2018 Annual Report
of
Skyline Champion Corporation

Dear Fellow Shareholders,

We completed the combination of Skyline Corporation and Champion Homes on June 1, 2018, to form Skyline Champion. We are the second largest manufactured housing company in the United States totaling approximately $1.3 billion in net sales for fiscal year 2018, with net income of approximately $28 million and Adjusted EBITDA of $76 million, each on a pro forma basis.

As Skyline Champion begins a new chapter, we are excited and encouraged about the opportunities ahead of us. The combination of the two companies expands our geographic footprint as well as our product portfolio offering. We are now able to serve a broader range of customers, providing them with more options and enhancing our value proposition.

Financially, the combined entity is well positioned with a strong balance sheet and the capability to generate significant cash flow. The financial profile should strengthen given the synergies we are targeting, primarily driven by direct cost savings, reduced overhead costs and operation improvement opportunities.

We also see a favorable runway for Skyline Champion and our industry. Demand remains strong in most of the U.S. markets as well as in the British Columbia province of Canada. Backlogs continue to grow as demand through all three of our distribution channels—independent dealers, company-owned stores and communities—continues to accelerate. Consumers view our homes as attractive, affordably priced and built with superior craftsmanship, fitting the needs of today's families.

Demand is being supported by more competitive retail financing programs for both the chattel and land home segments of our business. This positive environment helps improve our order rates and allows our customers to qualify for higher valued homes than in the past.

We are excited about these developments and look forward to executing our strategy as a combined company with increased scale and scope. The opportunities for our business, strong financial profile and supportive market backdrop gives me confidence as I look forward.

I would like to thank the employees of both Skyline Corporation and Champion Homes for all their hard work and cooperation throughout the entire combination process. Their consistent performance and work ethic helped create Skyline Champion and are the key to our future success.

Finally, I would like to take this opportunity to thank our shareholders for their support and belief in Skyline Champion.

Sincerely,

Keith Anderson
Chief Executive Officer

FORWARD-LOOKING STATEMENTS

Some of the statements in this Annual Report are not historical in nature and are forward-looking. Forward-looking statements include statements about our expectations regarding our future liquidity, earnings, expenditures, and financial condition. These statements are often identified by the words "will," "should," "anticipate," "believe," "expect," "intend," "estimate," "hope," or similar expressions. These statements reflect management's current views with respect to future events and are subject to risks and uncertainties. There are important factors, many of which are beyond our control, that could cause actual results to differ materially from those in forward-looking statements including regional, national or global political, economic, business, competitive, market and regulatory conditions and the following:

- local, regional, national, and international economic and financial market conditions and the impact they may have on Skyline Champion and our customers and our assessment of that impact;
- demand fluctuations in the U.S. and Canadian housing industry;
- the impact of customer preferences;
- regulations pertaining to the housing and park model RV industries;
- general or seasonal weather conditions affecting sales;
- the potential impact of natural disasters on sales and raw material costs;
- the prices and availability of materials;
- periodic inventory adjustments by, and changes to relationships with, independent retailers;
- changes in interest and foreign exchange rates;
- more stringent credit standards or financing terms may be imposed by lenders on us, our dealers or customers;
- our ability to service debt;
- the impact of inflation;
- the impact of labor costs, shortage, and turnover;
- competitive pressures on pricing and promotional costs;
- the availability of insurance coverage and changes in insurance costs;
- the timely development and acceptance of new products and services and perceived overall value of these products and services by others;
- greater than expected costs or difficulties related to the integration of new products and lines of business;
- acquisitions and the integration of acquired businesses;
- the effect of changes in laws and regulations with which we must comply;
- the effect of changes in accounting policies and practices and auditing requirements;
- our ability to attract and retain executive officers and key personnel; and
- other risks described in more detail in the "Risk Factors" section of the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2018.

The forward-looking statements in this Annual Report are made as of the date hereof, and we do not assume any obligation to update, amend or clarify them to reflect events, new information or circumstances occurring after the date hereof.

Unless otherwise indicated or unless the context requires otherwise, all references in this Annual Report to "Skyline Champion," the "Company," "we," "us" and "our" refer to Skyline Champion Corporation following the Exchange (as defined below) and Champion Holdings prior to the Exchange. All references in this Annual Report to "Champion Holdings" and "Skyline" refer to Champion Enterprises Holdings, LLC and Skyline Corporation, respectively, in each case prior to the Exchange.

THE EXCHANGE

On June 1, 2018, Skyline Champion Corporation was formed by Skyline and Champion Holdings combining their operations pursuant to the Share Contribution & Exchange Agreement (the "Exchange Agreement"), dated as of January 5, 2018, by and between Skyline and Champion Holdings. Pursuant to the Exchange Agreement, Champion Holdings contributed to Skyline all of the issued and outstanding shares of capital stock of Champion Holdings' wholly-owned operating subsidiaries, Champion Home Builders, Inc. ("CHB"), and CHB International B.V. ("CIBV") (the shares of stock of CHB and CIBV contributed to Skyline, the "Contributed Shares"), and in exchange for the Contributed Shares, Skyline issued to the members of Champion Holdings, in the aggregate, 47,752,008 shares of Skyline common stock, $0.0277 par value per share.

SKYLINE CHAMPION CORPORATION

We are the largest independent publicly traded factory-built housing company in the United States and western Canada with pro forma net sales in fiscal 2018 of $1.3 billion. We have more than 65 years of homebuilding experience, 6,800 employees and 36 manufacturing facilities throughout the United States and western Canada, and offer a leading portfolio of manufactured and modular homes, park model RVs and modular buildings for the multi-family, hospitality, senior and workforce housing sectors.

In addition to our core home building business, we operate a factory-direct retail business, Titan Factory Direct, with 21 retail locations spanning the southern United States, and Star Fleet Trucking, providing transportation services to the manufactured housing and other industries from ten dispatch locations across the United States.

We build homes under some of the most well known brand names in the factory-built housing industry including Skyline Homes, Champion Homes, Athens Park Model RVs, Dutch Housing, Excel Homes, Homes of Merit, New Era, Redman Homes, Shore Park, Silvercrest, Titan Homes in the United States and Moduline and SRI Homes in western Canada.

Products and Services

We design, produce, market, and transport a range of manufactured and modular homes, park model RVs, and commercial solutions. We believe the broad scope of our product and service offerings provide us advantages relative to other factory-built construction companies.

Factory-Built Housing

A majority of our manufactured products are constructed in accordance with the HUD code. We produce a broad range of manufactured and modular homes under a variety of brand names and in a variety of floor plans and price ranges. While most of the homes we build are single-family, multi-section, ranch-style homes, we also build two-story, single-section, and Cape Cod style homes as well as multi-family units such as town homes, apartments, duplexes, and triplexes. The single-family homes that we manufacture generally range in size from 400 to 4,000 square feet and typically include two to four bedrooms, a living room or family room, a dining room, a kitchen and typically two full bathrooms. We also build park model RVs for resorts and campgrounds and commercial modular structures, including hotels, student and workforce housing.

We regularly introduce homes with new floor plans, exterior designs and elevations, decors and features. Our corporate marketing and engineering departments work with our manufacturing facilities to design homes that appeal to consumers' changing tastes at appropriate price points for its markets. We design and build homes with a traditional residential or site-built appearance through the use of, among other features, dormers and higher pitched roofs. We also design and build energy efficient homes, and several of our U.S. manufacturing facilities are qualified to produce "Energy Star®" rated homes.

We construct homes in indoor facilities using an assembly-line process employing approximately 100 to 200 production employees at each facility. Factory-built homes are constructed in one or more sections (also known as floors) on an affixed steel support frame that allows the sections to be moved through the assembly line and transported upon sale. The sections of many of the modular homes we produce are built on wooden floor systems and transported on carriers that are removed upon placement of the home at the home site. Each section or floor is assembled in stages, beginning with the construction of the frame and the floor, then adding the walls, ceiling and roof assembly, and other constructed and purchased components, and ending with a final quality control inspection. The efficiency of the assembly-line process, protection from the weather, and favorable pricing of materials resulting from our substantial purchasing power enables us to produce homes more quickly and often at a lower cost than a conventional site-built home of similar quality.

Retail

We offer a wide selection of manufactured and modular homes as well as park model RVs at company-owned retail locations across Texas and the Southeast marketed under the Titan brand. We maintain company-owned retail presence through 21 retail sales centers in Florida, Georgia, Louisiana, North Carolina, Oklahoma, Texas, and Virginia. We have benefited from the strategic expansion of our captive distribution to enhance the reach of our factory-built housing products directly to the homebuyer.

Each of our full-service retail sales centers has a sales office and a variety of display model homes of various sizes, floor plans, features, and prices that are displayed in a residential setting with sidewalks and landscaping. Customers may purchase a home from an inventory of homes maintained at the location, including a model home, or may order a home that will be built at a manufacturing facility. The collective benefits of our retail organization provide industry leadership with the expertise to be proactive to local economic conditions and ultimately provide affordable homes to value-conscious homebuyers.

Logistics

We operate a logistics business, Star Fleet, specializing in the transportation of manufactured homes and recreational vehicles from manufacturing facilities to retailers. Star Fleet's delivery logistics are coordinated through ten dispatch terminals located in Colorado, Indiana, Oklahoma, and Pennsylvania. Star Fleet has strong relationships with its customer base, which consists of some of the largest manufactured housing companies (including our own factory-built housing products) and related product manufacturers in the United States.

Our Competitive Strengths

Leading Positions Across Geographies

We believe that we maintain the following leading positions in the factory-built housing industry in the United States and western Canada based on units produced in 2017:

- Number two position in the manufactured housing market segment in the United States
- Top three position in most major U.S. regional markets
- A leading position in western Canada

We believe that our leading positions are driven by our comprehensive product offering, strong brand reputation, broad manufacturing footprint, and our complementary retail and logistics businesses. Our market segment share in the United States manufactured housing market segment has increased from 8% in the beginning of 2011 to 17% in 2017 based on total number of units produced.

Strategic Manufacturing Footprint

We currently operate 36 manufacturing facilities, located in 17 states and three provinces across the United States and western Canada. Our facilities are strategically located to serve the fastest-growing markets in the

United States and western Canada. We operate 12 manufacturing facilities in the top 10 states for total number of manufactured home shipments in 2017 as well as nine manufacturing facilities in the top 10 fastest growing states for manufactured home shipments over the last ten years.

We have a proven ability to distribute orders efficiently across our manufacturing footprint based on market demand, workforce availability, and our surrounding distribution capabilities. We are standardizing our manufacturing processes and employing metrics-driven accountability measures across all of our facilities. We also believe we have a scalable plant network including seven idle manufacturing plants to support future growth in the factory-built housing market segment.

Comprehensive, High Quality Product Offering With Leading Brands

We design and build a range of manufactured and modular homes, park models, and commercial structures. We believe that the high quality and broad scope of our product and service offerings provide us a competitive advantage relative to other factory-built and certain site-built homes. With our strong and award winning product designs, we seek to meet the needs of our localized customers, while also providing them with customizable options. Our leading brands are marketed and distributed through a network of independent and company-owned retailers, planned community operators, government agencies, and commercial developers.

Scalable Platform for Future Growth

We believe that we have the second largest position in the United States manufactured housing market segment based on units produced in 2017 with opportunities for future growth. We intend to capitalize on favorable demand drivers and demographic trends, underutilized capacity within our manufacturing plant footprint, a pipeline of operational initiatives, product expansion, and plant and retail sales center acquisition opportunities to support our future growth initiatives. The manufactured housing industry, which currently represents less than 10% of total home starts, is expected to grow faster than the broader single-family housing market segment, and we believe we are well positioned to benefit from that industry dynamic. We currently maintain seven idled manufacturing plants, which provide us with the ability to meet increased demand. We believe that our national scale and competitive advantages also enable us to capture market segment share from competitors and make selective value enhancing acquisitions. We have a proven track-record of executing and integrating acquisitions and plant openings having successfully completed two acquisitions and three openings of idle facilities over the last five years.

Experienced Management Team

Our management team has significant industry and operational experience, with strong leadership from Keith Anderson who became CEO of Champion Holdings in 2015. Mr. Anderson has extensive knowledge of manufactured housing, having also previously served as Executive Vice President of Walter Investment and President and CEO of Green Tree Servicing. Mr. Anderson is supported by our CFO, Laurie Hough, who joined Champion Holdings in 2010 and our Executive Vice President, Mark Yost, who joined Champion Holdings in 2013, with extensive experience in operations and financial management. Between 2015 and the completion of the Exchange, our management team grew Champion Holdings' revenue and increased its profitability. Key strategies used for improvement included close evaluation of pricing and costs, the replacement of certain custom products with standardized offerings, and the expansion of our footprint through acquisitions as well as the build out of new plants.

Our Strategy

We intend to continue to pursue opportunities to profitably grow our revenue at a rate in excess of the broader single-family housing market segment in the United States, as well as improve our operating margins by executing on the following strategic initiatives.

Capitalize on Favorable Manufactured Housing Demand Drivers

There have been a number of recent favorable demographic trends and demand drivers in the United States and western Canada, including underlying growth trends in key homebuyer groups, such as the population over 65 years of age, the population of first-time home buyers and the population of households earning less than $50,000 per year. We intend to capitalize on these trends and drivers to grow our business. We believe that there is an opportunity for continued manufactured and modular construction market segment expansion driven by the foregoing trends and demand drivers, as well as construction labor shortages in certain regions (which tend to adversely and disproportionally impact supply and cost of site-built homes when compared to manufactured housing) and increased affordability of factory-built homes relative to site-built homes. We will seek to capture additional demand from manufactured housing communities that increase spending on expansion and development projects. In addition, if financing availability continues to improve and related regulation continues to ease, we believe that there will be an increase in the number of prospective customers who qualify for home loans for manufactured and modular homes. Finally, as one of only a limited number of manufactured homebuilders who have been approved for contracts with FEMA, we believe that we are well positioned to capture additional demand from housing assistance requirements following natural disasters and other housing emergencies.

Expand Sales in Existing, Adjacent and New Geographies and Segments

We have a track record of sales growth and have demonstrated our ability to broaden our manufacturing and retail presence through the successful execution of a balanced organic growth and acquisition-based strategy. We are focused on meeting increasing demand by using additional capacity within our existing operating footprint by opening idle plants, and by expanding existing plants in selected geographies. We have continued to grow our distribution through community relationships and expanded retail operations. We have also continued to develop partnerships with manufactured housing finance market participants to further accelerate our revenue growth opportunities. We intend to continue to expand our commercial platform, having recently pioneered large-scale commercial construction projects. For example, in the hospitality sector we have increased our commercial construction visibility working with a leading global hospitality brand. We also intend to explore opportunities to acquire additional retail locations, plants, and factory-built housing competitors to supplement our organic growth initiatives.

Continue to Implement Operational Initiatives to Further Enhance Margins

We have been able to expand our operating margins over time as a result of increased volume, reduction of our material cost structure, and company-wide efforts focused on standardization and simplification of our operations. We are currently focused on a number of ongoing operational initiatives to further enhance our operating margins, including:

- executing on integration synergies related to identified procurement, operational and labor cost saving opportunities as well as streamlining overlapping functions;
- continuing to refine product offerings through product standardization;
- enhancing product value to the customer through material substitution and improved design; and
- focusing on operational excellence and production efficiency through further simplification of our manufacturing process.

Among other initiatives, we plan to further develop our modular platform, expand our commercial product lines, standardize our engineering and design platform, and better leverage our fixed costs from underutilized plants by routing additional demand to plants with excess capacity.

Expand and Maintain Quality Products through Innovation and Development

We plan to continue to innovate our home designs and home products to meet the needs of existing and new customers. We have received a number of awards from the Manufactured Housing Institute, the National

Association of Home Builders, and others for our leadership in manufactured and modular home designs, craftsmanship and quality. We maintain an active dialogue with residential and commercial developers to identify demand trends and anticipate the needs of prospective homeowners. We also plan to continue to work closely with our suppliers to pilot new products, such as in-home smart technologies and luxury interior finishes.

CORPORATE INFORMATION

Skyline Champion Corporation was originally incorporated in Indiana in 1959 as Skyline Corporation. Following the completion of the Exchange, we changed our name to Skyline Champion Corporation. Our principal executive offices are located at 2520 By-Pass Road, Elkhart, Indiana 46515. Our website is located at ir.skylinechampion.com. Our website and the information contained on our website is not incorporated by reference and is not a part of this Annual Report.

COMMON STOCK AND STOCKHOLDER OWNERSHIP

Our common stock is traded on the New York Stock Exchange (“NYSE”) under the symbol “SKY”.

MARKET PRICE OF OUR COMMON STOCK

Our common stock is listed on the NYSE under the symbol "SKY". The following table sets forth the high and low sales prices per share of our common stock as reported by the NYSE American stock exchange, on which Skyline's common stock traded prior to the Exchange, and the NYSE, for the periods indicated:

	High	Low
Year ended April 2, 2016		
First Quarter	$ 3.65	$ 2.96
Second Quarter	$ 3.39	$ 2.85
Third Quarter	$ 3.82	$ 2.17
Fourth Quarter	$ 9.47	$ 2.64
Year ended April 1, 2017		
First Quarter	$11.86	$ 7.00
Second Quarter	$13.69	$ 8.66
Third Quarter	$17.35	$ 9.02
Fourth Quarter	$15.94	$ 7.27
Year ended March 31, 2018		
First Quarter	$ 9.61	$ 5.07
Second Quarter	$13.92	$ 5.49
Third Quarter	$13.50	$10.31
Fourth Quarter	$24.99	$12.59
Year ending March 30, 2019		
First Quarter	$35.65	$21.01
Second Quarter (through August 31, 2018)	$34.66	$23.26

As of September 4, 2018, we had approximately 606 holders of record of our common stock. The actual number of shareholders is greater than this number of record holders and includes shareholders who are beneficial owners but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include shareholders whose shares may be held in trust by other entities.

DIVIDEND POLICY

We intend to retain all available funds and any future earnings for general corporate purposes. However, in the future, subject to the factors described below and our future liquidity and capitalization, we may change this policy and choose to pay dividends.

