



LCI INDUSTRIES

# LCI Industries Acquisition of CURT Group

Investor Conference Call  
November 22, 2019





# Forward-Looking Statements and Non-GAAP Financial Measures

This presentation contains certain “forward-looking statements” including with respect to the expected timing of the closing of the transaction, the expected financial impact and accretive nature of the transaction, the expected sources of funds for the transaction, the anticipated net debt-to-EBITDA leverage ratio at the time of the closing of the transaction, the expected impact of the proposed transaction on the Company’s operations, markets, prospects, strategies and efficiencies, and other matters. Statements in this presentation that are not historical facts are “forward-looking statements” for the purpose of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended, and involve a number of risks and uncertainties.

Forward-looking statements are necessarily estimates reflecting the best judgment of the Company’s senior management at the time such statements were made. There are a number of factors, many of which are beyond the Company’s control, which could cause actual results and events to differ materially from those described in the forward-looking statements. These factors include, in addition to other matters described in this presentation, (i) conditions to the closing of the transaction may not be satisfied; (ii) the transaction may involve unexpected costs, liabilities or delays; (iii) the Company’s business or stock price may suffer as a result of uncertainty surrounding the transaction; (iv) the Company may be unable to achieve expected synergies and operating efficiencies from the transaction within the expected time frames or at all; (v) the Company may be unable to successfully integrate CURT’s operations into its own, or such integration may be more difficult, time consuming or costly than expected; (vi) following the transaction, revenues may be lower than expected, and operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers) may be greater than expected; (vii) the outcome of any legal proceedings related to the transaction; (viii) the Company may be adversely affected by other economic, business, and/or competitive factors; (ix) risks that the pending transaction disrupts current plans and operations and the potential difficulties in employee retention as a result of the pending transaction; (x) other risks to consummation of the transaction, including the risk that the transaction will not be consummated within the expected time period or at all; and (xi) the risks described from time to time in the Company’s reports filed with the Securities and Exchange Commission under the heading “Risk Factors,” including the Annual Report on Form 10-K for the fiscal year ended December 31, 2018, subsequent Quarterly Reports on Form 10-Q and in other of the Company’s filings with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which such statements were made. Except as required by applicable law, the Company undertakes no obligation to update forward-looking statements to reflect events or circumstances arising after such date.

This presentation includes certain forward-looking non-GAAP financial measures, such as forward-looking targets for net debt to EBITDA leverage. The Company is unable to provide a reconciliation of forward-looking non-GAAP financial measures to their most directly comparable GAAP financial measures because the Company is unable to provide, without unreasonable effort, a meaningful or accurate calculation or estimation of amounts that would be necessary for the reconciliation due to the complexity and inherent difficulty in forecasting and quantifying future amounts or when they may occur. Such unavailable information could be significant to future results.



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# Transaction Overview

- Acquiring CURT Group for \$340 million, with a combination of cash and borrowings
- Leading aftermarket manufacturer of branded towing products and truck accessories
- Strong fit, with a deep focus on delivering innovative products and an unwavering commitment to quality and superior customer service.
- Doubles LCI's aftermarket business and provides access to large, attractive market
- TTM as of September 30, 2019, revenues of \$255 million and adjusted EBITDA of \$35 million
- Immediately accretive to growth, operating margins, and EPS

**Aligns with LCI's Diversification Strategy to Expand to Attractive Markets and Drive Outperformance Throughout a Cycle**





# Strategic Rationale

## Growth Engine

- Advances LCI's diversification strategy, doubling the size of aftermarket business
- Increases product portfolio with highly complementary stable of leading towing and truck products
- Expands and strengthens distribution network
- Presents additional cross-selling opportunities to new customers
- Proven acquisition platform
- Further mitigates LCI's exposure to industry cyclical of RV space

