



# Cavco Industries, Inc.

INVESTOR PRESENTATION  
MAY 2024

[investor.cavco.com](http://investor.cavco.com) | **Nasdaq: CVCO**

# Forward-looking Statements

*Certain statements contained in this release are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that are not historical facts. These forward-looking statements reflect Cavco's current expectations and projections with respect to our expected future business and financial performance, including, among other things: (i) expected financial performance and operating results, such as revenue and gross margin percentage; (ii) our liquidity and financial resources; (iii) our outlook with respect to the Company and the manufactured housing business in general; (iv) the expected effect of certain risks and uncertainties on our business; and (v) the strength of Cavco's business model. These statements may be preceded by, followed by, or include the words "aim," "anticipate," "believe," "estimate," "expect," "forecast," "future," "goal," "intend," "likely," "outlook," "plan," "potential," "project," "seek," "target," "can," "could," "may," "should," "would," "will," the negatives thereof and other words and terms of similar meaning. A number of factors could cause actual results or outcomes to differ materially from those indicated by these forward-looking statements. These factors include, among other factors, Cavco's ability to manage: (i) customer demand and the availability of financing for our products; (ii) labor shortages and the pricing, availability, or transportation of raw materials; (iii) the impact of local or national emergencies; (iv) excessive health and safety incidents or warranty and construction claims; (v) increases in cancellations of home sales; (vi) information technology failures or cyber incidents; (vii) our ability to maintain the security of personally identifiable information of our customers, (viii) comply with the numerous laws and regulations applicable to our business, including state, federal, and foreign laws relating manufactured housing, privacy, the internet, and accounting matters; (ix) successfully defend against litigation, government inquiries, and investigations, and (x) other risks and uncertainties indicated from time to time in documents filed or to be filed with the Securities and Exchange Commission (the "SEC") by Cavco. The forward-looking statements herein represent the judgment of Cavco as of the date of this release and Cavco disclaims any intent or obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments, or otherwise. This press release should be read in conjunction with the information included in the Company's other press releases, reports, and other 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 March 30, 2024 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. Understanding the information contained in these filings is important in order to fully understand Cavco's reported financial results and our business outlook for future periods.*