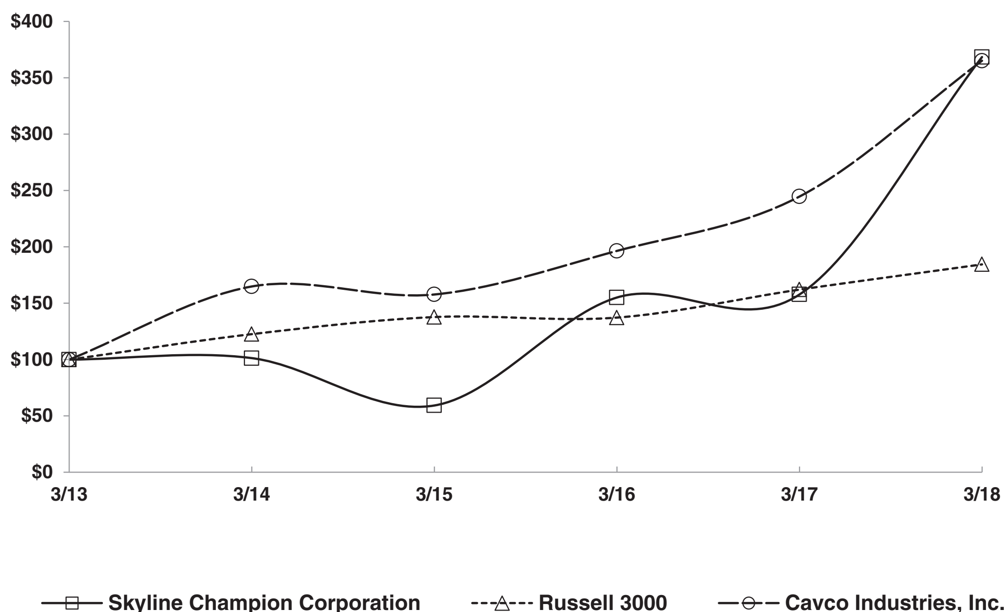
On May 31, 2018, Skyline paid a special cash dividend of $0.62381 per share of common stock to shareholders of record at the close of business on May 25, 2018. Any future determination to pay dividends to shareholders will be at the sole discretion of our board of directors and will depend upon many factors, including general economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions, the implications of the payment of dividends by us to our shareholders or by our subsidiaries to us and any other factors that our board of directors may deem relevant.

STOCK PERFORMANCE

The following graph shows the cumulative total stockholder return on our common stock over the period spanning March 31, 2013 to March 31, 2018, as compared with that of the Russell 3000 Index and Cavco Industries, Inc., which the Company has determined is its only publicly-traded peer in the factory-built housing segment, based on an initial investment of $100 in each on March 31, 2013. Total stockholder return is measured by dividing share price change plus dividends, if any, for each period by the share price at the beginning of the respective period and assumes reinvestment of dividends.

This stock performance graph shall not be deemed "filed" with the Securities and Exchange Commission ("SEC") or subject to Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any of our filings under the Securities Act of 1933, as amended.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among Skyline Champion Corporation, the Russell 3000 Index,
and Cavco Industries, Inc.



* $100 invested on 3/31/13 in stock or index, including reinvestment of dividends. Fiscal year ending March 31.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following should be read in conjunction with the Champion Holdings' historical consolidated financial statements and related notes thereto beginning on page 27 of this Annual Report.

Certain statements in this Management's Discussion and Analysis of Financial Condition and Result of Operations regarding the future strategy and performance of Skyline Champion Corporation are intended to be covered by the safe harbor for "forward-looking statements" provided by the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally can be identified by use of words such as "believe," "expect," "future," "anticipate," "intend," "plan," "foresee," "may," "should," "will," "estimates," "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 Corporation. Skyline Champion Corporation cautions readers 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 including the risks and uncertainties more fully described in our Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission ("SEC") on August 9, 2018 and in other filings that Skyline Champion Corporation makes with the SEC. Investors and stockholders are also urged to read the risk factors set forth in the proxy statement carefully. 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 Champion Corporation described herein 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 Champion Corporation 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.

Prior to the Exchange, Champion Enterprises Holdings, LLC ("Champion Holdings") was a leading producer of factory-built housing in the United States ("U.S.") and Canada. Champion Holdings served as a complete solutions provider across complementary and vertically integrated businesses including manufactured construction, company-owned retail locations, and transportation logistics services. Champion Holdings was the second largest factory-built solutions provider in North America based on revenue and marketed its homes under several nationally recognized brand names including Redman Homes, Dutch Housing, Excel Homes, Silvercrest, Titan Homes, Moduline, and SRI Homes. Champion Holdings operated 23 manufacturing facilities throughout the U.S. and five manufacturing facilities in Western Canada that primarily constructed factory-built, timber-framed manufactured and modular houses that were sold primarily to independent retailers and builders/developers, including manufactured home community operators. Champion Holdings' retail operations consisted of 21 sales centers that sold manufactured homes to consumers primarily in the Southern U.S. Champion Holdings' transportation business primarily engaged independent owners/drivers to transport manufactured homes and recreational vehicles throughout the U.S. and Canada.

Over the last several years, market demand for Champion Holdings' products, primarily affordable housing in the U.S., had continued to improve. As a result, Champion Holdings had focused on operational improvements to make existing manufacturing facilities more profitable as well as executing measured expansion of its manufacturing and retail footprint.

In response to the increasing demand for factory-built housing in the U.S., Champion Holdings increased capacity through strategic acquisitions and expansions of its manufacturing footprint. Champion Holdings was focused on growing in strong HUD-markets across the U.S. as well as further expanding into the Northeast and Midwest U.S. modular housing markets. In October 2017, Champion Holdings entered into a long-term lease for

two factory-built housing plants in Leesville, Louisiana that provided an opportunity for further growth. In April 2017, Champion Holdings completed the purchase of a factory-built housing plant in Mansfield, Texas, from Skyline Corporation ("Skyline"). In September 2016, Champion Holdings, through a series of transactions, completed the purchase of the assets of Innovative Building Systems, LLC and its subsidiaries ("IBS" or "IBS Acquisition"), which included five modular manufacturing facilities and two retail sales centers in the Northeast and Midwest U.S. In January 2017, Champion Holdings restarted operations at the Liverpool, Pennsylvania location, one of the modular facilities acquired from IBS. The other former IBS facilities remained idle. In addition to these strategic acquisitions, during 2017, Champion Holdings leased and opened a manufacturing facility in Benton, Kentucky as well as reopened a previously idled facility in Topeka, Indiana. The Topeka facility began operations in February 2017. Production at the Benton facility began in August 2016.

Champion Holdings also focused on expansion of its company-owned retail operations over the last several years. Champion Holdings opened three additional retail sales centers during fiscal 2018, five during fiscal 2017 and three during fiscal 2016. Management believed retail expansion provided an opportunity to increase Champion Holdings' presence in market segments that were not currently served through the independent retail network, which provided for expansion and increased utilization of the existing manufacturing operations.

These acquisitions and investments were part of a strategy to grow and diversify revenue with a focus on increasing Champion Holdings' HUD and modular homebuilding presence in the U.S. as well as improving the results of operations. These acquisitions and investments are included in the consolidated results for periods subsequent to their respective acquisition dates.

Approximately 75% of Champion Holdings' U.S. and Canadian manufacturing sales were generated from the manufacture of homes that comply with the Federal HUD-code construction standard in the U.S. During Champion Holdings' fiscal 2018, annual industry shipments of HUD-code homes were 95,044—an 11.1% improvement over 85,550 units shipped in fiscal 2017. Champion Holdings' HUD market share during that period was 13.9% versus 12.7% in fiscal 2017. Sales of HUD-code homes have been increasing steadily since 2009, when 50,000 HUD-code homes were sold. That year represented the lowest period of factory-built housing sales since 1959. While HUD-code factory-built home shipments have improved modestly over the past few years, the industry continues to operate at relatively low levels compared to historical shipment statistics. For instance, the long-term average for manufactured home shipments since 1960 is 224,000 units per year.

Industry shipments of modular homes in the U.S. during Champion Holdings' fiscal 2018 totaled 14,287 units, reflecting a slight increase from shipments in the comparable period of 2017. Modular home sales across the industry have generally been stable since 2009. During fiscal 2018, approximately 16% of Champion Holdings' U.S. manufacturing sales were modular. Champion Holdings's modular home presence improved due to the IBS acquisition mentioned previously.

Champion Holdings was headquartered in Troy, Michigan and was formed in 2010 as a Delaware limited liability company. Champion Holdings' predecessor began operations in 1953.

Combination with Skyline

On January 5, 2018, Champion Holdings and Skyline entered into a Share Contribution and Exchange Agreement ("Exchange Agreement") pursuant to which the two companies combined their operations (the "Exchange") and changed the Company's name to Skyline Champion Corporation. The Exchange was accounted for as a reverse acquisition under the acquisition method of accounting as provided by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification 805, *Business Combinations* ("ASC 805"). Champion Holdings is considered the accounting acquirer. The Exchange was completed on June 1, 2018, and therefore, the historical results of operations for Champion Holdings discussed below do not reflect the effects of the Exchange, nor do they include any results of operations of Skyline.

Skyline was originally incorporated in 1959 as a successor to a business founded in 1951. Skyline designed, produced, and marketed manufactured housing, modular housing, and park models to independent dealers and manufactured housing communities located throughout the U.S. and Canada. Skyline operated eight manufacturing facilities throughout the U.S. and had headquarters operations in Elkhart, Indiana which provided administrative and operational support for their manufacturing facilities. During Skyline's fiscal year ended May 31, 2017, they sold 3,679 manufactured homes, 313 modular homes, and 447 park model RVs. The combination of Champion Holdings' and Skyline's operations positioned Skyline Champion Corporation for additional growth and leveraging economies of scale.

Consolidated Financial Data

(Dollars in thousands)	Year Ended March 31, 2018	Year Ended April 1, 2017
Statement of Operations Data		
Net sales	$1,064,722	$861,319
Cost of sales	887,611	717,364
Gross profit	177,111	143,955
Selling, general and administrative expenses	122,522	109,305
Operating income	54,589	34,650
Interest expense, net	4,185	4,264
Other expense	7,288	2,380
Income from continuing operations before income taxes	43,116	28,006
Income tax expense (benefit)	27,316	(23,321)
Net income from continuing operations	15,800	51,327
Gain from discontinued operations	—	(583)
Net income	$ 15,800	$ 51,910
Reconciliation of Adjusted EBITDA		
Net income	$ 15,800	$ 51,910
Gain from discontinued operations	—	(583)
Income tax expense (benefit)	27,316	(23,321)
Interest expense, net	4,185	4,264
Depreciation and amortization	8,260	7,245
Foreign currency (gains) losses	(547)	3,688
Transaction costs	7,267	2,356
Gain on sale of non-operating facilities	(106)	(902)
Equity based compensation	642	608
Lower of cost or market adjustment of development inventory	1,165	—
Other	626	182
Adjusted EBITDA	$ 64,608	$ 45,447
As a percent of net sales:		
Gross profit	16.6%	16.7%
Selling, general and administrative expenses	11.5%	12.7%
Operating income	5.1%	4.0%
Net income	1.5%	6.0%
Adjusted EBITDA	6.1%	5.3%

Year ended March 31, 2018 as Compared to Year ended April 1, 2017

Net Sales**:** The following table summarizes net sales for the years ended March 31, 2018 and April 1, 2017:

	Year Ended			
(Dollars in thousands)	**March 31, 2018**	**April 1, 2017**	**Change**	**% Change**
Net sales	$1,064,722	$861,319	$203,403	23.6%
U.S. manufacturing and retail net sales	$ 860,488	$678,296	$182,192	26.9%
U.S. homes sold	16,140	13,187	2,953	22.4%
U.S. manufacturing and retail average home selling price	$ 53.3	$ 51.4	$ 1.9	3.7%
Canadian manufacturing net sales	$ 96,603	$ 92,631	$ 3,972	4.3%
Canadian homes sold	1,266	1,261	5	0.4%
Canadian manufacturing average home selling price	$ 76.3	$ 73.5	$ 2.8	3.8%
Corporate/other net sales	$ 107,631	$ 90,392	$ 17,239	19.1%
U.S. manufacturing facilities in operation at year end	23	22		
U.S. retail sales centers in operation at year end	21	18		
Canadian manufacturing facilities in operation at year end	5	5		

Net sales for fiscal 2018 were $1,064.7 million, an increase of $203.4 million or 23.6% over fiscal 2017. The following is a summary of the change by operating segment.

U.S Factory-built Housing:

The U.S. Factory-built Housing segment accounted for the majority of the overall growth in net sales for fiscal 2018. Net sales of homes for both the U.S. manufacturing and retail operations increased by $182.2 million, or 26.9%, compared to net sales in fiscal 2017. The number of homes sold in fiscal 2018 increased by 2,953 units, or 22.4%, compared to fiscal 2017. This increase was attributable to several factors including: (i) increased manufacturing capacity in fiscal 2018 as a result of the footprint expansion actions in fiscal 2017; (ii) additional retail sales centers in operation during the year; (iii) Champion Holdings' ability to generate additional output at its existing facilities to meet increasing market demand as a result of plant operating improvements; and (iv) a 3.7% increase in the average home selling price in fiscal 2018 as a result of increased market demand and pricing actions to offset the impact of rising material and labor costs. During fiscal 2018, net sales at manufacturing and retail sales centers opened during fiscal 2018 and 2017 had incremental sales of $103.6 million year-over-year as compared to fiscal 2017.

As a result of the capacity and operational improvements discussed above, Champion Holdings' U.S. HUD market share for fiscal 2018 grew to 13.9% from 12.7% in fiscal 2017. The overall market also grew during Champion Holdings' fiscal 2018 as shipments of factory-built HUD homes were 11.1% higher than the same period of the prior year.

Canadian Factory-built Housing:

The Canadian Factory-built Housing segment net sales increased $4.0 million in fiscal 2018, compared to fiscal 2017, primarily as the result of an increase in average selling price of 3.8% on essentially equivalent homes sold volume. Sales growth in the Canadian markets, particularly in Alberta and Saskatchewan, continued to lag increases in other markets as a result of the economic impact in Canada of reduced oil prices in recent years. The increase in average selling price is primarily a result of pricing actions to offset the effect of higher material and labor costs, similar to those impacting the U.S. Factory-built Housing segment. Additionally, during Champion Holdings' fiscal 2018, the Canadian dollar strengthened in relation to the U.S dollar resulting in an increase in net sales of approximately $2.1 million, compared to fiscal 2017.

Although orders from customers can be cancelled at any time without penalty, and unfilled orders are not necessarily an indication of future business, Champion Holdings' unfilled U.S. and Canadian manufacturing orders for homes at March 31, 2018 totaled approximately $155 million compared to $81 million at April 1, 2017.

Corporate/other:

Net sales for corporate/other include Champion Holdings' transportation business and the elimination of intersegment sales. The 19.1% increase in fiscal 2018 from 2017 was driven by higher delivery activity of recreational vehicles caused by increasing industry demand.

***Gross Profit*:** The following table summarizes gross profit for the years ended March 31, 2018 and April 1, 2017:

	Year Ended			
(Dollars in thousands)	**March 31, 2018**	**April 1, 2017**	**Change**	**% Change**
Gross profit:				
U.S. Factory-built Housing	$143,632	$110,418	$33,214	30.1%
Canadian Factory-built Housing	18,415	19,425	(1,010)	(5.2%)
Corporate/Other	15,064	14,112	952	6.7%
	$177,111	$143,955	$33,156	23.0%
Gross profit as a percent of net sales	16.6%	16.7%		

Gross profit as a percent of net sales was 16.6% in fiscal 2018 compared to 16.7% in fiscal 2017. The following is a summary of the change by operating segment.

U.S. Factory-built Housing:

Gross profit for the U.S. Factory-built Housing segment increased by $33.2 million in fiscal 2018 compared to fiscal 2017 and improved to 16.7% as a percent of segment net sales from 16.3% in fiscal 2017. The increase was a result of a combination of the additional sales volume discussed above and higher gross margins. Although material prices and labor costs have been increasing in recent periods, Champion Holdings' was able to offset those effects with pricing increases, operational improvements and product rationalization. Champion Holdings continued to standardize product design and material purchases which allowed for more seamless production for its supply chain and helped to mitigate the commodity inflation occurring in the marketplace. In the same effort to streamline production, Champion Holdings continued to focus on better understanding its cost structure and discontinued models and options that customers did not value. Finally, the U.S. manufacturing plants have increased output which allowed for better leverage of fixed costs.

Canadian Factory-built Housing:

Gross profit for the Canadian Factory-built Housing segment decreased by $1.0 million during fiscal 2018 compared to fiscal 2017 and declined to 19.1% as a percent of segment net sales from 21.0% in fiscal 2017. Due to general economic conditions in western Canada, the operations were not able to entirely offset the effects of commodity inflation and rising labor costs. In addition, gross profit was lower as a percent of net sales as a result of a shift in product mix.

Corporate/other:

Corporate/other gross profit increased $1.0 million in fiscal 2018 compared to fiscal 2017, however, as a percent of segment net sales decreased to 14.0% from 15.6% in fiscal 2017. The decrease was primarily the result of an increase in brokerage activity that experiences lower gross profits than traditional delivery operations.

***Selling, General and Administrative Expenses*:** The following table summarizes selling, general and administrative expenses for the years ended March 31, 2018 and April 1, 2017:

(Dollars in thousands)	Year Ended March 31, 2018	Year Ended April 1, 2017	Change	% Change
Selling, general and administrative expenses:				
U.S. Factory-built Housing	$ 83,486	$ 67,872	$15,614	23.0%
Canadian Factory-built Housing	8,768	7,819	949	12.1%
Corporate/Other	30,268	33,614	(3,346)	(10.0%)
	$122,522	$109,305	$13,217	12.1%
Selling, general and administrative expense as a percent of net sales	11.5%	12.7%		

Selling, general and administrative expenses were $122.5 million in fiscal 2018, an increase of $13.2 million from fiscal 2017. The following is a summary of the change by operating segment.

U.S Factory-built Housing:

The U.S. Factory-built Housing segment had a $15.6 million increase in selling, general and administrative expenses in fiscal 2018 as compared to fiscal 2017. The increase was primarily the result of: (i) an increase in salaries and benefits of $5.4 million, generally a result of increased compensation and administrative headcount to facilitate expanding capacity; (ii) incentive compensation, which is generally based on a measure of profitability, was $4.6 million higher in fiscal 2018 than in fiscal 2017; and (iii) other administrative costs, including professional fees, IT and sales and marketing costs, which were $1.8 million higher in fiscal 2018, generally a result of required support for growth. Although total costs were higher, as a percent of segment net sales, selling, general and administrative expenses for fiscal 2018 were 9.7% compared to 10.0% in fiscal 2017.

