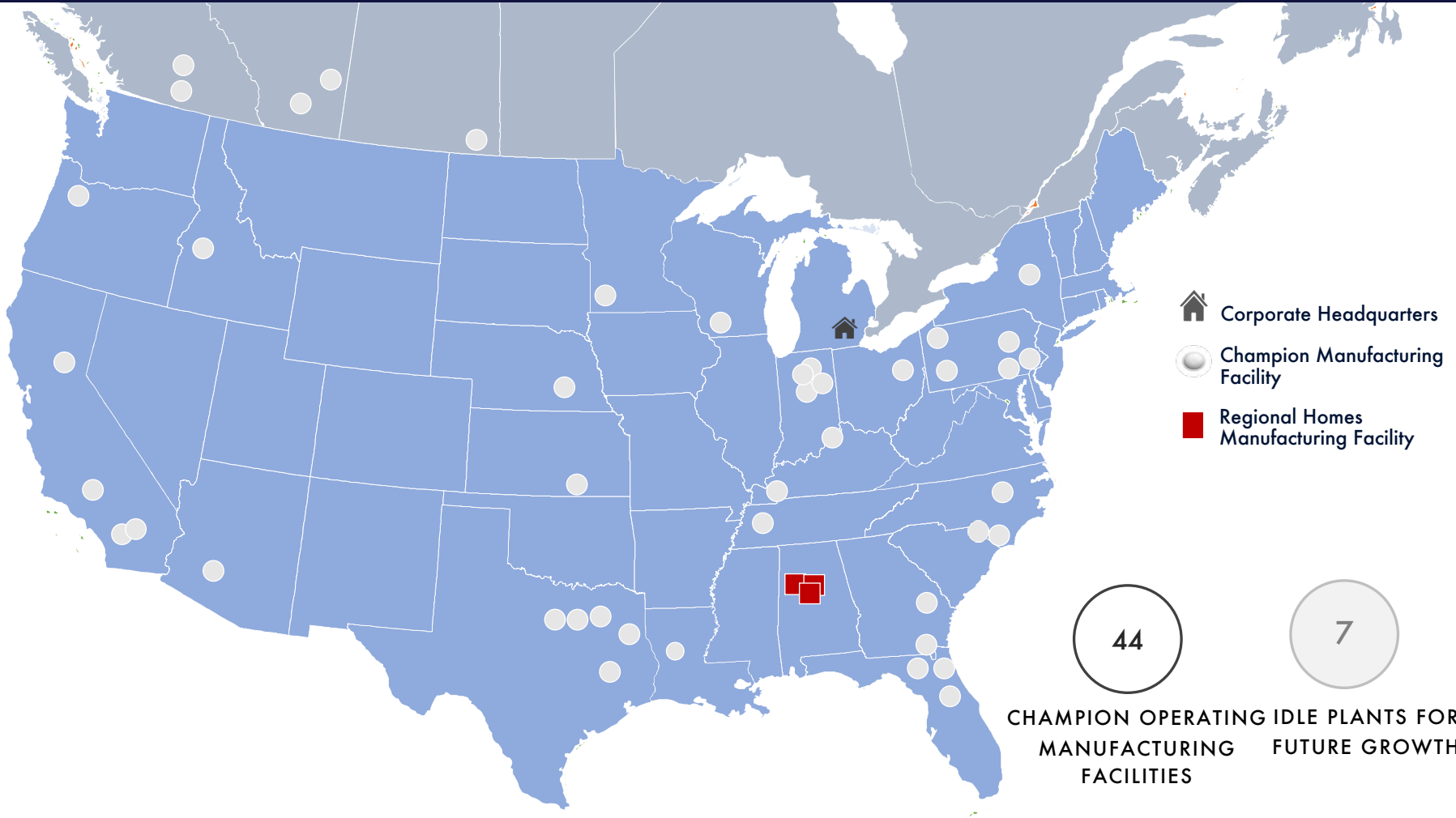
- Founded in 2006, now the 4<sup>th</sup> largest company in the industry, with the largest independent retail footprint
- Strong relationship with federal and state disaster relief housing programs in AL, FL, LA, MS, and TX
- Headquartered in Flowood, Mississippi
- Owned by Heath Jenkins - trusted, and well-respected leader in the industry