## Innovative

- CURT Group shares LCI's commitment to innovation and manufacturing excellence
- Enables collaboration on best practices in engineering and design, R&D and technology
- Experienced and capable leadership team will join LCI

## Attractive Returns

- Immediately accretive to growth, profit margins and EPS
- Industry leading cash flow generation
- Opportunity to add leverage scale, procurement strategies and production methodologies
- Creates tremendous top-line synergies



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# CURT Group Business Overview

- ✓ Leading manufacturer and distributor of branded towing products and truck accessories
- ✓ Headquartered in Eau Claire, WI; ~800 employees
- ✓ Owns and operates leading brands including CURT, Aries, Luverne, Retrac and UWS
- ✓ Strong reputation for product innovation, engineering and brand excellence
- ✓ Strategic manufacturing and distribution geographical footprint across U.S. aftermarket

## TTM 2019 Key Financial Metrics

**\$255M** **\$35M**

NET SALES

**\$35M**

ADJUSTED EBITDA

Market-Leading Portfolio in Growing Towing and Truck Accessories Aftermarket Industry





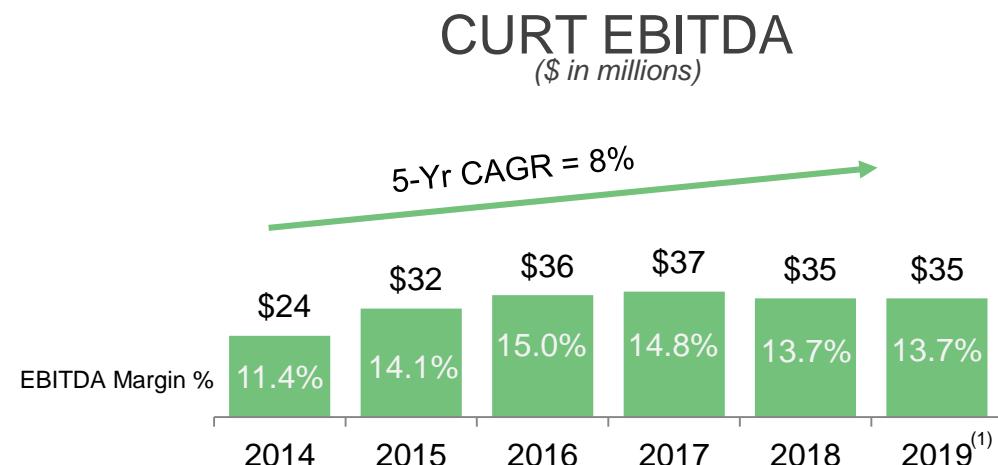
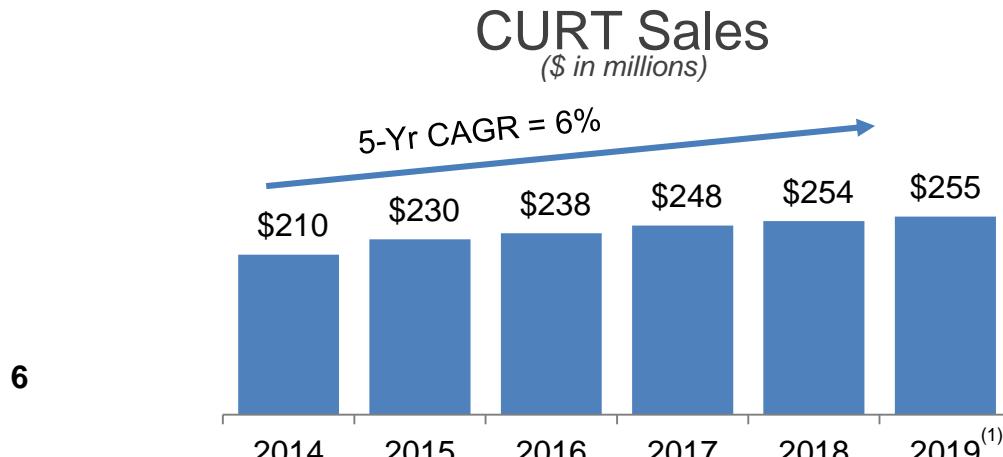
# Attractive Aftermarket Growth Opportunities