Canadian Factory-built Housing:

The Canadian Factory-built Housing segment had a 12.1% increase in selling, general and administrative expenses in fiscal 2018 compared to fiscal 2017. The increase was primarily due to the effect of the translation of foreign denominated cash, which has an unfavorable year-over-year impact of $0.6 million. As a percent of segment net sales, selling, general and administrative expenses for the Canadian segment was 9.1% in fiscal 2018 and 8.4% in 2017.

Corporate/other:

Selling, general and administrative costs for Corporate/other includes the Company’s transportation operations, corporate costs incurred for all segments and intersegment eliminations. The decrease of $3.3 million in fiscal 2018 from 2017 was primarily due to gains and losses on certain intercompany debt denominated in foreign currencies. In fiscal 2017, currency losses were $4.0 million compared to currency gains of $0.8 million in fiscal 2018. The intercompany debt was retired subsequent to March 31, 2018 per the terms of the Exchange Agreement. The remaining selling, general and administrative costs were higher in fiscal 2018 primarily as a result of increased incentive compensation.

***Interest Expense, Net*:** The following table summarizes the components of interest expense, net for the years ended March 31, 2018 and April 1, 2017:

	Year Ended			
(Dollars in thousands)	March 31, 2018	April 1, 2017	Change	% Change
Interest expense	$ 5,133	$ 4,646	$ 487	10.5%
Interest income	(948)	(382)	(566)	(148.2%)
Interest expense, net	$ 4,185	$ 4,264	$ (79)	(1.9%)
Average outstanding floor plan payable	$21,739	$16,975		
Average outstanding long-term debt	$59,604	$59,980		

Interest expense, net was $4.2 million in fiscal 2018, a decrease of $0.1 million from fiscal 2017. The overall change related to increases in both interest income and expense during the period that generally offset. Interest expense increased $0.5 million as a result of the increase in average outstanding borrowings on floor plan financing arrangements, despite a reduction in the weighted-average interest rate from 6.3% to 6.0%. Floor plan payables were used to finance retail inventory at company-owned retail sales centers and the increase in outstanding borrowings is consistent with the expanded footprint for the U.S. retail operations discussed above. In addition, the weighted average interest rate on outstanding long-term debt for fiscal 2018 increased to 7.2% from 6.5% in fiscal 2017 and the average rates relating to the industrial revenue bonds increased from 1.0% in fiscal 2017 to 1.5% in fiscal 2018. Interest income increased $0.6 million as a result of an increase in interest generated from a higher average cash balances on hand throughout fiscal 2018 and increased investments in short-term cash equivalents.

***Other Expense*:** The following table summarizes other expense for the years ended March 31, 2018 and April 1, 2017:

	Year Ended			
(Dollars in thousands)	March 31, 2018	April 1, 2017	Change	% Change
Other expense	$7,288	$2,380	$4,908	206.2%

Other expense for fiscal 2018 primarily consists of $7.2 million of legal, accounting and other transaction costs for the Exchange. Other expense for fiscal 2017 primarily consists of $1.7 million of costs for the IBS Acquisition and the acquisition of new retail sales centers, and $0.4 million of legal and accounting fees related to the disposition of Champion Holdings' U.K. operations.

***Income Tax Expense (Benefit)*:** The following table summarizes income tax expense (benefit) for the years ended March 31, 2018 and April 1, 2017:

	Year Ended			
(Dollars in thousands)	March 31, 2018	April 1, 2017	Change	% Change
Income tax expense (benefit)	$27,316	$(23,321)	$50,637	217.1%
Effective tax rate	63.4%	(83.3%)		

During fiscal 2018, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act made several changes to the U.S. Internal Revenue Code of 1986, including among other things, a reduction of the corporate income tax rate from 35% to 21%. Since Champion Holding's fiscal year ended March 31, 2018, the current U.S. corporate income tax rate under the Tax Act was a blended rate of 31.5%. The effective tax rate in fiscal 2018 was higher than the federal statutory blended rate of 31.5%, largely attributable to the recognition of a $3.3 million foreign investment basis difference and $9.4 million of tax expense due to the deferred tax rate change as a result of the Tax Act.

The negative effective tax rate in fiscal 2017 was primarily a result of a $35.9 million income tax benefit recognized for the release of the valuation allowance on deferred tax assets in the U.S. During fiscal 2017, Champion Holdings evaluated the realizability of its deferred tax assets and determined it was more likely than not that its net deferred tax assets would be realized.

***Gain from Discontinued Operations*:** The following table summarizes gain from discontinued operations for the years ended March 31, 2018 and April 1, 2017:

	Year Ended			
(Dollars in thousands)	**March 31, 2018**	**April 1, 2017**	**Change**	**% Change**
(Gain) from discontinued operations	$—	$(583)	$583	100.0%

During fiscal 2016, Champion Holdings committed to a plan to dispose of its U.K. operations, and therefore, classified the results of operations of its U.K. subsidiaries as discontinued and the assets and liabilities as held for sale. Champion Holdings recognized a net gain on discontinued operations in fiscal 2017 of $0.6 million. The net gain includes the U.K. operating losses for the period up to the disposition and the net impact of recognizing historical cumulative adjustments upon the final disposition. The sale of the U.K. operations was completed on January 20, 2017. Prior to the disposition, Champion Holdings accounted for cumulative currency translation adjustments on invested assets and liabilities, and pension actuarial losses in accumulated other comprehensive income. Upon final disposition, $8.3 million of net cumulative gains for these items were reclassified from accumulated other comprehensive income to net income.

***Adjusted EBITDA*:** The following table reconciles net income, the most directly comparable U.S. generally accepted accounting principles ("U.S. GAAP") measure, to Adjusted EBITDA (as defined below), a non-GAAP financial measure, for the years ended March 31, 2018 and April 1, 2017:

	Year Ended			
(Dollars in thousands)	**March 31, 2018**	**April 1, 2017**	**Change**	**% Change**
Net income	$15,800	$ 51,910	$(36,110)	(69.6%)
Gain from discontinued operations	—	(583)	583	100.0%
Income tax expense (benefit)	27,316	(23,321)	50,637	(217.1%)
Interest expense, net	4,185	4,264	(79)	(1.9%)
Depreciation and amortization	8,260	7,245	1,015	14.0%
Foreign currency (gains) losses	(547)	3,688	(4,235)	(114.8%)
Transaction costs	7,267	2,356	4,911	208.4%
Gain on sale of non-operating facilities	(106)	(902)	796	88.2%
Equity based compensation	642	608	34	5.6%
Lower of cost or market adjustment of development inventory	1,165	—	1,165	N/M
Other	626	182	444	244.0%
Adjusted EBITDA	$64,608	$ 45,447	$ 19,161	42.2%

"N/M" indicates that the calculated percentage is not meaningful.

Adjusted EBITDA for fiscal 2018 was $64.6 million, an increase of $19.2 million over fiscal 2017. The primary driver of the change from fiscal 2017 was a $19.9 million increase in operating income which was driven by the increase in operating activities and the relative reduction in direct and indirect operating expenses as a percent of sales as discussed above.

Adjusted EBITDA is presented as a supplemental measure of the Champion Holdings' financial performance that management believes is useful to investors, because the excluded items may vary significantly

in timing or amounts and/or may obscure trends useful in evaluating and comparing Champion Holdings' operating activities across reporting periods. Not all companies use identical calculations and, accordingly, Champion Holdings' presentation of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies. See *Adjusted EBITDA* below for additional information.

Liquidity and Capital Resources

The following table presents summary cash flow information for the years ended March 31, 2018 and April 1, 2017:

	Year Ended	
(Dollars in thousands)	**March 31, 2018**	**April 1, 2017**
Net cash provided by (used in):		
Operating activities	$ 31,624	$ 34,289
Investing activities	(8,621)	(17,624)
Financing activities	9,130	3,694
Effect of exchange rate changes on cash and cash equivalents	586	(586)
Net increase in cash and cash equivalents—continuing operations	32,719	19,773
Net decrease in cash and cash equivalents—discontinued operations	—	(1,943)
Net increase in cash and cash equivalents	32,719	17,830
Cash and cash equivalents at beginning of period	81,012	63,182
Cash and cash equivalents at end of period	$113,731	$ 81,012

At March 31, 2018, total liquidity was $113.7 million, consisting of unrestricted cash and cash equivalents. Champion Holdings also had restricted cash of $22.8 million which was maintained as collateral for letters of credit issued to support industrial revenue bonds, repurchase obligations, self-insurance programs and bonding facilities. Cash balances and cash flow from operations for the next year are expected to be adequate to fund capital expenditures as well as any scheduled debt payments due during that period. The level of cash availability is projected to be in excess of cash needed to operate the business for the next year. In the event that operating cash flow is inadequate and one or more capital resources were to become unavailable, Champion Holdings would revise operating strategies accordingly.

Cash and cash equivalents increased by $32.7 million during fiscal 2018. The increase was primarily a result of cash generated by operating activities from continuing operations. Although operating income was $19.9 million higher than during fiscal 2017, cash generated from operating activities was $2.7 million lower in fiscal 2018. That overall decrease was the result of additional net cash outflows for changes in working capital items of $5.7 million, an increase in transaction fees included in other expense of $4.9 million, and $9.7 million of additional cash paid for income taxes in fiscal 2018 over fiscal 2017.

Net cash outflows resulting from the overall increase in working capital items is related primarily to increases in accounts receivable of $13.9 million, inventories of $24.8 million and other assets of $7.1 million, offset by increases in accounts payable of $7.7 million and accrued expenses of $28.1 million and a decrease in floor plan receivables of $3.4 million. Those increases are the result of higher levels of operating activities from the expansion of the U.S. Factory-built Housing segment footprint and additional manufacturing throughput.

Cash used in investing activities was $9.0 million lower in fiscal 2018 than in 2017. The decrease was a result of the cash outflow in fiscal 2017 for the acquisition of IBS of $14.3 million, offset by an additional $2.5 million of capital expenditures for the purchase of property, plant and equipment, including the Mansfield plant acquisition, in fiscal 2018 and $4.5 million less cash received in fiscal 2018 for the sale of non-operating assets.

Cash provided by financing activities was $5.4 million higher in fiscal 2018, primarily as a result of net borrowings on floor plan payables of $7.9 million. The increase in borrowings on floor plan payables is consistent with the expanded U.S. retail operations discussed above.

In the last two fiscal years ended March 31, 2018, Champion Holdings has neither declared nor paid any cash dividends to its members. Champion Holdings has previously retained earnings to support operations and to finance the growth and development of its business. Payment of any future dividends will be at the discretion of Champion Holdings' board of managers and, prior to the completion of the Exchange, in accordance with the terms of the Exchange Agreement. As such, prior to the completion of the Exchange, Champion Holdings' paid dividends to its members of $65.0 million.

Contractual Obligations and Commitments

The following table presents a summary of payments due by period for Champion Holdings' contractual obligations for long-term debt, capital leases and operating leases as of March 31, 2018:

	Payments due by period: After March 31, 2018 (1)(2)				
(Dollars in thousands)	**Total**	**< 1 Year**	**1 to 3 Years**	**3 to 5 Years**	**> 5 Years**
Term Notes due March 2020	$46,897	$400	$46,497	$—	$—
Obligations under industrial revenue bonds due 2029	12,430	—	—	—	12,430
Capital lease obligations and other debt	4	4	—	—	—
Operating leases	18,552	5,045	7,171	4,447	1,889
Total	$77,883	$5,449	$53,668	$4,447	$14,319

(1) The variable interest on outstanding debt obligations is not included in the repayment information.
(2) Based on the outstanding debt obligations and variable rates in effect at March 31, 2018, estimated annual interest expense on Champion Holdings' term notes and industrial revenue bonds would be $3.5 million. Interest on outstanding debt obligations is paid quarterly.

Credit Facility

On March 19, 2010, Champion Holdings entered into a credit agreement (the "Credit Agreement") with lenders that primarily included Champion Holdings' equity holders and certain of their affiliates. In March 2015, the Credit Agreement was amended and restated (the "Amended Credit Agreement"). At the time of the amendment, Champion Holdings had outstanding reimbursement notes of $22.0 million. Under the terms of the Amended Credit Agreement, on September 19, 2015, $12.5 million of the then outstanding reimbursement notes were exchanged for term notes and the remaining $9.5 million of outstanding balance reimbursement notes were repaid.

As of March 31, 2018, the aggregate principal amount of the term notes outstanding under the Amended Credit Agreement was $46.9 million. Indebtedness under the Amended Credit Agreement was secured by substantially all assets of Champion Holdings' U.S. operations and a pledge of 65% of Champion Holdings' equity interests in its foreign operations. The term notes required quarterly principal payments of $0.1 million and would have matured on March 19, 2020. Obligations under the Amended Credit Agreement bore interest, based on Champion Holdings' discretion, at either (i) a base rate plus a margin, or (ii) the London Interbank Offered Rate ("LIBOR") plus a margin. The base rate was the greater of the administrative agent's prime interest rate or the federal funds rate plus 0.5%. LIBOR was based on monthly LIBOR interest periods of up to one year, at Champion Holdings' discretion. For term notes priced using the base rate, the margin was 4.5%. Term notes priced using LIBOR require that LIBOR cannot be less than 1.0%, and the margin was 5.5%.

The Amended Credit Agreement contained covenants that restricted the amount of additional debt, liens and certain payments, including equity buybacks, investments, dispositions, mergers and consolidations, among other

things. Champion Holdings was in compliance with all covenants of the Amended Credit Agreement as of March 31, 2018.

Following the completion of the Exchange, on June 5, 2018, Skyline Champion Corporation entered into a credit agreement ("New Credit Agreement") with a syndicate of banks. The New Credit Agreement provides for a revolving credit facility to Skyline Champion Corporation of up to $100.0 million, including a letter of credit sub-facility of not less than $45.0 million. Initial borrowings under the New Credit Agreement were used to repay Champion Holdings' existing $46.9 million Term Notes and replace the existing cash collateralized stand-alone letter of credit facility.

The New Credit Agreement will mature on the fifth anniversary of the closing date and has no scheduled amortization. The interest rate under the New Credit Agreement will adjust based on the first lien net leverage of Skyline Champion Corporation. For the first two full fiscal quarters following the closing under the New Credit Agreement, the annual interest rate will be LIBOR plus 1.75% or ABR plus 0.75%, at the election of Skyline Champion Corporation. Thereafter, the interest rate will adjust based on the first lien net leverage from a high of LIBOR plus 2.25% and ABR plus 1.25% when first lien net leverage is equal to or greater than 2.00:1.00, to a low of LIBOR plus 1.50% and ABR plus 0.50% when first lien net leverage is below 0.50:1.00. In addition, Skyline Champion Corporation will be obligated to pay a commitment fee ranging between 0.40% and 0.25% (depending on first lien net leverage) in respect of unused commitments under the New Credit Facility.

Letter of Credit Facility

Prior to entering into the New Credit Agreement, Champion Holdings provided letters of credit issued by a commercial bank under a separate stand-alone facility (the "L/C Facility") collateralized with restricted cash equaling 101% of the issued letters of credit. At March 31, 2018, letters of credit issued under the stand-alone facility totaled $22.6 million and were secured by $22.8 million of restricted cash. Champion Holdings was required to pay annual fronting and administrative fees of approximately 1.1% of the outstanding letters of credit under the L/C Facility. This facility has been replaced with a letter of credit sub-facility under the New Credit Agreement.

Industrial Revenue Bonds

Obligations under industrial revenue bonds are supported by letters of credit and bear interest based on a municipal bond index rate. The industrial revenue bonds require lump-sum payments of principal upon maturity in 2029.

Floor Plan Payable

At March 31, 2018, Champion Holdings had outstanding borrowings on floor plan financing arrangements of $29.8 million. Champion Holdings' retail operations utilized floor plan financing to fund the acquisition of manufactured homes for display or resale. Total available borrowings under the arrangements as of March 31, 2018 were $43.0 million. Borrowings were secured by the homes acquired and were required to be repaid when Champion Holdings sells the financed home to a customer.

Contingent Obligations

Champion Holdings had contingent liabilities and obligations at March 31, 2018, including surety bonds and letters of credit totaling $30.4 million and $22.6 million, respectively. Additionally, Champion Holdings was contingently obligated under repurchase agreements with certain lending institutions that provide floor plan financing to independent retailers. The contingent repurchase obligation as of March 31, 2018, was approximately $140.1 million, without reduction for the resale value of the homes. See "*Critical Accounting Polices—Reserve for Repurchase Commitments*" below.

Champion Holdings had provided various representations, warranties and other standard indemnifications in the ordinary course of its business in agreements to acquire and sell business assets and in financing arrangements. Champion Holdings was subject to various legal proceedings and claims that arise in the ordinary course of its business.

In the normal course of business, Champion Holdings' subsidiaries historically provided certain parent company guarantees to two Champion Holdings U.K. customers. These guarantees provide contractual liability for proven construction defects up to 12 years from the date of delivery of the units. The guarantees remain a contingent liability of Champion Holdings, subsequent to the disposition of the U.K. operations, which declines over time through October 2027. As of the date of this report, no claims have been reported under the terms of the guarantees.

Champion Holdings guaranteed a portion of its customers' floor plan obligations beyond the customary repurchase arrangements discussed previously. Champion Holdings had agreed to guarantee from 3% to 50% of certain retailers' outstanding loans to a Floor Plan Lender. At March 31, 2018, those guarantees totaled $1.4 million, of which, $1.4 million was outstanding. These obligations are not included in Champion Holdings' consolidated balance sheet and are collateralized by the related homes.

Management believes the ultimate liability with respect to these contingent obligations will not have a material effect on Champion Holdings' consolidated financial position, results of operations or cash flows.

Incentive Compensation Plan

Champion Holdings has a liability-based award for certain members of management that is payable upon achievement of defined performance conditions. At March 31, 2018, the achievement of the performance conditions had not been deemed probable, and therefore, Champion Holdings has not recorded a liability. Under the terms of the award, a cash-based benefit will materialize pursuant to the terms of the award based on the achievement of certain metrics, which will be recognized as compensation expense if the performance conditions become probable.

