



Cavco Industries, Inc.

INVESTOR PRESENTATION
FEBRUARY 2024

investor.cavco.com | **Nasdaq: CVCO**

Forward-looking Statements

Certain statements contained in this release are forward-looking statements. In general, all statements that are not historical in nature are forward-looking. Forward-looking statements are typically included, for example, in discussions regarding the manufactured housing industry; our financial performance and operating results; and the expected effect of certain risks and uncertainties on our business, financial condition and results of operations. All forward-looking statements are subject to risks and uncertainties, many of which are beyond our control. As a result, our actual results or performance may differ materially from anticipated results or performance. Factors that could cause such differences to occur include, but are not limited to: the impact of local or national emergencies including the COVID-19 pandemic, including such impacts from state and federal regulatory action that restricts our ability to operate our business in the ordinary course and impacts on (i) customer demand and the availability of financing for our products, (ii) our supply chain and the availability of raw materials for the manufacture of our products, (iii) the availability of labor and the health and safety of our workforce and (iv) our liquidity and access to the capital markets; labor shortages and the pricing and availability of transportation or raw materials; increased health and safety incidents; our ability to negotiate reasonable collective bargaining agreements with the unions representing certain employees; increases in the rate of cancellations of home sales orders; our ability to successfully integrate past acquisitions or future acquisitions; involvement in vertically integrated lines of business, including manufactured housing consumer finance, commercial finance and insurance; information technology failures or cyber incidents; our ability to maintain the security of personally identifiable information of our customers, suppliers and employees; our participation in certain financing programs for the purchase of our products by industry distributors and consumers, which may expose us to additional risk of credit loss; our exposure to significant warranty and construction defect claims; our exposure to claims and liabilities relating to products supplied to the Company or work done by subcontractors; our contingent repurchase obligations related to wholesale financing provided to industry distributors; a write-off of all or part of our goodwill; our ability to maintain relationships with independent distributors; our business and operations being concentrated in certain geographic regions; taxation authorities initiating or successfully asserting tax positions which are contrary to ours; governmental and regulatory disruption, including (i) prolonged delays by Congress and the President to approve budgets or continuing appropriations resolutions to facilitate the operation of the federal government or (ii) shutdowns or delays at the Mexico border; curtailment of available financing from home-only lenders and increased lending regulations; the effect of increasing interest rates on our customer's ability to finance home purchases; availability of wholesale financing and limited floor plan lenders; market forces, rising interest rates, fluctuations in exchange rates and housing demand fluctuations; the cyclical and seasonal nature of our business; competition; general deterioration in economic conditions and turmoil in the financial markets; unfavorable zoning ordinances; extensive regulation affecting the production and sale of manufactured housing; potential financial impact on the Company from the recently settled regulatory action by the SEC against the Company, including potential higher insurance costs as a result of such action, potential reputational damage that the Company may suffer and the Company's potential ongoing indemnification obligations related to ongoing litigation not involving the Company; losses not covered by our director and officer insurance, which may be large, adversely impacting financial performance; loss of any of our executive officers; liquidity and ability to raise capital may be limited; and organizational document provisions delaying or making a change in control more difficult; together with all of the other risks described in our filings with the SEC. Readers are specifically referred to the Risk Factors described in Item 1A of the Company's Annual Report on Form 10-K for the year ended April 1, 2023 as may be updated from time to time in future filings on Form 10-Q and other reports filed by the Company pursuant to the Securities Exchange Act of 1934, which identify important risks that could cause actual results to differ from those contained in the forward-looking statements. Cavco expressly disclaims any obligation to update any forward-looking statements contained in this release, whether as a result of new information, future events or otherwise, as required by law. Investors should not place undue reliance on any such forward-looking statements.