# Cavco Overview

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

## Financial Performance\* Twelve months ended March 30, 2024

Revenue

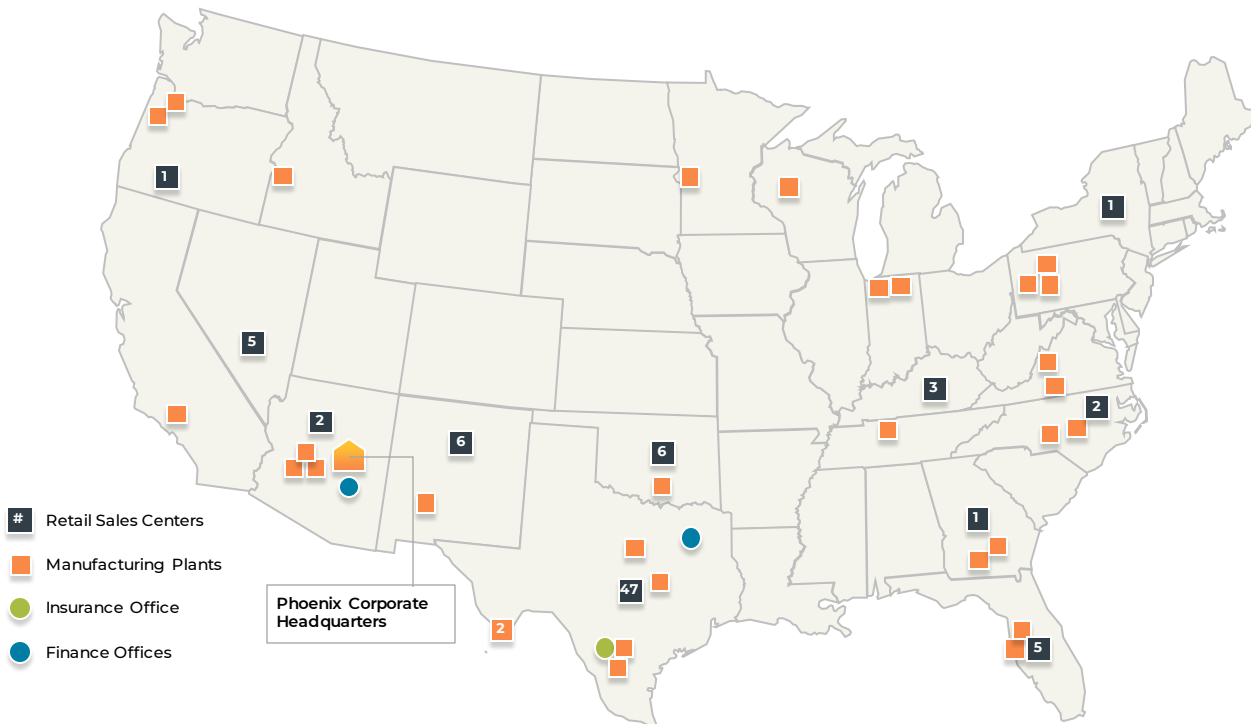
**\$1.8B**

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

**11.0%**

Gross Margin Percentage

**23.8%**



- # Retail Sales Centers
- Manufacturing Plants
- Insurance Office
- Finance Offices

Phoenix Corporate Headquarters

\* 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**

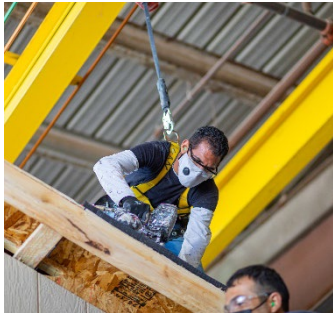
**Why it matters**

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 <sup>TM</sup> 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



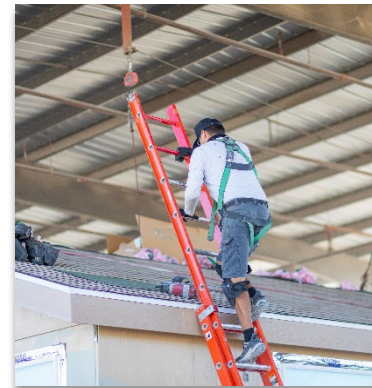
**Zoning improvements** and product innovation will open new markets, such as urban locations