Adjusted EBITDA

Champion Holdings defines Adjusted Earnings Before Interest Taxes and Depreciation and Amortization ("Adjusted EBITDA") as net income or loss plus (a) the provision for income taxes, (b) interest expense, net, (c) depreciation and amortization, (d) gain or loss from discontinued operations, (e) foreign currency gains and losses, (f) equity based compensation, (g) non-cash restructuring charges and impairment of assets, and (h) other non-operating costs including those for the acquisition and integration or disposition of businesses and idle facilities. Adjusted EBITDA is not a measure of earnings calculated in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), and should not be considered an alternative to, or more meaningful than, net income or loss prepared on a U.S. GAAP basis. Adjusted EBITDA does not purport to represent cash flow provided by, or used in, operating activities as defined by U.S. GAAP, which is presented in the Statement of Cash Flows. In addition, Adjusted EBITDA is not necessarily comparable to similarly titled measures reported by other companies.

Champion Holdings believes Adjusted EBITDA is useful to an investor in evaluating operating performance for the following reasons:

- Adjusted EBITDA is widely used by investors to measure a company's operating performance without regard to items such as interest income and expense, taxes, depreciation and amortization and equity-based compensation, which can vary substantially from company to company depending upon accounting methods and the book value of assets, capital structure and the method by which assets were acquired; and

- analysts and investors use Adjusted EBITDA as a supplemental measure to evaluate the overall operating performance of companies in our industry.

Champion Holdings' management used Adjusted EBITDA:

- for planning purposes, including in the preparation of our internal annual operating budget and periodic forecasts;
- in communications with the board of managers and investors concerning financial performance;
- as a significant factor in determining bonuses under management's annual incentive compensation program; and
- as a measure of operating performance used to determine the ability to provide cash flows to support investments in capital assets, acquisitions and working capital requirements for operating expansion and large construction projects.

Critical Accounting Policies

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Assumptions and estimates of future earnings and cash flow are used in the periodic analyses of the recoverability of goodwill, intangible assets, deferred tax assets and property, plant and equipment. Historical experience and trends are used to estimate reserves, including reserves for self-insured risks, warranty costs and wholesale repurchase losses. Following is a description of each accounting policy requiring significant judgments and estimates.

Revenue Recognition

For manufacturing shipments to independent retailers and builders/developers, sales revenue is generally recognized when wholesale floor plan financing or retailer credit approval has been received, the home is shipped, and title is transferred. As is customary in the factory-built housing industry, a significant portion of Champion Holdings' manufacturing sales to independent retailers were financed under floor plan agreements with financing companies ("Floor Plan Lenders"). Payment for floor plan sales is generally received 5 to 10 business days from the date of invoice.

In connection with the floor plan programs, Champion Holdings generally had separate agreements with the Floor Plan Lenders that required Champion Holdings to repurchase homes upon default by the retailer and repossession of the homes by the Floor Plan Lender. These repurchase agreements were applicable for various periods of time, generally up to 24 months after the sale of the home to the retailer. However, certain homes are subject to repurchase until the home is sold by the retailer. The repurchase price is generally equal to the lesser of (i) the unpaid balance of the floor plan loans or (ii) the original loan amount less any contractual installment payments made prior to the repurchase, plus certain administrative costs incurred by the Floor Plan Lender to repossess the homes, less the cost of any damage, missing parts or accessories, which are the responsibility of the Floor Plan Lender. Champion Holdings accrues estimated losses for these repurchase obligations at the time a home is sold. For additional information, see "*Reserve for Repurchase Commitments*" below.

For retail sales to consumers from Champion Holdings'-owned retail sales centers, sales revenue was recognized when the home has been delivered, set up and accepted by the consumer; title has transferred; and either funds have been received from the finance company or directly from the home buyer, depending on the nature of the transaction.

Champion Holdings recognized revenue and related cost of sales for long-term construction contracts under the percentage-of-completion method. Management estimated the stage of completion on each construction

project based on contract milestones and costs incurred. Billed and unbilled revenue on long-term construction contracts was included in trade accounts receivable.

Sales revenue was reported net of applicable sales tax.

Reserves for Self-Insured Risks

Champion Holdings was self-insured for a significant portion of its general insurance, product liability, workers' compensation, auto, health and property insurance. Insurance coverage was maintained for catastrophic exposures and those risks required to be insured by law. Champion Holdings was liable for the first $150,000 of incurred losses for each workers' compensation and auto liability claim and is responsible for losses up to the first $500,000 per occurrence for general, product liability, and property insurance. Generally catastrophic losses were insured up to $100 million. The health plan was subject to a stop-loss limit of $300,000 per occurrence. Estimated self-insurance costs are accrued for all expected future expenditures for reported and unreported claims based on historical experience.

Warranty Reserves

Champion Holdings' factory-built housing operations generally provided each retail homebuyer or builder/developer with a 12-month warranty from the date of retail purchase. Estimated warranty costs were accrued as cost of sales at the time of sale. Warranty provisions and reserves were based on estimates of the amounts necessary to settle existing and future claims on homes sold as of the balance sheet date. Factors used to calculate the warranty obligation included the estimated number of homes still under warranty and the amount and timing of historical costs incurred to service homes.

Champion Holdings had recorded a liability for estimated future warranty costs relating to homes sold, based upon assessment of historical experience factors. Factors used in the estimation of the warranty liability include the estimated amount of homes still under warranty including homes in retailer inventories, homes purchased by consumers still within the 12-month warranty period, the timing in which work orders were completed and the historical average costs incurred to service a home.

Construction defect claims may arise during a significant period of time after product completion. Although general liability insurance and reserves for such claims were maintained, based on assessments as described previously, which had been adequate, there can be no assurance that warranty and construction defect claims will remain at current levels or that such reserves will continue to be adequate. A large number of warranty and construction defect claims exceeding current levels could have a material adverse effect on the results of operations.

Impairment of Long-Lived Assets

It is Champion Holdings' policy to evaluate the recoverability of property, plant and equipment whenever events and changes in circumstances indicate that the carrying amount of assets may not be recoverable, primarily based on estimated selling price, appraised value or projected undiscounted future cash flows.

Income Taxes and Deferred Tax Assets

Champion Holdings is not subject to income taxes but is treated as a partnership for U.S. tax purposes, and therefore, its income or loss is passed through to its equity members. Champion Holdings' U.S. and foreign subsidiaries are subject to income taxes in their respective tax jurisdictions.

Deferred tax assets and liabilities are determined based on temporary differences between the financial statement amounts and the tax bases of assets and liabilities using enacted tax rates in effect in the years in which

the differences are expected to reverse. A valuation allowance is provided when Champion Holdings determines that it is more likely than not that some or all of the deferred tax assets will not be realized. During fiscal 2017, considering all available evidence, Champion Holdings concluded that it was more likely than not that its U.S. deferred tax assets would be realized. As a result, the valuation allowance that had previously been provided with respect to the net deferred tax assets in the U.S. was released.

Reserve for Repurchase Commitments

As is customary in the factory-built housing industry, a significant portion of the manufacturing operations' sales to independent retailers are made pursuant to repurchase agreements with lending institutions that provide wholesale floor plan financing to the retailers. Certain homes sold pursuant to repurchase agreements are subject to repurchase, generally up to 24 months after the sale of the home to the retailer. Certain other homes sold pursuant to repurchase agreements are subject to repurchase until the home is sold by the retailer. For those homes with an unlimited repurchase period, Champion Holdings' risk of loss upon repurchase declines due to required monthly principal payments by the retailer. After 24 or 30 months from the date of Champion Holdings' sale of the home, the risk of loss on these homes is low, and by the 46th month, most programs require that the home be paid in full, at which time Champion Holdings no longer has risk of loss. Pursuant to these agreements, during the repurchase period, generally upon default by the retailer and repossession by the financial institution, Champion Holdings is obligated to repurchase the homes from the Floor Plan Lender. The contingent repurchase obligation as of March 31, 2018, was estimated to be approximately $140.1 million, without reduction for the resale value of the homes. Losses under repurchase obligations represent the difference between the repurchase price and net proceeds from the resale of the homes, less accrued rebates, which will not be paid. Losses incurred on homes repurchased have been insignificant in recent periods. The reserve for estimated losses under repurchase agreements was $0.7 million at March 31, 2018.

Retailer Volume Rebates

Champion Holdings' factory-built housing operations sponsor volume-based rebate programs under which sales to retailers and builders/developers can qualify for cash rebates. Rebates are generally based on the level of sales attained during a 12-month period and are accrued at the time of sale. Rebates are included as a reduction of net sales in the consolidated statements of operations.

Off Balance Sheet Arrangements

Off balance sheet arrangements at March 31, 2018, consisted of the contingent repurchase obligation totaling approximately $140.1 million, letters of credit totaling $22.6 million, and surety bonds totaling $30.4 million. The letters of credit were backed by restricted cash included in Champion Holdings' consolidated balance sheet. See *"Contractual Obligations and Commitments—Contingent Obligations"* and *"Critical Accounting Policies—Reserve for Repurchase Commitments"* above for more information related to off balance sheet arrangements.

Related Party Transactions

Champion Holdings was party to a management agreement with its lead investors pursuant to which it paid an annual fee of $1.5 million plus reimbursable expenses. Under the agreement, the lead investors provided management, consulting, financial and other advisory services to Champion Holdings. The management fee agreement was terminated in connection with the completion of the Exchange with Skyline. No fees were due or payable under the management fee agreement following its termination.

Inflation

Inflation has not had a material effect on profitability during the past three years. Commodity prices, including lumber, have fluctuated in recent years, but increases have generally been passed on to customers or

mitigated through working with supply chain partners. However, sudden increases in specific costs, as well as price competition, can affect the ability to pass on costs and adversely impact results of operations. Therefore, there is no assurance that inflation or the impact of rising material costs will not have a significant impact on revenue or results of operations in the future.

Seasonality

The housing industry is affected by seasonality, which includes factory-built homes. Sales during the period from March to November are traditionally higher than other months. As a result, quarterly results of a particular period are not necessarily representative of the results expected for the year.

Recently Issued Accounting Standards

In May 2017, the FASB issued ASU 2017-09 *Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting*, to clarify which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. This ASU is effective for annual periods beginning after December 15, 2017. This ASU will be applied prospectively when changes to the terms or conditions of a share-based payment award occur.

In August 2016, the FASB issued ASU 2016-15 (Topic 230), *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments*. This ASU adds or clarifies guidance on the classification of certain cash receipts and payments in the statement of cash flows. As a result of the Exchange, this ASU is effective for annual periods beginning after December 15, 2017, and interim periods within those annual periods, with early adoption permitted. Champion Holdings does not expect this ASU to have a material impact on its operations and its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. A lessee should recognize in the consolidated balance sheet a liability to make lease payments (the lease liability) and an asset representing its right to use the underlying asset for the lease term. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous requirements. As a result of the Exchange, this ASU is effective for fiscal years beginning after December 31, 2018, or Champion Holdings' fiscal year commencing March 31, 2019. Modified retrospective application and early adoption is permitted. Champion Holdings is currently assessing the impact the adoption of this standard will have on its operations and its consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The guidance prescribes a single, common revenue standard that replaces most existing revenue recognition guidance in U.S. GAAP. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract as these steps are satisfied. The standard also requires new, expanded disclosures regarding revenue recognition. Several ASUs have been issued since the issuance of ASU 2014-09. These ASUs, which modify certain sections of ASU 2014-09, are intended to promote a more consistent interpretation and application of the principles outlined in the standard. As a result of the Exchange, this guidance is effective for annual reporting periods beginning after December 15, 2017, or Champion Holdings' fiscal year commencing April 1, 2018. Champion Holdings is finalizing its review of the impact of adopting this standard and is developing and executing a comprehensive implementation plan. Reviews of a significant portion of commercial contracts have been completed and changes to processes and internal controls are being identified to meet the standard's reporting and disclosure requirements. At this time, Champion Holdings does not believe that this standard will have a material effect on its revenues, results of operations or financial position. Champion Holdings expects to make additional disclosures related to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers as required by the new standard. Champion Holdings currently plans to adopt the new standard using the modified retrospective approach.

Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

Debt obligations under the Amended Credit Agreement were subject to variable rates of interest based on LIBOR, the administrative agent's prime rate or the U.S. federal funds rate. A 100 basis point increase in the underlying interest rate would result in an additional annual interest expense of approximately $0.5 million, assuming average related debt of $46.9 million, which was the amount of outstanding borrowings on the term notes at March 31, 2018.

Obligations under industrial revenue bonds were subject to variable rates of interest based on a municipal bond index rate. A 100 basis point increase in the underlying interest rates would result in additional annual interest expense of approximately $0.1 million, assuming average related debt of $12.4 million, which was the amount of outstanding borrowings on industrial revenue bonds at March 31, 2018.

Obligations under floor plan financing arrangements were subject to variable rates of interest based on terms negotiated with the Floor Plan Lenders. A 100 basis point increase in the underlying interest rates would result in additional annual interest expense of approximately $0.3 million, assuming average related floor plan borrowings of $29.8 million, which was the amount of outstanding borrowings on floor plan financing at March 31, 2018.

Champion Holdings' approach to interest rate risk was to balance borrowings between fixed rate and variable rate debt as management deems appropriate. At March 31, 2018, Champion Holdings' borrowings under the Term Loans, industrial revenue bonds and floor plan financing arrangements were all at variable rates. Borrowings under the New Credit Agreement will also be at variable interest rates.

Foreign Exchange Risk

Champion Holdings was exposed to foreign exchange risk with its factory-built housing operations in Canada. The Canadian operations had fiscal 2018 net sales of $124.0 million Canadian dollars. Assuming future annual Canadian net sales equal to fiscal 2018, a change of 1.0% in exchange rates between the U.S. and Canadian dollars would change consolidated sales by $1.2 million. Net income of the Canadian operations would also be affected by changes in exchange rates. Champion Holdings also had foreign exchange risk for cash balances maintained in Canadian dollars that are subject to fluctuating values when exchanged into U.S. dollars. Champion Holdings does not financially hedge its investment in the Canadian operations or in Canadian denominated bank deposits.

CHAMPION ENTERPRISES HOLDINGS, LLC AND SUBSIDIARIES
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Report of Independent Registered Public Accounting Firm

The Board of Members of
Champion Enterprises Holdings, LLC and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Champion Enterprises Holdings, LLC and Subsidiaries (the Company), as of March 31, 2018 and April 1, 2017, the related consolidated statements of operations, comprehensive income, cash flows, and changes in members' equity for each of the fiscal years ended March 31, 2018, April 1, 2017, and April 2, 2016, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at March 31, 2018 and April 1, 2017, and the results of its operations and its cash flows for the fiscal years ended March 31, 2018, April 1, 2017, and April 2, 2016 in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities law and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made my management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2006.

/s/ Ernst & Young LLP

Detroit, Michigan
June 8, 2018

Champion Enterprises Holdings, LLC and Subsidiaries
Consolidated Balance Sheets
(dollars in thousands)

	March 31, 2018	April 1, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	**$113,731**	$ 81,012
Trade accounts receivable, net	**41,984**	29,360
Inventories	**98,022**	74,182
Other current assets	**9,367**	8,087
Total current assets	**263,104**	192,641
Property, plant and equipment:		
Land and improvements	**22,071**	21,010
Buildings and improvements	**58,179**	54,260
Machinery and equipment	**31,924**	28,082
Construction in progress	**919**	593
	113,093	103,945
Less accumulated depreciation	**45,133**	37,368
Total property, plant and equipment, net	**67,960**	66,577
Restricted cash	**22,885**	21,680
Goodwill	**3,179**	3,179
Amortizable intangible assets, net	**1,542**	2,013
Deferred tax assets	**30,290**	39,517
Other noncurrent assets	**6,438**	2,414
Total assets	**$395,398**	$328,021
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities:		
Floor plan payable	**$ 29,825**	$ 17,814
Short-term portion of debt	**404**	418
Accounts payable	**36,773**	29,029
Customer deposits and receipts in excess of revenues	**24,557**	14,991
Accrued volume rebates	**17,037**	14,784
Accrued warranty obligations	**12,530**	11,934
Accrued compensation and payroll taxes	**24,100**	21,724
Accrued insurance	**11,112**	11,094
Other current liabilities	**10,776**	6,853
Total current liabilities	**167,114**	128,641
Long-term liabilities:		
Long-term debt	**58,927**	59,331
Deferred tax liabilities	**3,294**	—
Other	**12,766**	3,160
Total long-term liabilities	**74,987**	62,491
Contingent liabilities (Note 8)		
Members' equity:		
Contributed capital	**140,076**	140,322
Retained earnings	**22,514**	6,714
Accumulated other comprehensive loss	**(9,293)**	(10,147)
Total members' equity	**153,297**	136,889
Total liabilities and members' equity	**$395,398**	$328,021

See accompanying Notes to Consolidated Financial Statements.

Champion Enterprises Holdings, LLC and Subsidiaries
Consolidated Statements of Operations
(in thousands, except per unit data)

	Year Ended		
	March 31, 2018	**April 1, 2017**	**April 2, 2016**
Net sales	**$1,064,722**	$861,319	$751,703
Cost of sales	**887,611**	717,364	638,571
Gross profit	**177,111**	143,955	113,132
Selling, general and administrative expenses	**122,582**	105,175	92,394
Foreign currency transaction (gains) losses	**(547)**	3,688	3,173
Amortization of intangible assets	**487**	442	407
Operating income	**54,589**	34,650	17,158
Interest expense	**5,133**	4,646	3,976
Interest income	**(948)**	(382)	(318)
Other expense	**7,288**	2,380	632
Income from continuing operations before income taxes	**43,116**	28,006	12,868
Income tax expense (benefit)	**27,316**	(23,321)	2,640
Net income from continuing operations	**15,800**	51,327	10,228
Gain (loss) from discontinued operations	**—**	583	(10,248)
Net income (loss)	**$ 15,800**	$ 51,910	$ (20)
Net income (loss) attributable to:			
Champion members	**$ 15,800**	$ 51,910	$ 51
Noncontrolling interest	**—**	—	(71)
Basic and diluted net income (loss) per unit:			
Continuing operations	**$ 0.12**	$ 0.38	$ 0.07
Discontinued operations	**0.00**	0.00	(0.07)
Basic and diluted net income (loss) per unit attributable to Champion members	**$ 0.12**	$ 0.38	$ (0.00)
Weighted average number of basic and diluted units outstanding	**135,612**	135,612	139,435

See accompanying Notes to Consolidated Financial Statements.