Cavco Overview

Quality, affordable homes that provide shelter and security for families across the country

Financial Performance* Twelve months ended December 30, 2023

Revenue

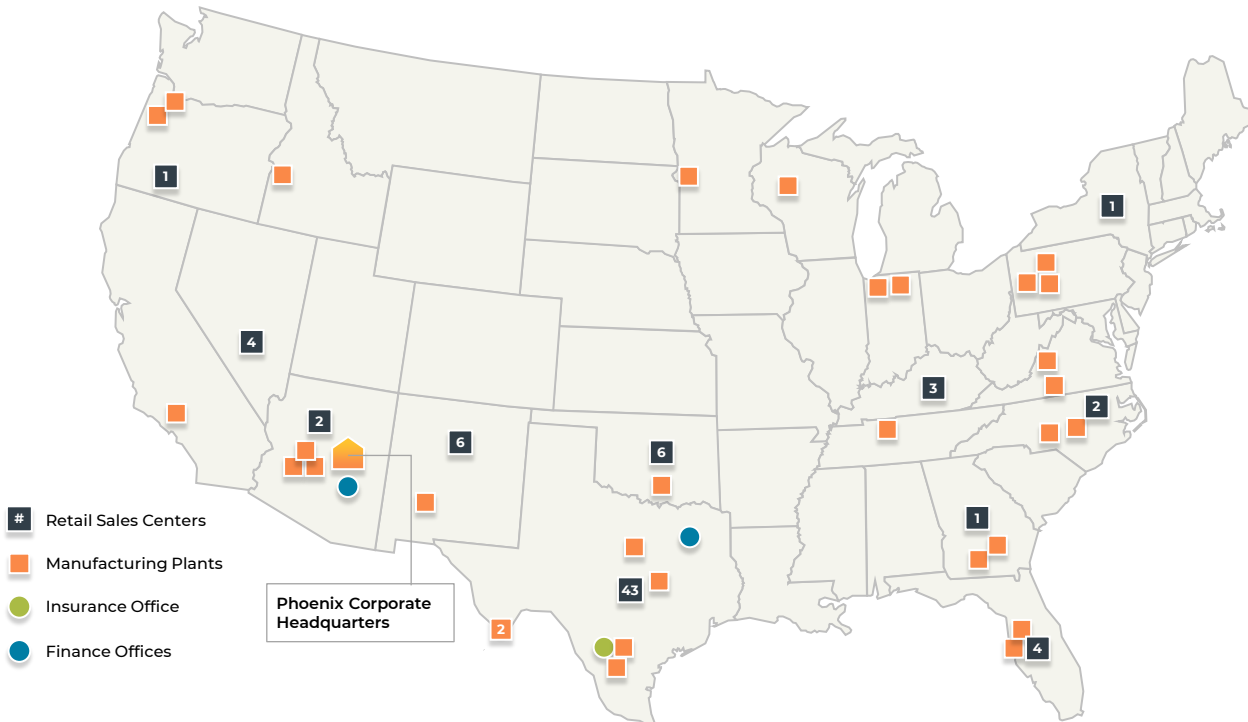
\$1.9B

EBITDA** (Earnings before interest, taxes, depreciation and amortization)

11.6%

Gross Margin Percentage

24.2%



* Excludes full year impact of recently acquired Solitaire Homes

** See Appendix for reconciliation of Net Income to EBITDA

Industry Leader

ONE OF THE LARGEST

U.S. HUD builders, with 31 Production Lines

Financial Services



- Mortgage and home-only lending
- Insurance

Factory-built Advantage

- ✓ Most affordable form of unsubsidized home ownership
- ✓ Less material waste
- ✓ Higher labor efficiencies
- ✓ No land speculation risk

Financial Strength



Strong free cash generation



Demonstrated track record of disciplined capital allocation strategy: M&A and capacity expansion



Community Impact Project of the Year

The Affordable Housing Crisis

"...(in) no market in this country can a homebuilder build a house that is affordable for a first-time home buyer." National Association of Home Builders CEO, Jerry Howard

JANUARY 18, 2022

A growing share of Americans say affordable housing is a major problem where they live



JULY 14, 2022

There's a massive housing shortage across the U.S. Here's how bad it is where you live



Aug 8, 2022

Three Challenges Facing The Affordable Housing Market—And How Industry Leaders Can Start Addressing Them

Forbes

Why it matters

Nationwide impact with approximately 6 million housing unit deficit

Ownership helps prevent intergenerational poverty

Factory-built Industry: Leading the Way in Solving the Affordable Housing Crisis

“Cavco is building affordable houses for many home buyers.”