## Manufactured Housing Industry

**36** companies with **148** 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

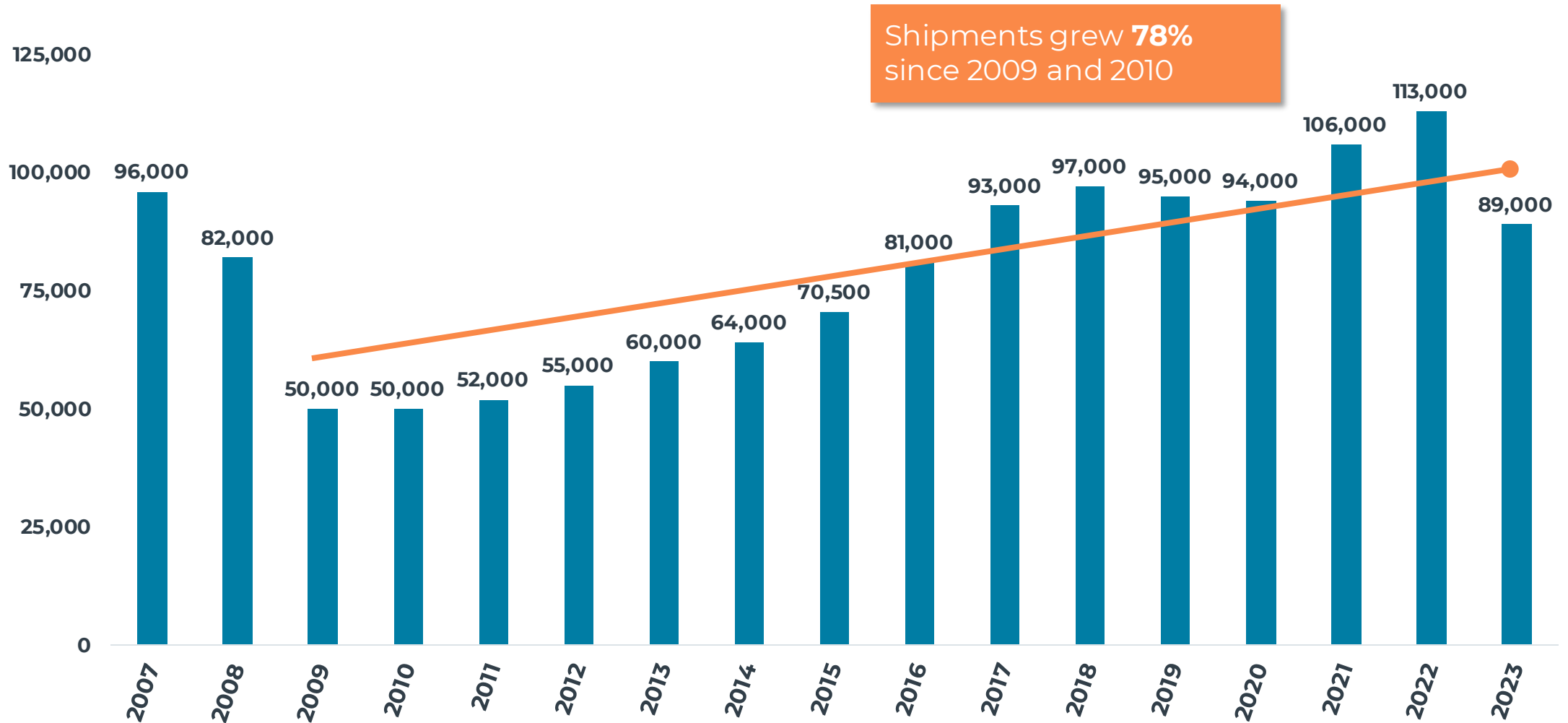
**186K** Average annual home shipments since HUD-code adoption in 1976

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



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

## Capital Deployment

In the past two years (Q1'23-Q4'24), Cavco has committed:

**\$125M** for strategic acquisitions

**\$62M** for internal capital projects, including new Hamlet, NC and Glendale, AZ factories

**\$214M** of share repurchases

## Balance Sheet Management

**\$353M**

cash as of Q4'24



**Zero**

corporate debt\*

\* Undrawn \$50 million credit facility available

## MACRO ENVIRONMENT

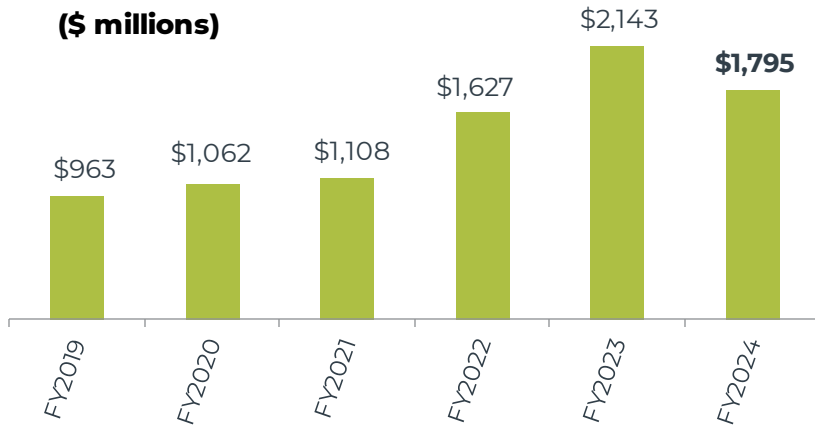
Despite economic cycles, Cavco will thrive because of:

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

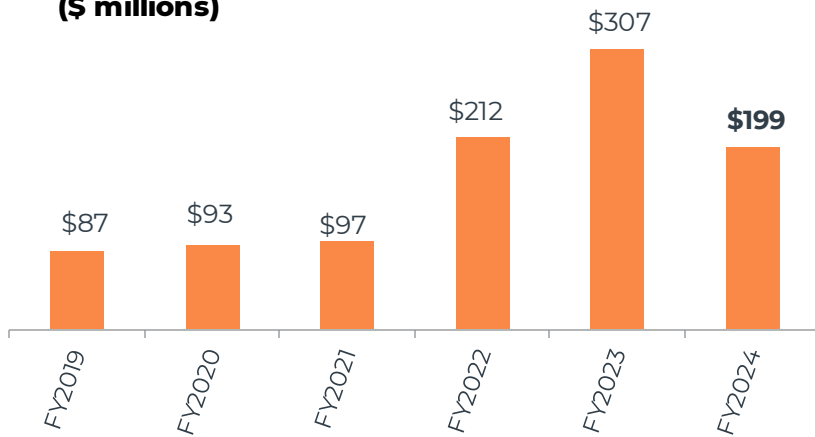


# Financial Results & Highlights for year ended Q4'24

## Net Revenue (\$ millions)



## Income Before Tax (\$ millions)



**CONTINUED  
STRONG  
EXECUTION**

Gross profit as a percentage of net revenue strong at

**23.2%**

Earnings per diluted share

**\$18.37**

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

**\$191M** Factory home backlogs, representing approximately 7-8 weeks of production

**\$ 207M** Free cash flow\* generation (cash flow from operations less capital expenditures)

**Cumulative  
Share  
Repurchase**

**\$273.6M**  
**1,069,235 shares**  
**~11.6% 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

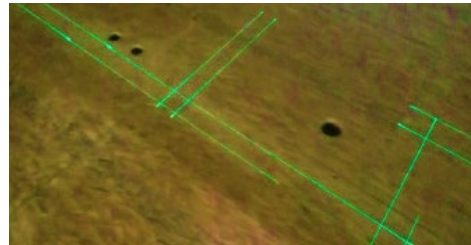
**Dynamic Ability** to flex production quickly

## 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

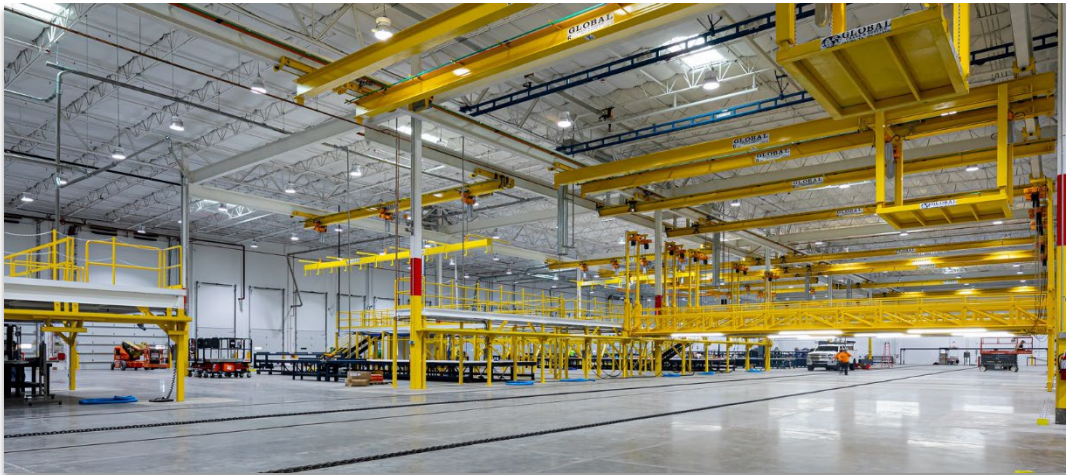
**Added six new** manufacturing facilities through the acquisition of Commodore