Champion Enterprises Holdings, LLC and Subsidiaries
Consolidated Statements of Comprehensive Income
(dollars in thousands)

	Year Ended		
	March 31, 2018	**April 1, 2017**	**April 2, 2016**
Net income (loss)	**$15,800**	$51,910	$ (20)
Other comprehensive income (loss):			
Foreign currency translation gains	**854**	2,117	531
Pension actuarial gain	**—**	—	103
Amounts reclassified from accumulated other comprehensive income to discontinued U.K. operations:			
Foreign currency translation adjustments	**—**	(7,776)	—
Pension actuarial loss	**—**	214	—
Total other comprehensive income (loss)	**854**	(5,445)	634
Total comprehensive income	**$16,654**	$46,465	$614
Total comprehensive income (loss) attributable to:			
Champion members	**$16,654**	$46,465	$685
Noncontrolling interest	—	—	(71)

See accompanying Notes to Consolidated Financial Statements.

Champion Enterprises Holdings, LLC and Subsidiaries
Consolidated Statements of Cash Flows
(dollars in thousands)

	Year Ended		
	March 31, 2018	**April 1, 2017**	**April 2, 2016**
Cash flows from operating activities			
Net income (loss)	**$ 15,800**	$ 51,910	$ (20)
(Gain) loss from discontinued operations	**—**	(583)	10,248
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	**8,260**	7,245	6,258
Equity-based compensation	**642**	608	516
Deferred taxes	**12,914**	(26,707)	(150)
Gain on disposal of property, plant and equipment	**(122)**	(985)	(109)
Foreign currency transaction (gains) losses	**(547)**	3,688	3,173
Write down of development inventory	**1,165**	—	3,000
(Increase) decrease in assets:			
Accounts receivable	**(13,904)**	(9,774)	2,955
Floor plan receivables	**3,386**	(3,100)	193
Inventories	**(24,807)**	(13,559)	2,631
Other assets	**(7,133)**	(257)	3,369
Increase (decrease) in liabilities:			
Accounts payable	**7,691**	7,789	1,374
Accrued expenses and other liabilities	**28,122**	17,955	3,760
Other	**157**	59	60
Net cash provided by operating activities—continuing operations	**31,624**	34,289	37,258
Net cash used in operating activities—discontinued operations	**—**	(830)	(16,339)
Net cash provided by operating activities	**31,624**	33,459	20,919
Cash flows from investing activities			
Additions to property, plant and equipment	**(9,442)**	(6,955)	(3,712)
Business acquisitions	**—**	(14,705)	(437)
Proceeds from disposal of property, plant and equipment	**551**	5,053	148
Increase in note receivable	**(167)**	(1,000)	—
Distributions from (investment in) unconsolidated affiliates	**437**	(17)	—
Net cash used in investing activities—continuing operations	**(8,621)**	(17,624)	(4,001)
Net cash used in investing activities—discontinued operations	**—**	(1,113)	(518)
Net cash used in investing activities	**(8,621)**	(18,737)	(4,519)
Cash flows from financing activities			
Changes in floor plan financing, net	**12,011**	4,131	8,510
Payments on debt	**(418)**	(437)	(10,027)
Payments for deferred financing fees	**(369)**	—	—
Increase in restricted cash	**(1,206)**	—	(1,238)
Members' capital distributions	**(888)**	—	—
Members' capital repurchases	**—**	—	(5,869)
Net cash provided by (used in) financing activities—continuing operations	**9,130**	3,694	(8,624)
Effect of exchange rate changes on cash and cash equivalents	**586**	(586)	(1,377)
Net increase in cash and cash equivalents	**32,719**	17,830	6,399
Cash and cash equivalents at beginning of period	**81,012**	63,182	56,783
Cash and cash equivalents at end of period	**$113,731**	$ 81,012	$ 63,182
Additional cash flow information			
Cash paid for interest	**$ 5,000**	$ 3,431	$ 3,722
Cash paid for income taxes	**$ 13,025**	$ 3,306	$ 3,395

See accompanying Notes to Consolidated Financial Statements.

Champion Enterprises Holdings, LLC and Subsidiaries
Consolidated Statements of Changes in Members' Equity
(dollars in thousands)

	Contributed Capital		Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interest	Total
	Class A Units	Class C Units				
Balance at March 29, 2015	$142,168	$2,900	$(45,247)	$ (5,336)	$ 71	$ 94,556
Members' capital repurchases	(5,869)	—	—	—	—	(5,869)
Net loss	—	—	51	—	(71)	(20)
Equity-based compensation	—	515	—	—	—	515
Foreign currency translation adjustments	—	—	—	531	—	531
Pension actuarial loss, net of income tax benefit	—	—	—	103	—	103
Balance at April 2, 2016	$136,299	$3,415	$(45,196)	$ (4,702)	$—	$ 89,816
Net income	—	—	51,910	—	—	51,910
Equity-based compensation	—	608	—	—	—	608
Foreign currency translation adjustments	—	—	—	2,117	—	2,117
Amounts reclassified from accumulated other comprehensive income to discontinued U.K. operations:						
Foreign currency translation adjustments	—	—	—	(7,776)	—	(7,776)
Pension actuarial loss	—	—	—	214	—	214
Balance at April 1, 2017	$136,299	$4,023	$ 6,714	$(10,147)	$—	$136,889
Net income	**—**	**—**	**15,800**	**—**	**—**	**15,800**
Equity-based compensation	**—**	**642**	**—**	**—**	**—**	**642**
Members' capital distributions	**—**	**(888)**	**—**	**—**	**—**	**(888)**
Foreign currency translation adjustments	**—**	**—**	**—**	**854**	**—**	**854**
Balance at March 31, 2018	**$136,299**	**$3,777**	**$ 22,514**	**$ (9,293)**	**$—**	**$153,297**

Components of accumulated other comprehensive loss consisted of the following:

	March 31, 2018	April 1, 2017
Foreign currency translation adjustments	**$(9,293)**	$(10,147)

See accompanying Notes to Consolidated Financial Statements.

Note 1. Background and Nature of Operations

The accompanying consolidated financial statements include the accounts of Champion Enterprises Holdings, LLC, its wholly owned subsidiaries ("Champion") and a variable interest entity in which Champion is deemed to be the primary beneficiary (collectively "CEH" or the "Company").

Background

The Company was formed on January 20, 2010, as a Delaware limited liability company. The rights, powers, duties, obligations and liabilities of the Company's members are determined pursuant to the Delaware Limited Liability Company Act and the Company's Amended and Restated Limited Liability Company Agreement.

Nature of Operations

The Company's operations consist of manufacturing, retail and transportation activities. At March 31, 2018, the Company operated 23 manufacturing facilities throughout the United States ("U.S.") and five manufacturing facilities in Western Canada that primarily construct factory-built, timber-framed manufactured and modular houses that are sold primarily to independent retailers and builders/developers. The Company's retail operations consist of 21 sales centers that sell manufactured houses to consumers primarily in the Southern U.S. The Company's transportation business primarily engages independent owners/drivers to transport recreational vehicles throughout the U.S. and Canada and manufactured houses in certain regions of the U.S. The Company also has holding companies located in the Netherlands.

Skyline Corporation Transaction

On January 5, 2018, the Company and Skyline Corporation ("Skyline") entered into a Share Contribution & Exchange Agreement (the "Exchange Agreement") pursuant to which the two companies will combine their operations (the "Exchange" or the "Transaction"). Under the Exchange Agreement, (i) the Company will contribute to Skyline all of the issued and outstanding shares of common stock of the Company's wholly-owned subsidiaries through the contribution of all of the issued and outstanding equity interests of each of Champion Home Builders, Inc. and CHB International B.V., and (ii) in exchange for the contributed shares, Skyline will issue to the Company that number of shares of Skyline common stock such that at the closing, the Company, or its members, will hold 84.5%, and Skyline's shareholders will hold 15.5%, of the common stock of the combined company on a fully-diluted basis. The name of the newly combined company will be Skyline Champion Corporation.

The Exchange is expected to be accounted for as a reverse acquisition under the acquisition method of accounting as provided by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 805, *Business Combinations*. The Company will be considered the accounting acquirer. Upon completion of the Exchange, the Company will apply the acquisition method of accounting to the assets and liabilities of Skyline. The Exchange was not complete as of March 31, 2018, and therefore, the accompanying financial statements do not reflect any effects of the Exchange.

Acquisitions

On April 11, 2017, the Company completed the purchase of a manufactured housing plant in Mansfield, Texas, from Skyline for cash consideration of $2.2 million. The purchase included the land, building and equipment previously used by Skyline to build manufactured homes. The purchase enabled the Company to expand its manufacturing capacity in Texas. The purchase was accounted for as an asset acquisition.

Note 1. Background and Nature of Operations (continued)

On September 29, 2016, the Company, through a series of transactions, completed the purchase of the assets of Innovative Building Systems, LLC and Subsidiaries (“IBS”) for cash consideration of $14.3 million. IBS operated five modular manufacturing facilities and two retail sales centers in the Northeast and Midwest. Prior to the acquisition, IBS filed for Chapter 7 bankruptcy protection with the United States Bankruptcy Court (“Bankruptcy Court”) and ceased operations. As a result, the purchase of the business was facilitated by a Sec. 363 sale with the Bankruptcy Court. Significant acquired assets included inventory of $1.5 million, land and four manufacturing facilities of $10.2 million, machinery and equipment of $1.5 million and tradename intangibles of $0.7 million. The Company also assumed the lease of a fifth manufacturing facility. There were no additional liabilities assumed in the transaction. The Company recognized goodwill of $0.1 million related to this acquisition. During January 2017, the Company began operations at one of the acquired facilities. The Company incurred $1.7 million of fees and expenses related to the purchase of IBS, including legal, advisory and environmental inspection fees, inclusive of a $0.7 million loss on the acquisition of debt acquired from the IBS secured creditors that was settled by proceeds from the bankruptcy sale. Those expenses are included in other expense in the accompanying consolidated financial statements.

On April 4, 2016, the Company purchased substantially all of the assets and business of Skyco, LLC, for cash consideration of $0.3 million. On July 28, 2016, the Company purchased substantially all of the assets and business of MLK of Panama City, Inc., for cash consideration of $0.1 million. Combined, the acquired entities operated three retail sales centers in Florida and Louisiana, allowing the Company to further expand its retail presence in those markets. The purchases included $2.1 million of new manufactured homes, $1.9 million of assumed floor plan payables and $0.2 million of other net liabilities. The Company recognized goodwill of $0.4 million from these acquisitions.

On January 29, 2016, the Company purchased substantially all of the assets and business of Gideon Housing, LLC (“Gideon”), for cash consideration of approximately $0.4 million. At the date of acquisition, Gideon operated three retail sales centers in Louisiana, Georgia and Florida, which enabled the Company to expand its retail presence in the Southern and Southeastern U.S. markets. The purchase included $1.7 million of manufactured homes and $1.7 million of assumed floor plan payables. The Company recognized goodwill of $0.4 million related to this acquisition.

The results of operations of the acquired entities are included in the accompanying consolidated financial statements since the date of acquisition.

Disposition

The Company completed the sale of its operations in the United Kingdom (“Champion U.K.”) on January 20, 2017. During fiscal 2016, the Company committed to a plan to dispose of those operations and, as a result, classified the Champion U.K. assets and liabilities as held for sale. The results of the Champion U.K. operations have been presented as discontinued operations through the date of sale in the accompanying consolidated financial statements. For additional information, see Note 3, *Discontinued Operations*.

Note 2. Summary of Significant Accounting Policies

Year-End

The Company’s fiscal year is a 52- or 53-week period that ends on the Saturday nearest March 31. Fiscal 2018 and 2017 include the 52-weeks ended March 31, 2018 and April 1, 2017, respectively. Fiscal 2016 includes the 53-weeks ended April 2, 2016.

Note 2. Summary of Significant Accounting Policies (continued)

Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). All significant intercompany accounts and transactions have been eliminated in consolidation.

Variable Interest Entities

The Company analyzes its investments to determine whether they are variable interest entities ("VIEs") and, if so, whether the Company is the primary beneficiary. If the Company is determined to be the primary beneficiary of a VIE, it must consolidate the VIE. A VIE is an entity with an insufficient equity investment or in which the equity investors lack some of the characteristics of a controlling financial interest. In determining whether it is the primary beneficiary, the Company considers, among other things, whether it has the power to direct the activities of the VIE that most significantly impact the entity's economic performance, including, but not limited to, determining or limiting the scope or purpose of the VIE, selling or transferring property owned or controlled by the VIE, or arranging financing for the VIE. The Company also considers whether it has the obligation to absorb losses of, or the right to receive benefits from, the VIE.

The Company has a 90% equity interest in an entity formed in March 2012 to acquire and develop land into a subdivision of modular homes to be sold to homebuyers. The Company is responsible for the development of the subdivision and marketing the lots for sale, and to provide, install and set up modular homes on the lots. The Company has determined it is the primary beneficiary of this VIE and has therefore consolidated it in the accompanying consolidated financial statements. At March 31, 2018, the VIE was primarily comprised of debt payable to the Company and an equity deficit of $2.6 million. At April 1, 2017, the VIE was primarily comprised of development inventory of $1.5 million, debt payable to the Company of $2.1 million and an equity deficit of $0.6 million. The Company recorded an impairment charge of $1.2 million during fiscal 2018 to reflect the net realizable value of development inventory. After considering the effect of eliminating the intercompany balances, the net investment in development inventory was written down to zero at March 31, 2018 and had a value of $1.2 million at April 1, 2017.

Noncontrolling Interest

The amounts reflected in the accompanying consolidated financial statements as "Noncontrolling interest" represent the equity interest and results of operations attributable to the minority partner in the VIE discussed above.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates made in preparing the accompanying consolidated financial statements include, but are not limited to, reserves for obsolete inventory, accrued warranty costs, depreciable lives of property and equipment, long-lived asset and intangible asset impairment analyses, insurance reserves, legal reserves, repurchase reserves, share-based compensation and deferred tax valuation allowances. Actual results could differ from those estimates, making it reasonably possible that a change in these estimates could occur within one year.

Note 2. Summary of Significant Accounting Policies (continued)

Revenue Recognition and Repurchase Agreements

For manufacturing shipments to independent retailers and builders/developers, sales revenue is generally recognized when wholesale floor plan financing or retailer credit approval has been received, the home is shipped, and title is transferred. As is customary in the factory-built housing industry, a significant portion of the Company's manufacturing sales to independent retailers are financed under floor plan agreements with financing companies ("lenders"). Payment for floor plan sales is generally received 5 to 10 business days from the date of invoice.

In connection with the floor plan programs, the Company generally has separate agreements with the lenders that require the Company to repurchase homes upon default by the retailer and repossession of the homes by the lender. These repurchase agreements are applicable for various periods of time, generally up to 24 months after the sale of the home to the retailer. The repurchase price is generally equal to the lesser of (i) the unpaid balance of the floor plan loans or (ii) the original loan amount less any contractual installment payments made prior to the repurchase, plus certain administrative costs incurred by the lender to repossess the homes, less the cost of any damage, missing parts or accessories, which are the responsibility of the lender. The Company accrues estimated losses for these repurchase obligations at the time the home is sold. For additional information, see Note 8, *Commitments, Contingencies and Concentrations*.

For retail sales to consumers from Company-owned retail sales centers, sales revenue is recognized when the home has been delivered, set up and accepted by the consumer; title has transferred; and either funds have been received from the finance company or directly from the home buyer, depending on the nature of the transaction.

Revenue for the Company's transportation operations is recognized when a shipment has been delivered to its final destination. Revenue from transportation operations for fiscal 2018, 2017 and 2016 was 11%, 10% and 11%, respectively.

The Company recognizes revenue and related cost of sales for long-term construction contracts under the percentage-of-completion method. Management estimates the stage of completion on each construction project based on contract milestones and costs incurred. Billed and unbilled revenue on long-term construction contracts is included in trade accounts receivable in the accompanying consolidated balance sheets. Net sales recognized under the percentage-of-completion method was approximately 2% for both fiscal 2018 and 2017 and 1% for fiscal 2016.

Sales revenue is reported net of applicable sales tax.

Cost of Sales

Cost of sales includes manufacturing costs such as (i) materials, (ii) compensation and employee benefits for direct and indirect labor, (iii) fixed and variable manufacturing overhead costs, (iv) warranty costs, (v) inbound delivery costs and (vi) depreciation of buildings and equipment. Manufacturing overhead costs include costs such as (i) utilities, (ii) workers' compensation and product liability self-insurance, (iii) real and personal property taxes on buildings and equipment, (iv) manufacturing supplies, (v) repairs and maintenance and (vi) rents and leases for buildings and equipment. Cost of sales also includes certain post-manufacturing costs, to the extent such costs are the Company's responsibility. Post-manufacturing costs may include delivery and setup, foundations, craning, roofing, exterior cladding, interior finishing, utility connections and other miscellaneous site costs. Generally, subcontractors are engaged to perform post-manufacturing activities.

Note 2. Summary of Significant Accounting Policies (continued)

Selling, General and Administrative Expenses

Selling, general and administrative expenses include costs such as (i) salaries, wages, incentives and employee benefits for executive, management, sales, engineering, accounting, information technology ("IT") and administrative employees; (ii) sales commissions; (iii) marketing and advertising costs; (iv) legal and professional fees; (v) depreciation, rents and leases for administrative facilities, office equipment, IT equipment and computer software; and (vi) postage, office supplies, travel and telephone expenses.

Advertising Costs and Delivery Costs and Revenue

Advertising costs are expensed as incurred and are included in selling, general and administrative expenses. Total advertising expense was $1.0 million for both fiscal 2018 and 2017 and $0.7 million for fiscal 2016. Delivery costs are included in cost of sales, and delivery revenue is included in net sales.

Foreign Currency

The Company had intercompany loans between its U.S. and foreign subsidiaries for long-term and short-term financing purposes. The foreign exchange impact on these transactions was reported in the consolidated statements of operations under foreign currency transaction gains and losses. The financial statement impact was based on fluctuations in the relative exchange rates between the U.S. dollar, Canadian dollar and British pound. The intercompany loans were repaid during fiscal 2018 per the terms of the Exchange Agreement with Skyline.