Quality
manufactured
homes at affordable
price points



Most affordable
form of
unsubsidized
home ownership



Ownership at
monthly cost
comparable to
apartment rents

Average retail sales price
approximately \$108,000 compared to
\$365,000 for site-built (home only)*



Rising interest rates have
proportionally less impact on
monthly payment on MH buyers
than site-built buyers



Manufactured Housing shipments
have been a higher percentage of
new single family home sales,
providing opportunities for
growth

Zoning restrictions are beginning to
ease in response to affordability
issues

* Source: Manufactured Housing Institute's 2022 Manufactured Housing Facts: Industry Overview

The Difference



Corporate
responsibility



Superior
homes



Financial
strategy



Operational
excellence



Expanding
capacity



Corporate Responsibility

Continuous commitment to a positive impact on people, communities and the environment

Our People – ONECavco

**20%
Increase**

in healthcare enrollment for employees and their families as a result of increased company investment, reducing employee costs

Ignition, Navigate

Training and development programs help employees grow to their full potential

**Reduced
30-Day
Attrition**

Spark

Spark, an onboarding program, reduced 30-day attrition from 25–45% at participating locations

Our CAVCommunity



Homes for our Own provides education with potential for financial assistance for employees to make their dreams of home ownership come true

Awarded the Manufactured Housing Institute's *Community Impact Project of the Year* in 2022 for The Five Points Neighborhood Initiative in Martinsville, VA





Environmental Impact

Minimizing our environmental impact throughout the entire manufacturing cycle

Our Approach



Reduce waste + Preserve natural resources
+ Increase use of recycled materials =
Reduction in costs **and** carbon footprint

Recycling

- Align recycling efforts with area experts, as each geographical area often has different environmental and recycling standards
- Partner with vendors who share our values — recycling scrap metal, used pallets, baled cardboard, vinyl siding and wood refuse

Green Energy

Solar panels supply **~60% of electricity** in our Glendale, AZ, plant, **reducing our carbon footprint by ~1,642 metric tons** annually



2,012
acres

Greenhouse gas emissions will be reduced by the equivalent of adding 2,012 acres of forest to sequester carbon dioxide

Additional renewable energy opportunities for our other building facilities are under evaluation





Manufactured Industry Drivers

**Better value
than site-built**



**Environmental
advantages**

Demand Drivers

6M
Unit Deficit

Long-term undersupply has led to an approximate 6-million-unit deficit

Buyers from large and diverse markets (first-time home buyers, first-time move-up buyers, baby boomers, empty nesters and retirees) recognizing advantages of quality factory-built homes

Community operators expanding quickly; addressing rental market demand



Zoning improvements and product innovation will open new markets, such as urban locations