## KEY STATISTICS

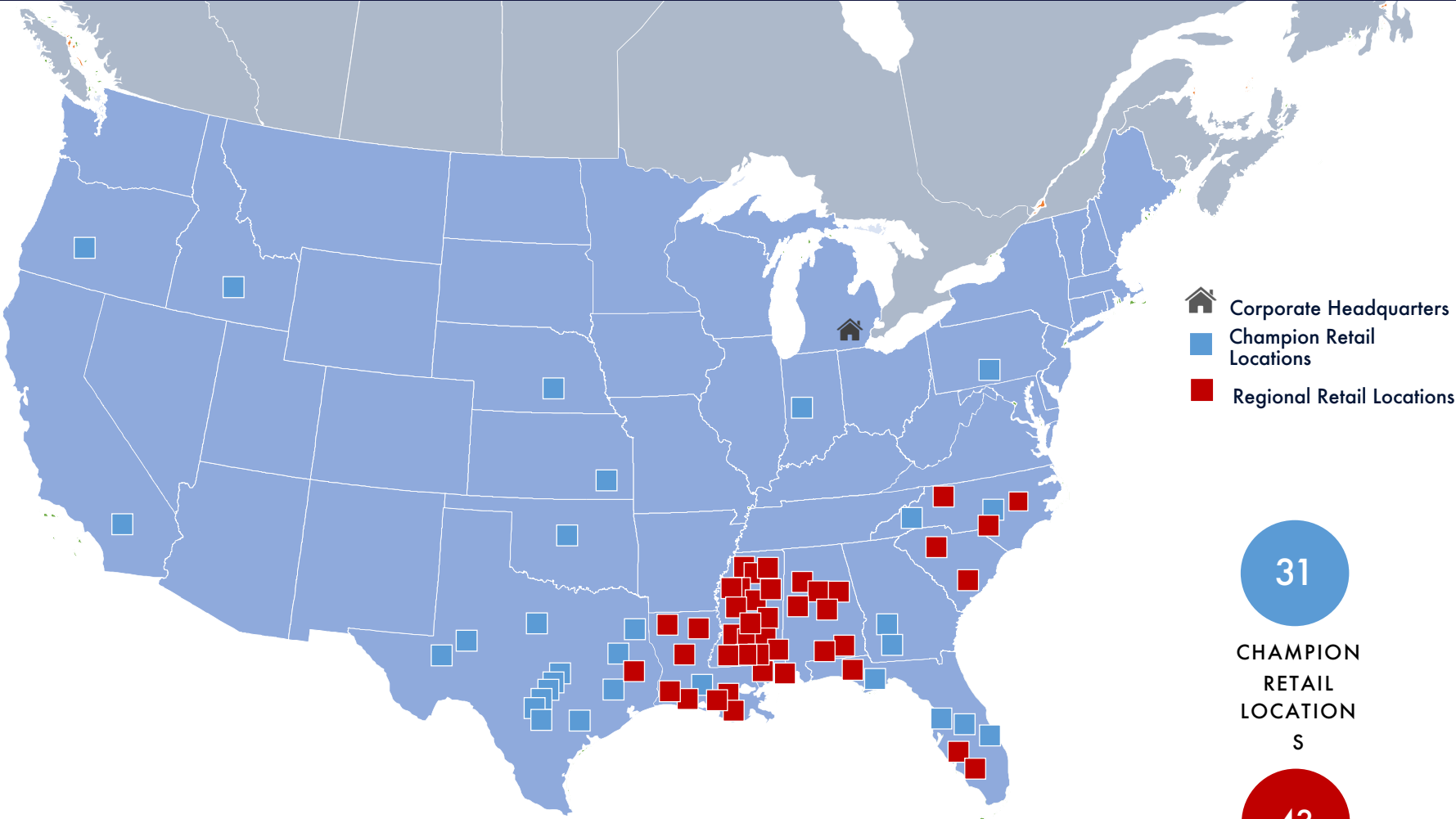
- Operates 3 manufacturing facilities in Northwest Alabama
- Services low-to-high product segments with Hamilton Home Builders, Embark Home Builders, Bravo Home Builders, and Winston Home Builders brands
- 43 retail locations across the Southeastern US
- Approximately 5,000 homes sold in calendar 2022
- Approximately 1,200 employees





## Regional Homes expands our market share into new geographies

Note: Facilities stats as of 07/01/2023.



31

CHAMPION  
RETAIL  
LOCATION  
S

43

REGIONAL  
RETAIL  
LOCATIONS

Note: Facilities stats as of 07/01/2023.