Translation adjustments of the Company's international subsidiary for which the local currency is the functional currency are reflected in the accompanying consolidated balance sheets as a component of accumulated other comprehensive income or loss.

Cash and Cash Equivalents

Cash and cash equivalents include investments that have original maturities of less than 90 days at the time of their purchase. These investments are carried at cost, which approximates market value because of their short maturities.

Restricted Cash

Restricted cash primarily represents collateral for letters of credit issued to support industrial revenue bonds, repurchase obligations, self-insurance programs and bonding facilities.

Trade Accounts Receivable and Allowance for Doubtful Accounts

The Company extends credit terms on a customer-by-customer basis in the normal course of business, as such, trade accounts receivable are subject to customary credit risk. The Company provides for reserves against trade accounts receivable for estimated losses that may result from customers' inability to pay. At March 31, 2018 and April 1, 2017, the Company had an allowance for doubtful accounts of $0.2 million and $0.9 million, respectively.

Inventories

Inventories are stated at the lower of cost or market, with cost determined under the first-in, first-out method. Capitalized manufacturing costs include the cost of materials, labor and manufacturing overhead. Retail inventories of new manufactured homes built by the Company are valued at manufacturing cost, including materials, labor and manufacturing overhead, or net purchase price if acquired from unaffiliated third parties.

Note 2. Summary of Significant Accounting Policies (continued)

Inventories also include the Company's investment in the community development owned by the consolidated VIE, net of applicable impairments. These costs include land acquisition and development expenditures, as well as interest, real estate taxes and direct overhead costs related to development and construction. These costs are capitalized to inventory during the period beginning with the commencement of development and ending with the completion of construction. The Company discontinued capitalizing costs for the community development during 2018 because it stopped development activities.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is provided principally on the straight-line method, generally over the following estimated useful lives: land improvements—3 to 10 years; buildings and improvements—8 to 25 years; and vehicles and machinery and equipment—3 to 8 years. Depreciation expense, including amortization of assets under capital lease, was $7.8 million, $6.8 million and $5.9 million for fiscal 2018, 2017 and 2016, respectively.

At March 31, 2018, the Company had six idle manufacturing facilities and two idle retail sales centers with a net book value of $10.2 million. Two of the manufacturing facilities and one of the retail sales centers with a combined net book value of $1.8 million, were permanently closed and generally available for sale. However, they are accounted for as long-lived assets to be held and used due to the uncertainty of completing a disposal within one year. The Company's other idle facilities are accounted for as long-lived assets to be held and used. During fiscal 2017, the Company acquired three idle manufacturing facilities and two idle retail sales centers, with a combined book value of $8.6 million, as part of the acquisition of IBS. During fiscal 2017, the Company sold four previously idled manufacturing facilities for net proceeds of $5.0 million. The Company recognized a net gain on the sale of $0.9 million.

It is the Company's policy to evaluate the recoverability of property, plant and equipment whenever events and changes in circumstances indicate that the carrying amount of assets may not be recoverable, primarily based on estimated selling price, appraised value or projected undiscounted future cash flows in accordance with ASC 360, *Property, Plant, and Equipment* ("ASC 360").

Goodwill

The Company had goodwill of $3.2 million at both March 31, 2018 and April 1, 2017. Goodwill was primarily related to the Company's North American reporting unit. The Company tests goodwill for impairment in accordance with ASC 350, *Intangibles—Goodwill and Other.* The Company evaluates qualitative factors to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. If the qualitative factors indicate impairment is more likely than not, the Company then performs a two-step test to determine if the fair value of the reporting unit is less than the carrying value. When estimating fair value, the Company calculates the present value of future cash flows based on forecasted sales volumes, current industry and economic conditions, historical results and inflation. The Company also uses market value information, where available, to evaluate fair value. The Company's qualitative evaluation, during the fourth quarters of fiscal 2018 and 2017, indicated that goodwill was not likely impaired, and therefore, the two-step test was not necessary.

Amortizable Intangible Assets

Amortizable intangible assets consist primarily of customer relationships and trade names for the Company's U.S. and Canadian operations. At the time acquired, trade names were valued based on the relief from royalty

Note 2. Summary of Significant Accounting Policies (continued)

method, and customer relationships were valued based on the excess earnings method. Amortization is provided over the useful lives of the intangible assets, generally four to ten years, using the straight-line method. Amortization expense totaled $0.5 million for fiscal 2018 and $0.4 million for both fiscal 2017 and 2016. The recoverability of amortizable intangible assets is evaluated whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recovered, primarily based on projected undiscounted future cash flows, in accordance with the recognition and measurement provisions of ASC 360.

Dealer Volume Rebates

The Company's manufactured housing operations sponsor volume-based rebate programs under which sales to retailers and builders/developers can qualify for cash rebates. Rebates are generally based on the level of sales attained during a 12-month period and are accrued at the time of sale. Rebates are included as a reduction of net sales in the accompanying consolidated statements of operations.

Warranty Obligations

The Company's manufactured housing operations generally provide each retail homebuyer or builder/developer with a 12-month warranty from the date of retail purchase. Estimated warranty costs are accrued as cost of sales at the time of sale. Warranty provisions and reserves are based on estimates of the amounts necessary to settle existing and future claims on homes sold as of the balance sheet date. Factors used to calculate the warranty obligation include the estimated number of homes still under warranty and the amount and timing of historical costs incurred to service homes.

Accrued Self-Insurance

The Company is self-insured for a significant portion of its general insurance, product liability, workers' compensation, auto, health and property insurance. Insurance coverage is maintained for catastrophic exposures and those risks required to be insured by law. Estimated self-insurance costs are accrued for all expected future expenditures for reported and unreported claims based on historical experience.

Other Income and Expense

During fiscal 2018, the Company incurred $7.2 million of legal, accounting and advisory expenses related to the Transaction with Skyline. See additional information on the Transaction in Note 1, *Background and Nature of Operations*. During fiscal 2017, the Company incurred expenses for the acquisition of IBS of $1.7 million and for the disposition of Champion U.K. of $0.4 million. During fiscal 2016, the Company recorded a charge of $0.5 million related to the deductible on an insured loss at one of its U.S. manufacturing facilities.

Income Taxes

CEH is not subject to entity level income taxes and is treated as a partnership for U.S. tax purposes, and therefore, its income or loss is passed through to its equity members. The Company's U.S. and foreign subsidiaries are subject to income taxes in their respective tax jurisdictions.

The provision for income taxes is calculated using the asset and liability method, under which deferred tax assets and liabilities are determined based on temporary differences between the financial statement amounts and the tax bases of assets and liabilities using enacted tax rates in effect in the years in which the differences are

Note 2. Summary of Significant Accounting Policies (continued)

expected to reverse. In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is primarily dependent upon the generation of future taxable income. In determining the future tax consequences of events that have been recognized in the financial statements or tax returns, judgment is required.

Equity-Based Compensation

The Company accounts for equity-based compensation in accordance with ASC 718, *Compensation—Stock Compensation*, under which the Company measures the cost of employee services received in exchange for an award of equity units based on the grant date fair value of the equity award. For awards with graded vesting, compensation cost is generally recognized on a straight-line basis over the period an employee is required to provide service in exchange for the award. For awards that vest only upon a qualifying event such as a change in control or other conditions, no compensation cost is recognized until the occurrence of the qualifying event.

Comprehensive Income and Loss

Components of comprehensive income and loss are changes in equity other than those resulting from investments by owners and distributions to owners. Net income or loss is the primary component of comprehensive income or loss. The aggregate amount of such changes to equity that have not yet been recognized in net income or loss are reported in the equity section of the accompanying consolidated balance sheets as accumulated other comprehensive income or loss net of tax. As a result of the final disposition of Champion U.K., the Company reclassified $7.6 million of net accumulated other comprehensive income to net income, which is included in discontinued operations in the accompanying consolidated statements of operations during fiscal 2017. The tax effect of comprehensive income for fiscal 2018, 2017 and 2016 was not material.

Fair Value

The Company estimates the fair value of its financial instruments in accordance with ASC 820, *Fair Value Measurement*, which establishes a fair value hierarchy and requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. As such, the fair value of financial instruments is estimated using available market information and other valuation methods.

The Company groups assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

Level 1—Fair value determined based on quoted prices in active markets for identical assets and liabilities.

Level 2—Fair value determined using significant observable inputs, generally either quoted prices in active markets for similar assets or liabilities or quoted prices in markets that are not active.

Level 3—Fair value determined using significant unobservable inputs, such as pricing models, discounted cash flows, or similar techniques.

The carrying value of the Company's financial assets and liabilities approximates the book value.

Recently Issued Accounting Pronouncements

In May 2017, the FASB issued ASU 2017-09 *Compensation—Stock Compensation* (Topic 718): *Scope of Modification Accounting*, to clarify which changes to the terms or conditions of a share-based payment award

Note 2. Summary of Significant Accounting Policies (continued)

require an entity to apply modification accounting in Topic 718. This ASU is effective for annual periods beginning after December 15, 2017. This ASU will be applied prospectively when changes to the terms or conditions of a share-based payment award occur.

In August 2016, the FASB issued ASU 2016-15 (Topic 230), *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments*. This ASU adds or clarifies guidance on the classification of certain cash receipts and payments in the statement of cash flows. As a result of the Exchange, this ASU is effective for annual periods beginning after December 15, 2017, and interim periods within those annual periods, with early adoption permitted. The Company does not expect this ASU to have a material impact on the Company's operations and consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. A lessee should recognize in the consolidated balance sheet a liability to make lease payments (the lease liability) and an asset representing its right to use the underlying asset for the lease term. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous requirements. As a result of the Exchange, this ASU is effective for fiscal years beginning after December 31, 2018, or the Company's fiscal year commencing March 31, 2019. Modified retrospective application and early adoption is permitted. The Company is currently assessing the impact the adoption of this standard will have on its operations and its consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The guidance prescribes a single, common revenue standard that replaces most existing revenue recognition guidance in U.S. GAAP. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract as these steps are satisfied. The standard also requires new, expanded disclosures regarding revenue recognition. Several ASUs have been issued since the issuance of ASU 2014-09. These ASUs, which modify certain sections of ASU 2014-09, are intended to promote a more consistent interpretation and application of the principles outlined in the standard. As a result of the Exchange, this guidance is effective for annual reporting periods beginning after December 15, 2017, or the Company's fiscal year commencing April 1, 2018. The guidance will be applied using the modified retrospective method, under which a cumulative effect will be recognized at the date of initial application. The Company is currently assessing the impact the adoption of this standard will have on its operations and its consolidated financial statements.

Note 3. Discontinued Operations

During fiscal 2016, the Company shifted strategy to focus on growth of its North American manufacturing and retail operations. This decision, coupled with a continued decline in the U.K. operation's revenue and operating results, competitive industry conditions, reduced margins and lower sales backlogs, drove the Company's Board of Managers to approve a plan to exit the Company's operations in the U.K. In March 2016, the Company initiated a plan to explore strategic alternatives for disposition of Champion U.K. and identify potential buyers. The Company believed a disposition within a 12-month period subsequent to April 2, 2016, was likely and therefore disclosed the Champion U.K. operations as discontinued and the associated assets and liabilities as held for sale in the accompanying consolidated financial statements.

As a result of the classification as held for sale during fiscal 2016, the Company performed an impairment analysis of the U.K. disposal group in order to determine the fair value of assets and liabilities. Fair value was

Note 3. Discontinued Operations (continued)

determined, based on the income approach, using a discounted cash flow model less expected costs to sell. The cash flow model used management's forecast of future operating results and long-term growth rates, discounted using a rate of 20%, which are inputs from Level 3 of the fair value hierarchy. As a result of that analysis, the Company determined the Champion U.K. net assets were not impaired.

On January 20, 2017, the Company completed the disposition of Champion U.K. Champion U.K. consisted of five manufacturing facilities that primarily constructed steel-framed modular buildings for military accommodations, hotels, residential accommodations and health and educational units, among other applications. The Company retained no direct interest in Champion U.K.; however, it did receive contingent consideration that will become payable to the Company, subject to certain limitations, if Champion U.K. is subsequently sold by, or a dividend is paid to, the buyer. The Company has not recognized an asset related to the contingent consideration.

There were no remaining carrying amounts of assets or liabilities classified as held for sale at March 31, 2018 or April 1, 2017, as a result of the completed disposition of Champion U.K. on January 20, 2017.

Following is a reconciliation of the components constituting pretax income (loss) of discontinued operations to the after-tax income (loss) of discontinued operations as presented in the accompanying consolidated statements of operations (dollars in thousands):

	Year Ended	
	April 1, 2017	April 2, 2016
Major line items constituting pretax income (loss) of discontinued operations		
Revenue	$ 21,137	$ 39,009
Cost of sales	(18,306)	(39,117)
Selling, general and administrative expenses	(5,016)	(9,455)
Reclassifications from accumulated other comprehensive income	7,562	—
Other	10	(659)
Pretax income (loss) of discontinued operations	5,387	(10,222)
Pretax loss on sale of U.K. operations	(4,803)	—
Total pretax gain (loss) on discontinued operations	584	(10,222)
Income tax expense	(1)	(26)
Gain (loss) on discontinued operations, net of tax	$ 583	$(10,248)

The gain on discontinued operations recognized in fiscal 2017 was primarily the result of the net effect of the reclassification of cumulative translation adjustment gains and defined benefit pension plan losses of $7.6 million from accumulated other comprehensive loss. The translation gains were only recognizable in net income when the transaction to dispose of Champion U.K. was complete. The disposition of Champion U.K. included all asset and liabilities of the disposed entities, including the defined benefit pension plan. As a result, the accumulated pension actuarial loss, previously included in accumulated other comprehensive income, was recognized as a component of discontinued operations.

Note 3. Discontinued Operations (continued)

Following is a summary of certain cash and noncash items related to discontinued operations (dollars in thousands):

	Year Ended	
	April 1, 2017	April 2, 2016
Loss on sale of U.K. operations	$(4,803)	$ —
Reclassification from accumulated other comprehensive income	7,562	—
Depreciation and amortization	—	1,395
Capital expenditures	—	164

Note 4. Inventories and Long-Term Construction Contracts

Inventories

The components of inventories are as follows (dollars in thousands):

	March 31, 2018	April 1, 2017
Raw materials	**$37,852**	$31,598
Work-in-process	**10,004**	8,583
Finished goods	**49,331**	32,369
Development inventory	**—**	1,150
Other	**835**	482
	$98,022	$74,182

Development inventory is stated at cost unless the carrying value is determined to not be recoverable, in which case the affected inventory is written down to net realizable value. Each year, the Company performs a valuation analysis of development inventory, including land, land improvements, homes and home improvements included in development inventory on the property being developed by the Company's majority-owned VIE discussed in Note 2. The Company recorded a charge of $1.2 million and $3.0 million in fiscal 2018 and 2016, respectively. There was no charge in fiscal 2017.

The Company determines the net realizable value of development inventory using market valuations and discounted cash flow analyses, which use inputs from Level 3 of the fair value hierarchy. The impairments were included in cost of sales in the accompanying consolidated statements of operations.

Long-Term Construction Contracts

At March 31, 2018 and April 1, 2017, uncollected billings related to long-term construction contracts totaled $5.0 million and $1.4 million, respectively. At March 31, 2018 and April 1, 2017, the Company included unbilled revenue related to long-term construction contracts in trade accounts receivable of $0.3 million and $0.7 million, respectively.

Note 5. Debt and Floor Plan Payable

Long-term debt consisted of the following (dollars in thousands):

	March 31, 2018	April 1, 2017
Term Notes due March 2020	**$46,897**	$47,301
Obligations under industrial revenue bonds due 2029	**12,430**	12,430
Capital lease obligations and other debt	**4**	18
Total debt	**59,331**	59,749
Less current portion	**(404)**	(418)
Long-term debt	**$58,927**	$59,331

On March 19, 2010, the Company entered into a credit agreement (the "Credit Agreement") with lenders that primarily included the Company's equity holders and certain of their affiliates. In March 2015, the Credit Agreement was amended and restated (the "Amended Credit Agreement"). At the time of the amendment, the Company had outstanding Reimbursement Notes of $22.0 million. Under the terms of the Amended Credit Agreement, on September 19, 2015, $12.5 million of the then outstanding Reimbursement Notes were exchanged for Term Notes and the remaining $9.5 million of outstanding Reimbursement Notes were repaid.

Indebtedness under the Amended Credit Agreement is secured by substantially all assets of the Company's U.S. operations and a pledge of 65% of the Company's equity interests in its foreign operations. The Term Notes require quarterly principal payments of $0.1 million and mature on March 19, 2020. Obligations under the Amended Credit Agreement bear interest, based on the Company's discretion, at either (i) a base rate plus a margin or (ii) the London Interbank Offered Rate ("LIBOR") plus a margin. The base rate is the greater of the administrative agent's prime interest rate or the federal funds rate plus 0.5%. LIBOR is based on monthly LIBOR interest periods of up to one year, at the Company's discretion. The Company elected to pay interest on indebtedness under the Amended Credit Agreement at LIBOR plus the applicable margin during fiscal 2018, 2017 and 2016.

For Term Notes priced using the base rate, the margin is 4.5%. Term Notes priced using LIBOR require that LIBOR cannot be less than 1.0%, and the margin is 5.5%. At March 31, 2018, the base rate for the Term Notes was 4.8%, and the LIBOR rate was 1.7%. At March 31, 2018 and April 1, 2017, the weighted average interest rate on the Term Notes, priced using the LIBOR option, was 7.2% and 6.5%, respectively. For the period outstanding during fiscal 2016, the weighted average interest rate on the Reimbursement Notes, priced using a LIBOR option, was approximately 1.7%.

The Company provides letters of credit issued by a commercial bank under a separate stand-alone facility collateralized with restricted cash of 101% of the issued letters of credit. At March 31, 2018, letters of credit issued under the stand-alone facility totaled $22.6 million and were secured by $22.8 million of restricted cash. At April 1, 2017, letters of credit issued under the stand-alone facility totaled $21.5 million and were secured by $21.7 million of restricted cash. The Company paid annual fronting and administrative fees of approximately 1.1% of the outstanding letters of credit during fiscal 2018, 2017 and 2016.