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

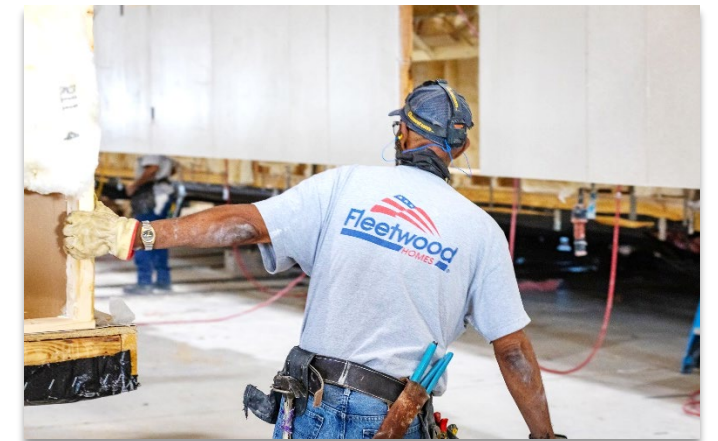
**Increased capacity by over 30% with these acquisitions**

Plant Investments

Distribution



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





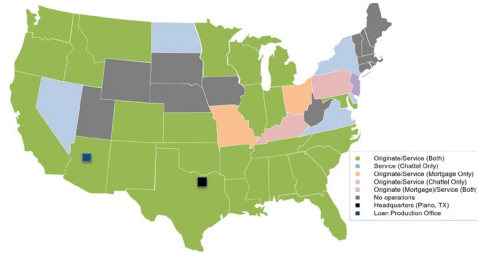


# CountryPlace Mortgage

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/CountryPlace<sup>1</sup>

# \$961M

Consumer & commercial receivables serviced

# \$1.1B

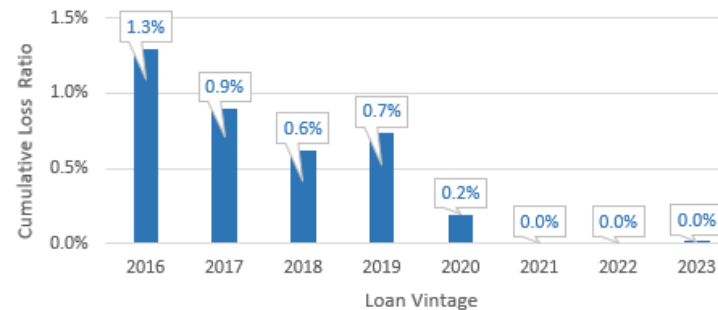
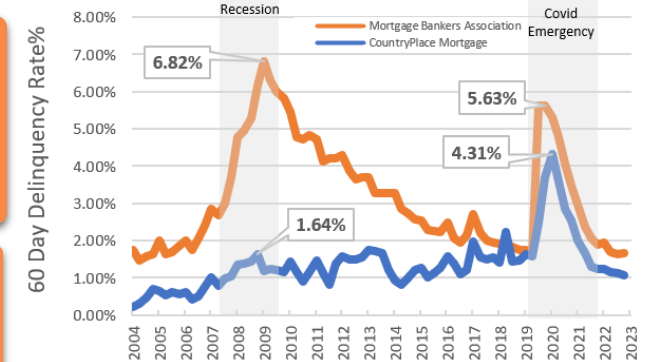
Private label ABS & Ginnie Mae MBS issued

<sup>1</sup> 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

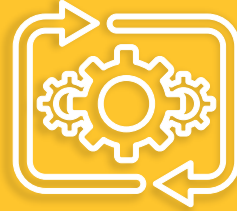
# 20 Consecutive Years

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 <sup>TM</sup> 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

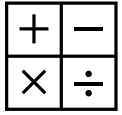
Growing through value-creating organic projects and acquisitions





**Thank you.**





# Appendix: GAAP Reconciliation

(\$ in thousands)

Reconciliation of twelve months ended March 30, 2024  
Earnings before ITDA %

Net income <small>(attributed to Cavco shareholders)</small>	\$157,817
Income tax expense	41,275
Interest expense	1,649
Interest income	(20,998)
Depreciation & Amortization	<u>18,525</u>
EBITDA	\$198,268
Net revenue	\$1,794,792
EBITDA %	11.0%

Reconciliation of Free cash flow for the twelve months  
ended March 30, 2024

Cash from operations	\$224,682
Capital expenditures	<u>(17,421)</u>
Free cash flow	\$207,261



# Cavco Portfolio of Brands

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