Manufactured Housing Industry

36 companies with **147** homebuilding factories

IN
2023

95% of new homes sold under \$200,000 were manufactured housing



Manufactured housing represents 6% of all occupied housing with

22M
Residents

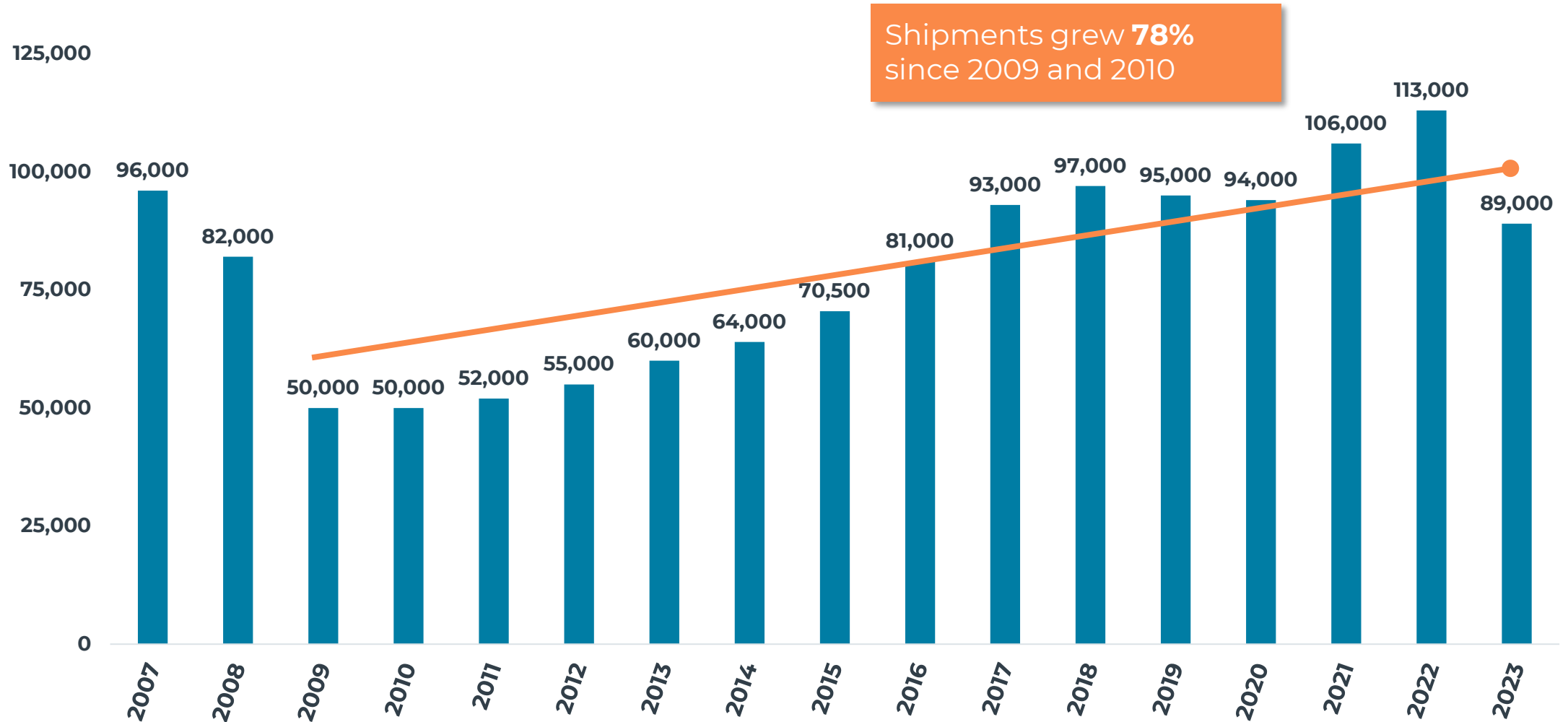
186K Average annual home shipments since HUD-code adoption in 1976

Source: U.S. Census and Manufactured Housing Institute



Manufactured Housing Industry Annual Shipments

Consistent growth from Great Recession lows



Source: Manufactured Housing Institute



Superior Homes in a Strong Industry

Providing high quality, cost-conscious and innovative housing



HUD-Code Home

Constructed on a permanent chassis to the federal standard



Modular Home

Built off-site, transported, assembled and customized on-site, to local construction standards



Park Model

Smaller homes often placed in hospitality settings



Multi-family/Commercial

A factory-built structure for dormitories, apartments, hotels, etc.



Distribution Channels

Diverse channels provide a broader network for home sales growth

Retail

Company-owned and independent retailers work directly with end customer to customize a home to suit their needs



Builder/Developer

Consistent, robust channel, which includes hospitality and destination/glamping developments



Communities

Capitalize on channel diversification in a growing market, which includes active adult lifestyle communities





Financial Strategy

Proven ability to deliver organic growth, capacity expansion and shareholder value

13

Consecutive Years

of increasing revenue and profit



Strong track record of growth, cost management, strong free cash flow generation and operational excellence

Capital Deployment

In the past two years (Q4'22-Q3'24), Cavco has committed:

\$127M for strategic acquisitions

\$67M for internal capital projects, including new Hamlet, NC and Glendale, AZ factories