Obligations under industrial revenue bonds are supported by letters of credit and bear interest based on a municipal bond index rate. The interest rate at March 31, 2018, April 1, 2017 and April 2, 2016, and the average rate for the fiscal years then ended was approximately 1.5%, 1.0% and 0.5%, respectively, which included related costs and fees. The industrial revenue bonds require lump-sum payments of principal upon maturity in 2029.

Note 5. Debt and Floor Plan Payable (continued)

The Amended Credit Agreement contains covenants that restrict the amount of additional debt, liens and certain payments, including equity buybacks, investments, dispositions, mergers and consolidations, among other things as defined. The Company was in compliance with all covenants of the Amended Credit Agreement as of March 31, 2018, April 1, 2017 and April 2, 2016.

Future maturities of debt as of March 31, 2018, were as follows (dollars in thousands):

Fiscal 2019	404
Fiscal 2020	46,497
Fiscal 2021	—
Fiscal 2022	—
Thereafter	12,430
	$59,331

Floor Plan Payable

At March 31, 2018 and April 1, 2017, the Company had outstanding borrowings on floor plan financing arrangements of $29.8 million and $17.8 million, respectively. The Company's retail operations utilize floor plan financing to fund the acquisition of manufactured homes for display or resale. Total available borrowings under the arrangements as of March 31, 2018 were $43.0 million. Borrowings are secured by the homes acquired and are required to be repaid when the Company sells the home to a customer. During fiscal 2018, 2017 and 2016, the weighted average interest rate on floor plan payables was 6.0%, 6.3% and 5.7%, respectively.

Note 6. Income Taxes

Pretax income from continuing operations was attributable to the following tax jurisdictions (dollars in thousands):

	Year Ended		
	March 31, 2018	**April 1, 2017**	**April 2, 2016**
Domestic	**$32,470**	$19,200	$ 3,278
Foreign	**10,646**	8,806	9,590
Income before income taxes	**$43,116**	$28,006	$12,868

Note 6. Income Taxes (continued)

The income tax provision from continuing operations by jurisdiction was as follows (dollars in thousands):

	Year Ended		
	March 31, 2018	**April 1, 2017**	**April 2, 2016**
Current:			
U.S. federal	**$10,033**	$ —	$ —
Foreign	**2,269**	2,702	2,496
State	**2,100**	684	293
Total current	**14,402**	3,386	2,789
Deferred:			
U.S. federal	**9,694**	(24,492)	62
Foreign	**3,640**	373	(211)
State	**(420)**	(2,588)	**—**
Total deferred	**12,914**	(26,707)	(149)
Total income tax expense (benefit)	**$27,316**	$(23,321)	$2,640

Income tax expense (benefit) from continuing operations differs from the amount of income tax determined by applying the applicable U.S. statutory federal income tax rate to income before income taxes from continuing operations as a result of the following differences (dollars in thousands):

	Year Ended		
	March 31, 2018	**April 1, 2017**	**April 2, 2016**
Tax expense at U.S. federal statutory rate	**$13,599**	$ 9,802	$ 4,504
Increase (decrease) in rate resulting from:			
Recognition of foreign investment basis difference	**12,199**	—	(14,512)
Deferred tax rate changes	**9,115**	87	(152)
State taxes, net of U.S. federal benefit	**1,083**	445	377
Other permanent differences	**820**	1,236	695
Foreign withholding taxes	**428**	133	—
Uncertain tax positions	**23**	679	23
Net (increase) utilization of U.S. tax credits	**(75)**	564	(415)
Foreign tax rate differences	**(413)**	(722)	(865)
Foreign financing structure and nondeductible interest	**—**	(7)	71
Domestic Production Activities Deduction	**(970)**	—	—
Change in deferred tax valuation allowance	**(8,632)**	(35,470)	12,798
Other	**139**	(68)	116
Total income tax expense (benefit)	**$27,316**	$(23,321)	$ 2,640

The Company's domestic pretax income is composed of amounts that are passed through to its equity members of the LLC which is treated as a partnership for U.S. tax purposes and amounts subject to U.S. taxation at the C-corporation level. The Company had domestic pretax income at the C-corporation level for fiscal 2018, 2017 and 2016 of $36.0 million, $20.0 million and $3.4 million, respectively.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act makes several changes to the U.S. Internal Revenue Code

Note 6. Income Taxes (continued)

of 1986, with the following changes being most impactful: (1) decreases the corporate income tax rate from 35% to 21%; (2) implements a territorial tax system and imposition of a one-time tax on deemed repatriated earnings of foreign subsidiaries; (3) eliminates the Section 199 Domestic Production Activities Deduction ("DPAD"); and (4) allows for immediate expensing on certain qualified property placed in service after September 27, 2017.

In conjunction with the signing of the Tax Act on December 22, 2017, Staff Accounting Bulletin No. 118 ("SAB 118") was issued by the Securities and Exchange Commission ("SEC") to address the application of U.S. GAAP in situations when a company does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Tax Act. Further, in January 2018, the FASB issued guidance stating that companies that are not SEC registrants may apply SAB 118 to their financial statements. SAB 118 provides a measurement period, that should not extend beyond one year from the Tax Act enactment date, for companies to complete the accounting under ASC 740, *Income Taxes*. To the extent that a company's accounting for certain income tax effects of the Tax Act is incomplete but it can determine a reasonable estimate, it must record a provisional estimate in the financial statements. During fiscal 2018, the Company recorded a provisional amount of U.S. federal income tax expense of $9.4 million related to the re-measurement of U.S. deferred income tax assets and liabilities at the new corporate income tax rate of 21% and $0.2 million of income tax benefit related to other effects. These amounts are included in income tax expense in the accompanying consolidated statements of operations during fiscal 2018.

Since the Company's fiscal year ends March 31, 2018, the current U.S. corporate income tax rate under the Tax Act is a blended rate of 31.5%. This rate is calculated under the guidance of Internal Revenue Service Notice 2018-38 by prorating the total annual taxable income by the amount of days in the fiscal year that the enacted 35% was applicable (April 2, 2017 to December 31, 2017) and the amount of days in the fiscal year that the enacted 21% was applicable (January 1, 2018 to March 31, 2018).

For periods up to and including April 2, 2016, the Company provided a valuation allowance for 100% of its U.S. net deferred tax assets. The Company evaluates the realizability of its deferred tax assets annually. Concluding that a valuation allowance is not required is difficult when there is significant negative evidence, such as cumulative losses in recent years, which is objective and verifiable. When measuring cumulative losses in recent years, the Company uses a three-year period of pretax book income, adjusted for permanent differences between book and taxable income. Through fiscal 2015, the Company's U.S. operations taxed at the C-corporation level incurred significant pretax losses. The Company's U.S. operations were profitable in fiscal 2016 but remained in a cumulative loss position. As of April 1, 2017, the Company's U.S. operations were no longer in a cumulative loss position. Based on three years of profitability in the U.S., as well as a forecast of taxable income in the U.S. for future years, management concluded that it was more likely than not that its net deferred tax assets would be realized. As a result, the valuation allowance of $35.9 million that had been provided with respect to net deferred tax assets in the U.S. was released during the fourth fiscal quarter of 2017. The Company continues to maintain a valuation allowance with respect to its deferred tax assets in the Netherlands for fiscal 2018 and 2017.

As of March 31, 2018, the Company had fully utilized its U.S. federal net operating loss ("NOL") carryforwards. As of April 1, 2017, the Company had U.S. federal NOL carryforwards for tax purposes to offset future taxable income of approximately $10.3 million. The Company also has state NOL carryforwards in various jurisdictions which expire primarily in 2018 through 2038.

Note 6. Income Taxes (continued)

Deferred tax assets and liabilities consisted of the following (dollars in thousands):

	March 31, 2018	April 1, 2017
ASSETS		
Intangible assets	**$12,032**	$ 12,004
Foreign tax basis difference in investments	**5,608**	14,512
Warranty reserves	**3,887**	5,387
Employee compensation	**3,781**	5,331
Inventory reserves and impairments	**3,549**	4,903
Self-insurance reserves	**3,223**	3,640
Capitalized transaction costs	**1,935**	919
Dealer volume discounts	**1,551**	1,861
Property, plant and equipment	**616**	1,306
Foreign net operating loss carryforwards	**592**	491
State net operating loss carryforwards	**344**	542
U.S. federal net operating loss carryforwards	**—**	3,020
U.S. tax credit carryforwards	**—**	186
Foreign currency translation adjustments	**—**	182
Other	**735**	1,060
Gross deferred tax assets	**37,853**	55,344
LIABILITIES		
Foreign tax basis difference in investments	**3,294**	—
Property, plant and equipment	**389**	365
Intangible assets	**237**	285
Other	**584**	192
Gross deferred tax liabilities	**4,504**	842
Valuation allowance	**(6,353)**	(14,985)
Net deferred tax assets	**$26,996**	$ 39,517

Due to the ability to repatriate earnings from the foreign subsidiaries tax-free because of the Tax Act, the Company anticipates periodically repatriating the earnings of its Netherlands and Canadian subsidiaries and, therefore, no longer considers them indefinitely reinvested. Prior to the enactment of the Tax Act, the Company's policy was that all undistributed earnings of its foreign subsidiaries were permanently reinvested except for its U.K. subsidiaries. A deferred tax liability has been recognized for income tax withholding which may be incurred upon the reversal of basis differences in investments in its foreign subsidiaries.

As discussed in Note 3, during fiscal 2016 the Company committed to a plan to dispose of its U.K. operations. As of April 2, 2016, the Company recorded a deferred tax asset of $14.5 million for its investment in the U.K., which was subject to a full valuation allowance due to anticipated unrealizability in the U.K.'s parent company's tax jurisdiction. On January 20, 2017, the Company completed the sale of its operations in the U.K. through a stock sale. The Company did not recognize a tax benefit or tax expense as a result of the sale. As of March 31, 2018, the Company maintained a deferred tax asset for its investment in the U.K. holding company which was subject to a full valuation allowance due to anticipated unrealizability in the U.K.'s parent company's tax jurisdiction.

Note 6. Income Taxes (continued)

Unrecognized tax benefits represent the differences between tax positions taken or expected to be taken on a tax return and the benefits recognized for financial statement purposes. The Company's total unrecognized tax benefits were $1.2 million and $1.3 million at March 31, 2018 and April 1, 2017, respectively, which if recognized, would affect the effective rate on income from continuing operations. The Company classifies interest and penalties on income tax uncertainties as a component of income tax expense. Accrued interest and penalties as of March 31, 2018 and April 1, 2017, were not significant. The following table provides the changes in unrecognized tax benefits (dollars in thousands):

	March 31, 2018	April 1, 2017
Unrecognized tax benefits, beginning of period	**$1,261**	$ 595
Increase related to tax positions taken during a prior period	**43**	666
Decreases related to tax positions taken during a prior period	**(58)**	—
Unrecognized tax benefits, end of period	**$1,246**	$1,261

The Company estimates that the expected change to the total amount of uncertain tax benefits in the next twelve months will be a decrease of $0.6 million due to expiration of certain statutes of limitations. With few exceptions, the Company is no longer subject to foreign tax examinations by tax authorities for years prior to 2010. The Company's U.S. subsidiaries are subject to U.S. federal and state tax examinations by tax authorities for fiscal 2010 through fiscal 2018 and for the period from March 19, 2010 to April 3, 2010.

Note 7. Intangible Assets

The components of amortizable intangible assets were as follows (dollars in thousands):

	March 31, 2018			April 1, 2017		
	Customer Relationships	Trade Names	Total	Customer Relationships	Trade Names	Total
Gross carrying amount	**$ 5,739**	**$ 4,268**	**$10,007**	$ 5,573	$ 4,200	$ 9,773
Accumulated amortization	**(5,610)**	**(2,855)**	**(8,465)**	(5,414)	(2,346)	(7,760)
Amortizable intangibles, net	**$ 129**	**$ 1,413**	**$ 1,542**	$ 159	$ 1,854	$ 2,013
Weighted average amortization period, in years	**4.3**	**5.5**	**5.4**	5.3	6.0	5.9

Amortization expense was $0.5 million for fiscal 2018 and $0.4 million for both fiscal 2017 and 2016. Estimated amortization expense of intangible assets over the next five years is expected to be (dollars in thousands):

Fiscal 2019	471
Fiscal 2020	236
Fiscal 2021	236
Fiscal 2022	236
Fiscal 2023	119

Note 8. Commitments, Contingencies and Concentrations

As is customary in the manufactured housing industry, a significant portion of the manufacturing operations' sales to independent retailers are made pursuant to repurchase agreements with lending institutions that provide

Note 8. Commitments, Contingencies and Concentrations (continued)

wholesale floor plan financing to retailers. The Company enters into two types of repurchase agreements, (i) those that allow repurchase up to 24 months after the sale of a home to the retailer, and (ii) those that allow for repurchase until the home is sold by the retailer. For those homes sold to retailers with an unlimited repurchase period, the Company's risk of loss upon repurchase declines due to required monthly principal payments by the retailer. After 24 or 30 months from the date of the Company's sale of the home, the risk of loss on these homes is low, and by the 46th month, most programs require that the home be paid in full, at which time the Company no longer has risk of loss. During the repurchase period, generally upon default by the retailer and repossession by the financial institution, the Company is obligated to repurchase the homes from the lender. Before including the reduction from the resale value of the homes, the contingent repurchase obligation as of March 31, 2018 was estimated to be approximately $140.1 million. Losses under repurchase obligations represent the difference between the repurchase price and net proceeds from the resale of the homes, less accrued rebates, which will not be paid. Losses incurred on homes repurchased were insignificant during fiscal 2018, 2017 and 2016. The total reserve for estimated losses under repurchase agreements was $0.7 million and $0.6 million at March 31, 2018 and April 1, 2017, respectively.

The Company guarantees a portion of its customers' floor plan obligations beyond the customary repurchase arrangements discussed above. The Company has agreed to guarantee from 3% to 50% of certain retailers' outstanding loans to a floor plan lender. At March 31, 2018, those guarantees totaled $1.4 million of which $1.4 million was outstanding.

At March 31, 2018, the Company was contingently obligated for approximately $22.6 million under letters of credit, primarily consisting of $12.6 million to support long-term debt, $7.9 million to support the casualty insurance program, $1.8 million to support repurchase obligations, and $0.3 million to support bonding agreements. The letters of credit are backed by restricted cash of $22.8 million. The Company was also contingently obligated for $30.4 million under surety bonds, generally to support performance on long-term construction contracts and license and service bonding requirements.

The Company has provided various representations, warranties and other standard indemnifications in the ordinary course of its business in agreements to acquire and sell business assets and in financing arrangements. The Company is subject to various legal proceedings and claims that arise in the ordinary course of its business.

In the normal course of business, the Company's subsidiaries historically provided certain parent company guarantees to two Champion U.K. customers. These guarantees provide contractual liability for proven construction defects up to 12 years from the date of delivery of the units. The guarantees remain a contingent liability of the Company which declines over time through October 2027. As of the date of this report, no claims have been reported under the terms of the guarantees.

Management believes the ultimate liability with respect to these contingent obligations will not have a material effect on the Company's consolidated financial position, results of operations or cash flows.

Concentrations

In fiscal 2018, 2017 and 2016, the Company's U.S. and Canadian manufacturing operations accounted for 86%, 86% and 85% of the Company's sales, respectively. One customer accounted for 6% and 9% of total factory-built housing sales in fiscal 2018 and 2017, respectively. During fiscal 2016, no one customer accounted for more than 5% of total factory-built housing sales.

The components and products used in the factory-built housing operations are presently available from a variety of vendors, and the Company is not dependent upon any single supplier. Prices of certain materials, such as

Note 8. Commitments, Contingencies and Concentrations (continued)

lumber, insulation, steel and drywall, can fluctuate significantly due to changes in demand and supply. Additionally, availability of certain materials, such as drywall and insulation, has sometimes been limited, resulting in higher prices and/or the need to find alternative suppliers. The Company generally has been able to pass higher material costs on to its retailers and builders/developers in the form of surcharges and price increases. For fiscal 2018, 2017 and 2016, sales from the Company's Canadian operations were approximately 9%, 11% and 13%, respectively, of consolidated sales. As of March 31, 2018 and April 1, 2017, the Company's net assets in Canada totaled approximately $35.9 million and $46.0 million, respectively. The decrease in net assets in Canada was primarily the result of the repayment of intercompany loans and a dividend paid to the parent company.

As of March 31, 2018, the Company had approximately 5,500 employees. Approximately 840 were employed at the Company's manufacturing facilities in Canada, of which approximately 700 are subject to five separate collective bargaining agreements. At March 31, 2018, one agreement covering approximately 110 employees had expired and was being renegotiated. Two agreements covering approximately 270 employees expire in June 2018. The other two agreements expire in November 2019 and June 2020, respectively.

Incentive Compensation Plan

The Company has a liability-based award for certain members of management that is payable upon achievement of defined performance conditions. At March 31, 2018, the achievement of the performance conditions had not been deemed probable, and therefore, the Company has not recorded a liability. Under the terms of the award, a cash-based benefit will materialize pursuant to the terms of the award based on the achievement of certain metrics, which will be recognized as compensation expense if the performance conditions become probable.

Note 9. Leases

The Company's trucking and retail sales locations, nine of its active manufacturing facilities, its corporate offices, certain of its other facilities, and certain equipment and vehicles are leased under operating leases with original terms that generally range from 3 to 7 years. Rent expense was $5.8 million, $5.0 million and $4.5 million during fiscal 2018, 2017 and 2016, respectively.

Certain real property leases have escalation clauses. Rent expense for minimum lease payments under leases that contain escalation clauses is recognized on a straight-line basis over the term of the leases. The annual minimum payments and aggregate total minimum payments for these leases were $1.2 million and $6.0 million, respectively, as of March 31, 2018. The remaining terms of these leases range from five to seven years. Lease payment adjustments generally occur at intervals from one to five years. For operating leases that contain escalation clauses based on an index, minimum lease payments, as disclosed below, are based on the index at March 31, 2018. Certain leases for land and buildings contain renewal options and/or purchase options.