- Truck and towing aftermarket is a combined \$7.5 billion+ addressable market, expected to grow further
- CURT has a 17-year history of consistent annual sales growth; 5-year sales CAGR of 6%
- Enables distribution channel diversification, with significant opportunities in ecommerce

## Expansive Distribution Network



## Strong Track Record of Revenue and EBITDA Growth

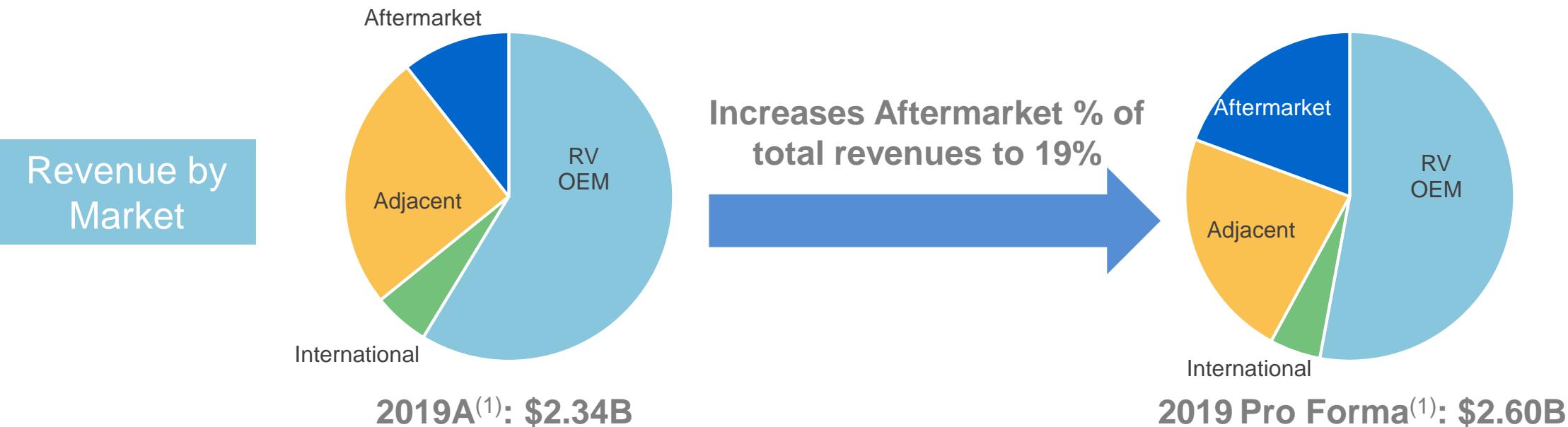




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# Transaction Brings Revenue Diversification

In-line with LCI's long-term growth strategy, this transaction doubles the revenues of the aftermarket business and diversifies the business, further mitigating the industry cyclicalities of the RV space





# Financial Summary

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## Purchase Price

- \$340 million
  - EV / EBITDA multiple of 9.7 TTM 2019 EBITDA
  - Expect to close before the end of 2019
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## Value Creation

- Expected to be immediately accretive to revenues, operating margins, and EPS
  - Enables further strong cash flow generation
  - Adds strong, experienced team and will complement existing aftermarket business
- 

## Funding

- Transaction to be funded through a combination of cash on hand and borrowings
  - Anticipate net-debt to EBITDA leverage of 1.9 times at transaction close
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## Capital Allocation

- Investment in the business / strategic M&A
- Debt paydown
- Returning excess cash to shareholders

A white LCI Industries mobile office van is parked in a field with mountains in the background. The van has large windows and a sliding door. The company logo is visible on the side.

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# Q&A