# Transaction Rationale

- Combines #2 SKY with #4 Regional Homes enhancing combined procurement and national digital marketing leverage
- Expands SKY's market share in complimentary geographies including Alabama and Mississippi which are the #3 and #11 largest states for manufactured housing<sup>(1)</sup>
- Strengthens SKY's captive retail organization and our ability to accelerate the digital, direct-to-consumer, and builder developer channels as well as provide a larger platform for our future captive finance partnership with Triad Financial Services and ECN Capital
- Has strong industrial logic with potential to generate \$10-15M in operational and procurement synergies

(1) Based on CY2022 wholesale shipments of new manufactured homes based on U.S. Census data

## PURCHASE PRICE<sup>(1)</sup>

- Purchase Price of \$328 million paid in cash and stock subject to certain net working capital closing adjustments
- Assumption of approximately \$130 million of primarily asset backed floor plan debt
- Total assumed Enterprise Value of \$458 million

(1) Purchase price excludes the contingent earnout.

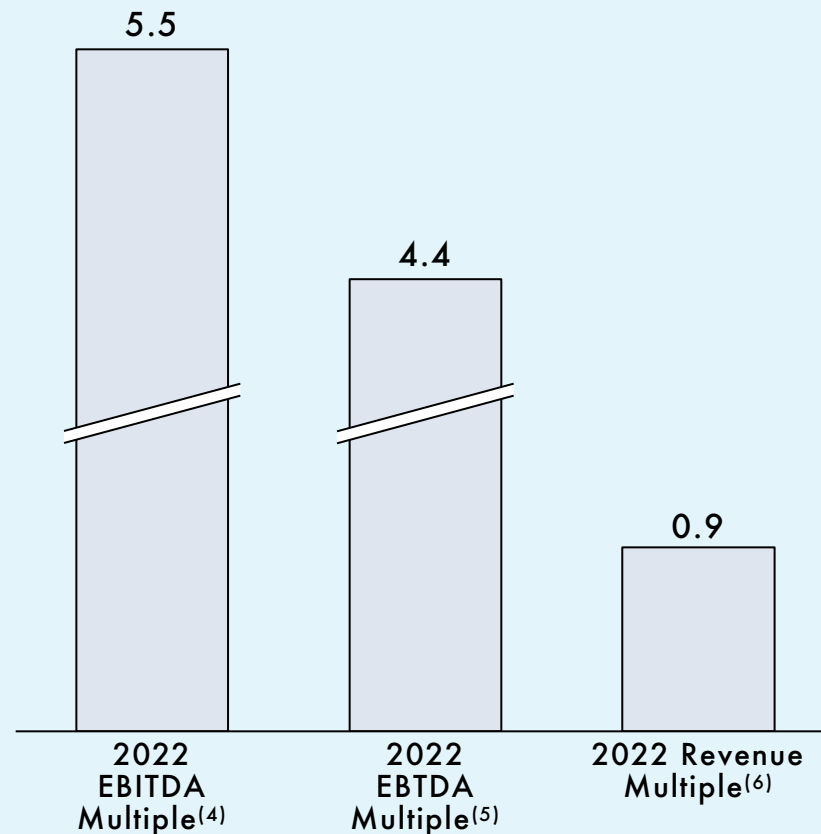
## 2022 ESTIMATED FINANCIAL RESULTS OF REGIONAL HOMES<sup>(2)</sup> (subject to post-closing audit adjustments)

	CY2022
Revenue, \$M	\$523
EBITDA <sup>(3)</sup> , \$M	\$84
EBTDA <sup>(3)</sup> , \$M	\$75

(2) Measures relating to Regional Homes financial results are unaudited.

(3) EBITDA and EBTDA are non-GAAP financial measures. See Appendix for a reconciliation of U.S. GAAP net income before taxes to non-GAAP EBITDA and EBTDA.

## TRANSACTION MULTIPLES



(4) 2022 EBITDA Multiple = Enterprise Value divided by EBITDA

(5) 2022 EBTDA Multiple = Purchase Price divided by EBITDA less interest expense

(6) 2022 Revenue Multiple based on estimated net sales of \$523M for the year ended December 31, 2022



APPENDIX



## RECONCILIATION OF REGIONAL HOMES NET INCOME BEFORE TAXES TO EBITDA AND EBTDA (UNAUDITED)

(\$ in thousands)	Year Ended December 31, 2022	
<b>Net income before taxes</b>	<b>\$</b>	<b>70,698</b>
Depreciation and amortization		3,901
<b>EBTDA</b>	<b>\$</b>	<b>74,599</b>
Interest expense, net		9,262
<b>EBITDA</b>	<b>\$</b>	<b>83,861</b>