Note 9. Leases (continued)

Future minimum lease payments under non-cancellable operating leases, as of March 31, 2018, were as follows (dollars in thousands):

Fiscal 2019	$ 5,045
Fiscal 2020	3,874
Fiscal 2021	3,297
Fiscal 2022	2,482
Fiscal 2023	1,965
Thereafter	1,889
	$18,552

As of March 31, 2018, the gross amount of assets recorded under capital leases, primarily the manufacturing facilities acquired with the issuance of the Industrial Revenue Bonds ("IRB"), was $4.1 million, and accumulated amortization totaled $1.8 million. At March 31, 2018, future minimum lease payments under capital leases primarily consisted of interest-only payments on the IRB through 2029 and a lump-sum payment of $6.8 million in 2029. Annual interest payments under capital leases were approximately $0.1 million during fiscal 2018 and less than $0.1 million during fiscal 2017 and 2016.

Note 10. Members' Equity

The Champion Enterprises Holdings, LLC Amended and Restated Limited Liability Company Agreement (the "LLC Agreement") governs the rights and privileges associated with the membership interests held by the Company's members; arrangements of the issuance of additional membership interests; contributions by, allocations of, and distributions to holders of the Company's membership interests; management and oversight of the business and operations; and restrictions and transferability of membership interests. The LLC Agreement designates the composition and duties of the Board of Managers, including managing the business and affairs of the Company.

The Company has 142.4 million Class A units authorized. At both March 31, 2018 and April 1, 2017, the Company had 135.6 million Class A units of membership interests issued and outstanding. All Class A members have the same relative per unit economic interests and voting rights, subject to the terms of the LLC Agreement. No member is liable for the debts, liabilities, commitments or any other obligations of the Company or for any losses of the Company.

During 2011, the LLC Agreement was amended and restated to authorize the issuance of nonvoting Class C units of membership interest in the Company. Under the Company's 2011 Management Incentive Plan ("Incentive Plan"), a maximum of 14.3 million Class C units may be awarded to the Company's officers, management employees and certain members of the Board of Managers in exchange for services provided or to be provided. Awards totaling 0.4 million, 1.0 million and 7.1 million Class C units were granted during fiscal 2018, 2017 and 2016, respectively. As of March 31, 2018 and April 1, 2017, awards totaling 12.7 million and 12.5 million Class C units were outstanding, respectively. See Note 13, *Equity Incentive Plan*, for additional information.

Distributions to unit holders will generally be made in the following order of priority: first, to the holders of Class A units until the cumulative amount distributed to such holders equals their capital contribution per such Class A units; second, to the holders of Class A units and Class C units pro rata in proportion to the number of units held, subject to the following limitation. Distributions to holders of unvested Class C units will be held back and distributed only if such Class C units vest and a distribution threshold, as defined in the Incentive Plan, is

Note 10. Members' Equity (continued)

met. If any condition to the vesting of such unvested Class C units becomes incapable of being satisfied, held-back distributions for such units will be distributed pro rata to all other unit holders.

Note 11. Accrued Product Warranty Obligations

Changes in accrued product warranty obligations were as follows (dollars in thousands):

	March 31, 2018	April 1, 2017
Balance, at beginning of period	**$ 14,534**	$ 13,449
Warranty expense	**23,855**	22,529
Cash warranty payments	**(22,959)**	(21,444)
Balance, at end of period	**15,430**	14,534
Less noncurrent portion	**(2,900)**	(2,600)
Total current portion	**$ 12,530**	$ 11,934

Note 12. Retirement Plans

The Company's U.S. subsidiary sponsors a defined contribution savings plan covering most U.S. employees. Full-time employees covered by the plan are eligible to participate after completing three months of service. Participating employees may contribute from 1% to 25% of their compensation to the plan. The Company made no matching contributions to this plan.

Full-time employees of the Company's subsidiaries in Canada are generally covered by employer-sponsored defined contribution plans that require employee contributions and employer matching contributions. The Company recognized expense of $0.6 million, $0.5 million and $0.4 million for these plans during fiscal 2018, 2017 and 2016, respectively.

Note 13. Equity Incentive Plan

The 2011 Management Incentive Plan ("MIP") provides for awards of up to a maximum of 14.3 million Class C units of membership interests in the Company. These units are accounted for as equity-classified awards and are stated at fair value as of the grant dates. Grant date fair value of $0.75 to $1.39 per Class C unit was determined based primarily on the issuance and repurchase of Class A units throughout the period of the grants adjusted for the lower distribution rights for Class C units versus that of Class A units, see Note 10, *Members' Equity*, for additional information.

The awards of Class C units consist of two tranches. For Tranche 1 awards, vesting occurs pro rata over a five-year period based on vesting start date and subject to continued service with the Company through the vesting period. Compensation cost is recognized for Tranche 1 awards over the service periods, based on the number of units that are expected to vest, based on grant date fair value. For Tranche 2 awards, vesting occurs only upon a change in control and other conditions, as defined in the MIP, subject to continued employment through the vesting date. No compensation expense will be recognized for Tranche 2 awards until a change in control is determined to be probable. The ability to complete a change in control is subject to outside market conditions that are beyond the Company's control, as such, a change in control is not considered probable under U.S. GAAP until it occurs. The Transaction with Skyline does not meet the definition of a change of control or other conditions that would trigger vesting of Tranche 2 awards.

Note 13. Equity Incentive Plan (continued)

The following table summarizes activity for awards of Class C units (dollars in thousands):

	Tranche 1	Tranche 2	Total	Total Fair Value
	(Number of units in thousands)			
Outstanding at March 29, 2015	1,763	3,305	5,068	$ 3,893
Granted	2,825	4,305	7,130	5,918
Forfeited	(177)	(257)	(434)	(337)
Units repurchased	(10)	—	(10)	(8)
Outstanding at April 2, 2016	4,401	7,353	11,754	9,466
Granted	325	663	988	895
Forfeited	(50)	(188)	(238)	(188)
Outstanding at April 1, 2017	4,676	7,828	12,504	10,173
Granted	**50**	**301**	**351**	**488**
Forfeited	**—**	**(200)**	**(200)**	**(181)**
Outstanding at March 31, 2018	**4,726**	**7,929**	**12,655**	**$10,480**

The following table summarizes the vested and unvested outstanding Class C units (dollars in thousands):

	Tranche 1	Tranche 2	Total	Total Fair Value
	(Number of units in thousands)			
At April 1, 2017				
Vested	1,851	—	1,851	$ 1,456
Unvested	2,825	7,828	10,653	8,717
Total outstanding	4,676	7,828	12,504	$10,173
At March 31, 2018				
Vested	**2,621**	**—**	**2,621**	**$ 2,091**
Unvested	**2,105**	**7,929**	**10,034**	**8,389**
Total outstanding	**4,726**	**7,929**	**12,655**	**$10,480**

Compensation expense of $0.6 million was recognized for Tranche 1 awards during both fiscal 2018 and 2017, and $0.5 million was recognized for Tranche 1 awards during fiscal 2016. All expenses related to these Tranche 1 awards were included in selling, general and administrative expenses in the accompanying consolidated statements of operations. As of March 31, 2018, future compensation expense yet to be recognized for Tranche 1 awards totaled $1.3 million, and the weighted average period over which such compensation costs will be recognized was 2.5 years.

No compensation expense will be recognized for Tranche 2 awards until a qualifying event occurs and only for the portion of the Tranche 2 awards that vest. The maximum future compensation expense yet to be recognized for Tranche 2 awards, as of March 31, 2018, was $6.6 million. The weighted average period over which such compensation expense will be recognized was indeterminate.

Note 14. Transactions with Related Parties

The Company is party to a Management Advisory Services Agreement (“Services Agreement”) with Centerbridge Advisors, LLC; MAK Management L.P. (“MAK”); and Sankaty Advisors, LLC (collectively, the

Note 14. Transactions with Related Parties (continued)

"Managers"), each principal owners of the Company, whereby the Managers provide management, consulting, financial and other advisory services to the Company in exchange for an annual management fee totaling $1.5 million plus reimbursable expenses. The management fee is included in selling, general and administrative expenses in the accompanying consolidated statements of operations. The Services Agreement renews automatically each year.

Owners of a substantial portion of the Company's equity interest are also holders of a substantial portion of the Company's Term Notes.

On January 20, 2017, the Company completed the sale of Champion U.K. to an entity controlled by one of the principal owners of CEH. See additional discussion on the disposition in Note 3, *Discontinued Operations*.

Note 15. Segment Information

The Company operates in two reportable segments: (i) U.S. Factory-built Housing, which includes wholesale and retail housing operations and (ii) Canadian Factory-built Housing. Corporate/Other includes the Company's transportation operations, corporate costs directly incurred for all segments and intersegment eliminations. Segments are generally determined by geography. Segment data includes intersegment revenues and corporate office costs that are directly and exclusively incurred for each segment. The Company evaluates the performance of its segments and allocates resources to them primarily based on earnings before interest, taxes, depreciation and amortization ("EBITDA"). Total assets for Corporate/Other primarily include cash and certain deferred tax items not specifically allocated to another segment.

Note 15. Segment Information (continued)

Selected financial information by reportable segment was as follows (dollars in thousands):

	Year Ended		
	March 31, 2018	**April 1, 2017**	**April 2, 2016**
Net sales:			
U.S. Factory-built Housing	**$ 860,488**	$678,296	$573,945
Canadian Factory-built Housing	**96,603**	92,631	96,881
Corporate/Other	**107,631**	90,392	80,877
Consolidated net sales	**$1,064,722**	$861,319	$751,703
Operating income			
U.S. Factory-built Housing EBITDA	**$ 66,747**	$ 48,135	$ 26,683
Canadian Factory-built Housing EBITDA	**10,800**	12,655	12,074
Corporate/Other EBITDA	**(14,698)**	(18,895)	(15,341)
Depreciation	**(7,773)**	(6,803)	(5,851)
Amortization	**(487)**	(442)	(407)
Consolidated operating income	**$ 54,589**	$ 34,650	$ 17,158
Depreciation:			
U.S. Factory-built Housing	**$ 6,360**	$ 5,386	$ 4,541
Canadian Factory-built Housing	**907**	808	719
Corporate/Other	**506**	609	591
Consolidated depreciation	**$ 7,773**	$ 6,803	$ 5,851
Amortization:			
U.S. Factory-built Housing	**$ 241**	$ 202	$ 165
Canadian Factory-built Housing	**246**	240	242
Corporate/Other	**—**	—	—
Consolidated Amortization	**$ 487**	$ 442	$ 407
Capital expenditures:			
U.S. Factory-built Housing	**$ 7,348**	$ 6,137	$ 2,263
Canadian Factory-built Housing	**888**	607	709
Corporate/Other	**1,206**	211	740
Consolidated capital expenditures	**$ 9,442**	$ 6,955	$ 3,712
Total assets:			
U.S. Factory-built Housing(1)	**$ 190,323**	$151,258	
Canadian Factory-built Housing(1)	**54,449**	60,972	
Corporate/Other(1)	**150,626**	115,791	
Consolidated assets	**$ 395,398**	$328,021	

(1) Deferred tax assets for the Canadian operations are reflected in the Canadian Factory-built Housing segment. US deferred tax assets are presented in Corporate/Other because an allocation between segments is not practicable.

Note 16. Earnings Per Unit

As disclosed in Note 10, distributions to unit holders will generally be made in the following order of priority: first, to the holders of Class A units until the cumulative amount distributed to such holders equals their capital contribution per such Class A units; second, to the holders of Class A units and Class C units pro rata in proportion to the number of units held.

The following table sets forth the computation of basic and diluted income for each Class A membership unit for the periods presented (in thousands, except per unit data):

	Year Ended		
	March 31, 2018	**April 1, 2017**	**April 2, 2016**
Numerator:			
Net income from continuing operations	**$ 15,800**	$ 51,327	$ 10,228
Net income (loss) from discontinued operations	**—**	583	(10,248)
Net loss attributable to noncontrolling interest	**—**	—	71
Net income attributable to Champion members	**$ 15,800**	$ 51,910	$ 51
Denominator:			
Weighted average basic units outstanding	**135,612**	135,612	139,435
Effect of dilutive units	**—**	—	—
Weighted average diluted units outstanding	**135,612**	135,612	139,435
Basic net income (loss) per unit:			
Continuing operations	**$ 0.12**	$ 0.38	$ 0.07
Discontinued operations	**0.00**	0.00	(0.07)
Basic net income (loss) per unit attributable to Champion members	**$ 0.12**	$ 0.38	$ (0.00)
Diluted net income (loss) per unit:			
Continuing operations	**$ 0.12**	$ 0.38	$ 0.07
Discontinued operations	**0.00**	0.00	(0.07)
Diluted net income (loss) per unit attributable to Champion members	**$ 0.12**	$ 0.38	$ (0.00)

Given the order of priority for Class A units and Class C units, the above basic and diluted calculations exclude outstanding Class C units. The Class C units could have a dilutive effect in the future.

Note 17. Subsequent Events

The Company evaluated subsequent events through June 8, 2018, the date of the accompanying consolidated financial statements were available to be issued.

Unit Holder Distributions

During May 2018, the Company completed a series of distributions to the holders of the Company's membership interests totaling $65.0 million.

Skyline Corporation Transaction

The Exchange was completed effective June 1, 2018, and Skyline issued 47.8 million shares of Skyline common stock to the Company's members. Based on the closing price of $33.39 of Skyline common stock at the date of

Note 17. Subsequent Events (continued)

the completion of the Exchange, the total purchase price was $285.2 million and will be allocated to the assets and liabilities of Skyline assumed in the Exchange.

Revolving Credit Facility

On June 5, 2018, the Company entered into a credit agreement ("New Credit Agreement") with a syndicate of banks. The New Credit Agreement provides for a revolving credit facility to the Company and its subsidiaries of up to $100.0 million, including a letter of credit sub-facility of not less than $45.0 million. Initial borrowings under the New Credit Agreement were used to repay the Company's existing $46.9 million Term Notes, and replace the Company's existing cash collateralized stand-alone letter of credit facility.

The New Credit Agreement will mature on the fifth anniversary of the closing date, and has no scheduled amortization. The interest rate under the New Credit Agreement will adjust based on the first lien net leverage of the Company and its subsidiaries. For the first two full fiscal quarters following the closing under the New Credit Agreement, the annual interest rate will be LIBOR plus 1.75% or ABR plus 0.75%, at the election of the Company. Thereafter, the interest rate will adjust based on the first lien net leverage from a high of LIBOR plus 2.25% and ABR plus 1.25% when first lien net leverage is equal to or greater than 2.00:1.00, to a low of LIBOR plus 1.50% and ABR plus 0.50% when first lien net leverage is below 0.50:1.00. In addition, the Company will be obligated to pay a commitment fee ranging between 0.40% and 0.25% (depending on first lien net leverage) in respect of unused commitments under the New Credit Facility.

Equity Award Modifications

Effective June 1, 2018, the Company amended certain outstanding equity awards under the MIP. The MIP awards were converted to unregistered shares of Skyline common stock ("Restricted Shares") and were distributed to participants subject to stock restriction agreements. The Restricted Shares are subject to vesting terms that are comparable to the previous MIP vesting terms. The Restricted Shares were allocated from the 47.8 million shares provided in the Exchange with Skyline.

NON-GAAP FINANCIAL MEASURES

In addition to the results provided in accordance with U.S. generally accepted accounting principles ("GAAP") in this Annual Report, Skyline Champion has provided Adjusted EBITDA, a non-GAAP financial measure, which presents operating results on a basis adjusted for certain items. Skyline Champion uses Adjusted EBITDA to clarify and enhance an understanding of the historical results of our business. We believe that the presentation of Adjusted EBITDA enhances an investor's understanding of our financial performance. We further believe that Adjusted EBITDA is a useful financial metric to assess our operating performance from period-to-period by excluding certain items that we believe are not representative of our core business. We use Adjusted EBITDA for business planning purposes and in measuring our performance relative to that of our competitors. Adjusted EBITDA is not a measure of earnings calculated in accordance with GAAP, and should not be considered an alternative to, or more meaningful than, net income or loss, net sales, operating income or earnings per share prepared on a GAAP basis.

Skyline Champion defines Adjusted EBITDA as net income or loss plus (a) the provision for income taxes, (b) interest expense, net, (c) depreciation and amortization, (d) gain or loss from discontinued operations, (e) foreign currency gains and losses, (f) equity based compensation, (g) restructuring charges and impairment of assets, and (h) other non-operating costs including those for the acquisition and integration or disposition of businesses and idle facilities. Skyline Champion believes that Adjusted EBITDA is commonly used by investors to evaluate its performance and that of its competitors. However, Skyline Champion's use of Adjusted EBITDA may vary from that of others in our industry. Adjusted EBITDA is reconciled from the respective measures under GAAP in the table below:

(Dollars in thousands)	Pro Forma Year ended March 31, 2018
Net income from continuing operations	**$27,581**
Interest expense, net	3,797
Income tax expense (benefit)	29,260
Depreciation and amortization	13,660
EBITDA	**$74,298**
Adjustments:	
Acquisition and divestiture costs	74
FX loss (gain)	(176)
Equity based compensation	916
Elkhart and Mansfield closure	1,132
Gain on sale of non-operating facilities	(2,088)
LCM adjustment of development inventory	1,165
Other non-operating items	626
Adjusted EBITDA	**$75,947**

CORPORATE INFORMATION:

Board of Directors

Keith Anderson
Chief Executive Officer, Skyline Champion Corporation

Timothy Bernlohr
Founder and Managing Member, TJB Management Consulting

Michael Bevacqua
Managing Director, Bain Capital Credit, LP

John C. Firth
President, Quality Dining, Inc.

Richard W. Florea
Former Chief Executive Officer, Skyline Corporation

Michael Kaufman
CEO, MAK Capital

Daniel R. Osnoss
Senior Managing Director, Centerbridge Partners

Gary E. Robinette
President and CEO, Ply Gem Industries, Inc.

Executive Officers

Keith Anderson
Chief Executive Officer

Laurie Hough
Executive Vice President, Chief Financial Officer

Mark Yost
Executive Vice President

Timothy Burkhardt
Vice President and Controller

Roger Scholten
Senior Vice President, General Counsel

TRANSFER AGENT
Computershare
Chicago, IL

ACCOUNTING FIRM
Ernst & Young LLP
Detroit, MI

LEGAL COUNSEL
Ropes & Gray LLP
Boston, MA

STOCK LISTING & TRADING SYMBOL
Skyline Champion Corporation’s common stock is listed under the New York Stock Exchange under the trading symbol “SKY”.

SKYLINE CHAMPION CORPORATION

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