\$231M of share repurchases

Balance Sheet Management

\$352M

cash as of Q3'24



Zero

corporate debt*

* Undrawn \$50 million credit facility available

MACRO ENVIRONMENT

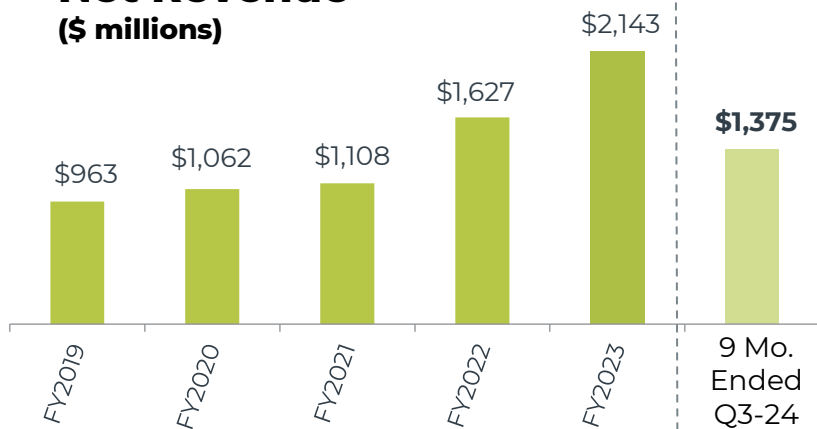
Despite economic cycles, Cavco will thrive because of:

- Low price point
- No land cost or risk
- Variable cost structure
- Controlled manufacturing environment

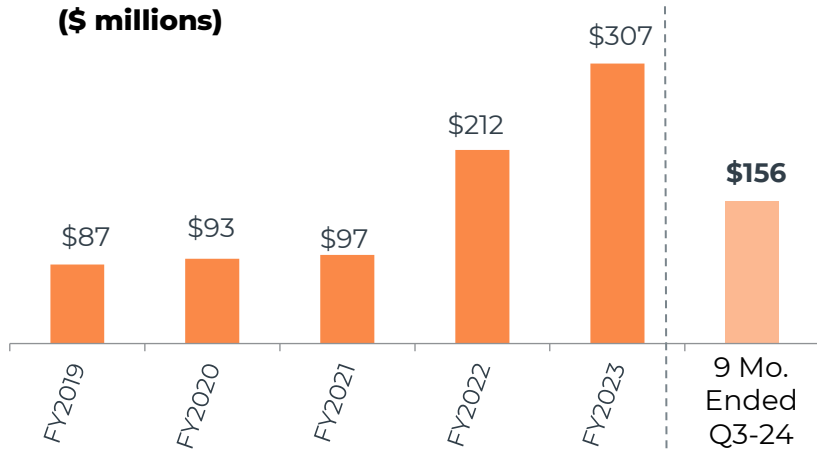


Financial Results & Highlights for 9 Months ended Q3'24

Net Revenue (\$ millions)



Income Before Tax (\$ millions)



**CONTINUED
STRONG
EXECUTION**

Gross profit as a percentage of net revenue strong at

23.9%

60% Factory utilization when considering all available production days, **70%** excluding scheduled downtime

Earnings per diluted share

\$14.32

\$160M Factory home backlogs, representing approximately 5-6 weeks of production

**\$ 193M
M&A**

Free cash flow* generation (cash flow from operations less capital expenditures)

Acquired Solitaire Homes to strengthen position in the Southwest, which was completed in January 2023 and 5 retail locations in Kentucky and Florida

**Cumulative
Share
Repurchase**

**\$261.1M
1,035,335 shares
~11.2% outstanding**

* See Appendix for reconciliation of Cash flow from operations to Free cash flow



Operational Excellence

Finding innovative ways to increase manufacturing output and efficiencies and improve safety

Safety



Safety Now program builds a safety-first culture

26% fewer recordable injuries in CY2023 through September versus CY2022

Equipment & Facilities Upgrades

Systematic replacement of aging equipment with less labor-intensive, **safer machines**



Investments in computer-controlled machinery reduces strain on workers and enhances quality

Lean Manufacturing



Increasing productivity



Reducing waste

High capacity utilization

in production plants

Dynamic Ability

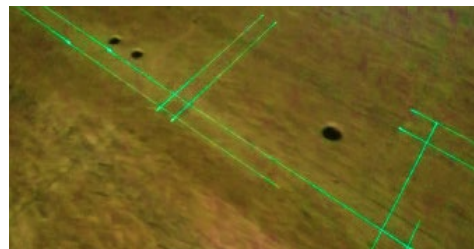
to flex production quickly

IMPROVING MANUFACTURING



Modern equipment

Computer Numeric Control machines to cut consistent custom components



Automated laser beam measuring for precision utilities placement



Expanding Capacity

Operating with high levels of capacity utilization in production plants



M&A

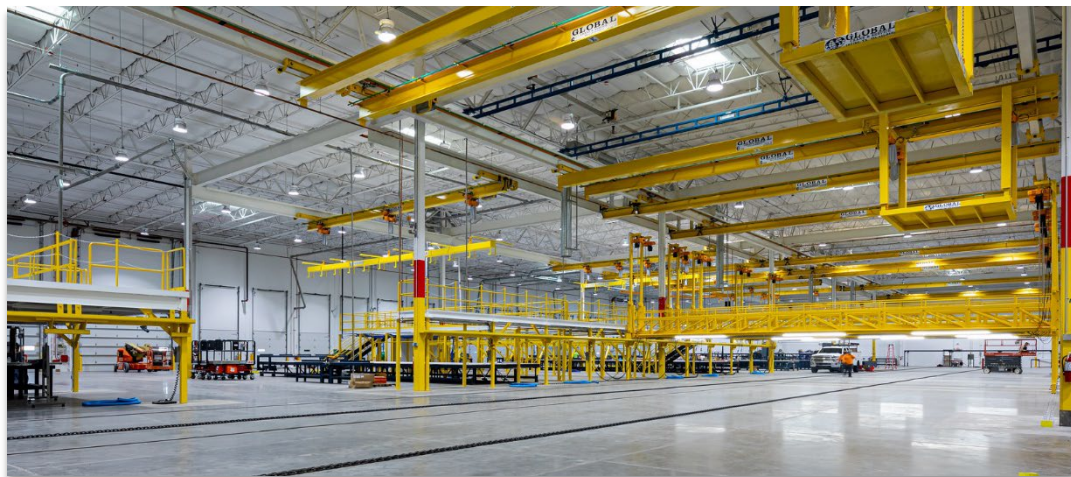
Added six new manufacturing facilities through the acquisition of Commodore

Added four new production lines with Solitaire Homes and retail distribution across three states

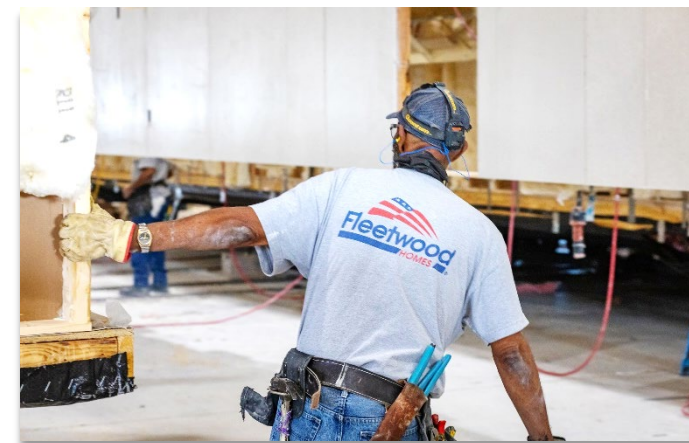
Increased capacity by over 30% with these acquisitions

Plant Investments

Distribution



New manufacturing facilities in Glendale, Arizona and Hamlet, North Carolina



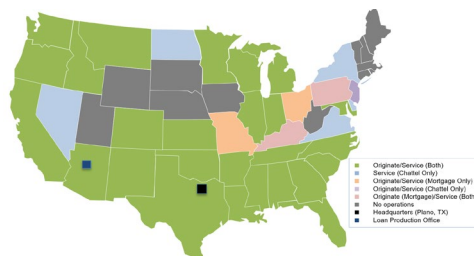


CountryPlace Mortgage

Experienced MH lender with proven performance through economic cycles

Specializing in Manufactured Housing Lending Since 1995

Licenses in **36 states** to originate & service **real property mortgages, chattel paper & commercial loans**, with servicing operations in Dallas



Ginnie Mae
Banks & CUs
Fannie Mae
Freddie Mac
REITs
Cavco/CountryPlace¹

\$961M

Consumer & commercial receivables serviced

\$1.1B

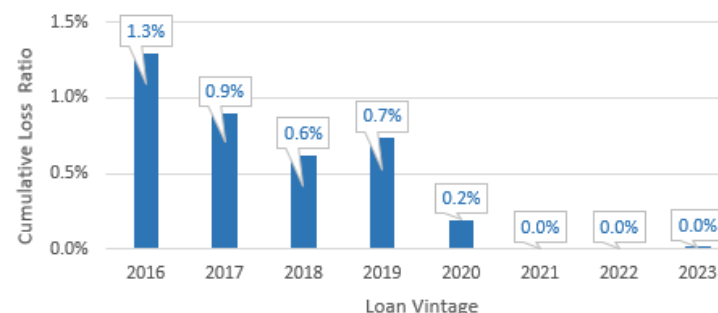
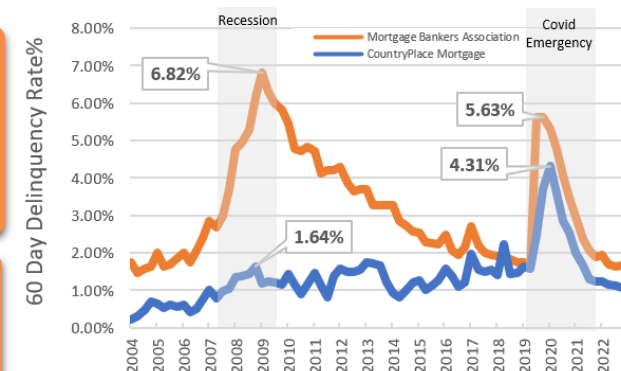
Private label ABS & Ginnie Mae MBS issued

¹ Includes floorplan and other commercial loans, consumer loans and mortgages held for investment, loans and mortgages held for sale, loans in construction and loans and mortgages serviced or subserviced for others. Excludes floorplan receivables serviced by a third party.

Long History of Disciplined Risk Management & Superior Performance

CountryPlace MH loans outperformed the single family mortgage industry through the Great Recession and the Covid public health emergency

CountryPlace ABS pools outperformed peer 2005 – 2007 MH-ABS



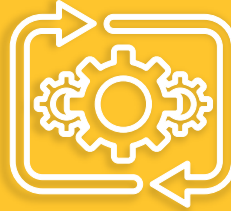
Performance of recent vintages is superior to mid-2000s pools

20 Consecutive Years of profitability as of 12/30/23

What's Next?



Digital marketing



Manufacturing technology
innovation



Two new production
facilities ramping up



Focus on environmental
issues and opportunities



Zoning improvements
opening up new, urban
market opportunities



Continuing to invest in
productivity improvements
across 31 production lines

The TM Difference



Corporate responsibility

Growing our positive impact on people, communities and the environment



Superior homes

Providing high quality, cost-conscious and innovative housing



Financial strategy

Committed to responsible capital allocation



Operational excellence

Operating safe and highly efficient production lines

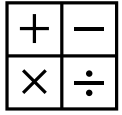


Expanding capacity

Growing through value-creating organic projects and acquisitions



Thank you.



Appendix: GAAP Reconciliation

(\$ in thousands)

Reconciliation of twelve months ended December 30, 2023
Earnings before ITDA %

Net income	\$171,331
Income tax expense	43,475
Interest expense	1,665
Interest income	(19,597)
Depreciation & Amortization	<u>18,583</u>
EBITDA	\$215,457
Net revenue	\$1,851,054
EBITDA %	11.6%

Reconciliation of Free cash flow for the nine months ended
December 30, 2023

Cash from operations	\$206,104
Capital expenditures	<u>(13,237)</u>
Free cash flow	\$192,867



Cavco Portfolio of Brands

Providing system-built housing solutions across a strong portfolio of brands

