THOR INDUSTRIES INC
Form 10-K
September 27, 2017
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-K

(Mark one)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended July 31, 2017

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 001-09235

THOR INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Delaware	93-0768752
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

601 East Beardsley Ave., Elkhart, IN 46514-3305
(Address of principal executive offices) (Zip Code)
Registrant s telephone number, including area code: (574) 970-7460

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class:	Name of each exchange on which registered:
Common Stock (par value $.10 per share)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Exchange Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to the filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company, and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer		Accelerated filer
Non-accelerated filer	(Do not check if a smaller reporting company)	Smaller reporting company
Emerging growth company		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 126-2 of the Exchange Act.)

Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of January 31, 2017 was approximately $5.219 billion based on the closing price of the registrant s common shares on January 31, 2017, the last business day of the registrant s most recently completed second fiscal quarter. Solely for the purpose of this calculation and for no other purpose, the non-affiliates of the registrant are assumed to be all shareholders of the registrant other than (i) directors of the registrant (ii) current executive officers of the registrant who are identified as named executive officers pursuant to Item 11 of the registrant s Form 10-K for the fiscal year ended July 31, 2016 and (iii) any shareholder that beneficially owns 10% or more of the registrant s common stock. Such exclusion is not intended, nor shall it be deemed, to be an admission that such persons are affiliates of the registrant. The number of common shares of registrant s stock outstanding as of September 1, 2017 was 52,586,041.

Documents incorporated by reference:

Portions of the Proxy Statement for the Annual Meeting of Stockholders to be held on December 12, 2017 are incorporated by reference in Part III of this Annual Report on Form 10-K.

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PART I

Unless otherwise indicated, all dollar amounts are presented in thousands except per share data.

ITEM 1. BUSINESS

The following discussion of our business solely relates to ongoing operations.

General Development of Business

Our company was founded in 1980 and, through its subsidiaries, manufactures a wide range of recreational vehicles (RVs) in the United States and sells those vehicles primarily in the United States and Canada. We are incorporated in Delaware and are the successor to a corporation of the same name which was incorporated in Nevada on July 29, 1980. Our principal executive office is located at 601 East Beardsley Avenue, Elkhart, Indiana 46514 and our telephone number is (574) 970-7460. Our Internet address is *www.thorindustries.com*. We maintain copies of our recent filings with the Securities and Exchange Commission (SEC), available free of charge, on our web site. Unless the context otherwise requires or indicates, all references to Thor , the Company , we , our and us refer to Thor Industries, Inc. and its subsidiaries.

Our principal recreational vehicle and other operating subsidiaries are Airstream, Inc. (*Airstream*), Thor Motor Coach, Inc. (*Thor Motor Coach*), Keystone RV Company (*Keystone* , which includes Crossroads and Dutchmen), Heartland Recreational Vehicles, LLC (*Heartland* , which includes Bison Horse Trailers, LLC dba Bison Coach (Bison), Cruiser RV, LLC (CRV) and DRV, LLC (DRV)), K.Z., Inc. (*KZ* , which includes Thor Livin Lite, Inc. dba Livin Lite RV, Inc. (Livin Lite)), Postle Operating, LLC (*Postle*) and Jayco, Inc. (*Jayco* , which includes Jayco, StarCraft, Highland Ridge and Entegra Coach).

Acquisitions and Other Significant Events

Fiscal 2016

On June 30, 2016, the Company closed on a Stock Purchase Agreement (Jayco SPA) for the acquisition of all the issued and outstanding capital stock of towable and motorized recreational vehicle manufacturer Jayco for cash consideration of $562,690, net of cash acquired. This acquisition was funded from the Company s cash on hand and $360,000 from an asset-based revolving credit facility as more fully described in Notes 2 and 11 to the Consolidated Financial Statements. Jayco operates as an independent operation in the same manner as the Company s other recreational vehicle subsidiaries. The Company purchased Jayco to complement its existing towable and motorized RV product offerings and dealer base. The fiscal 2016 results included in the Consolidated Statements of Income and Comprehensive Income only include one month of Jayco s operating results.

Fiscal 2015

On May 15, 2015, the Company entered into a repurchase agreement (the May 15, 2015 Repurchase Agreement), to purchase shares of its common stock from the Thompson Family Foundation (the Foundation) in a private transaction. Pursuant to the terms of the May 15, 2015 Repurchase Agreement, the Company purchased from the Foundation 1,000,000 shares of its common stock at a price of $60.00 per share, and held them as treasury stock, representing an aggregate purchase price of $60,000. The closing price of Thor common stock on May 15, 2015 was $61.29. The transaction was consummated on May 19, 2015, and the Company used available cash to purchase the shares. The number of shares repurchased by the Company represented 1.9% of the Company s issued and outstanding common stock immediately prior to the repurchase.

On May 1, 2015, the Company closed on a Membership Interest Purchase Agreement with Postle Aluminum Company, LLC for the acquisition of all the outstanding membership units of Postle for cash consideration paid in fiscal 2015 of $144,048, net of cash acquired. Postle is a manufacturer of aluminum extrusion and specialized component products for the RV and other markets, and operates as an independent operation in the same manner as the Company s other subsidiaries.

On January 5, 2015, the Company closed on a Stock Purchase Agreement (CRV/DRV SPA) for the acquisition of all the outstanding membership units of towable recreational vehicle manufacturer CRV and luxury fifth wheel towable recreational vehicle manufacturer DRV, by its Heartland subsidiary. In accordance with the CRV/DRV SPA, the closing was deemed effective as of January 1, 2015. As contemplated in the CRV/DRV SPA, the Company also acquired, in a series of integrated transactions, certain real estate used in the ongoing operations of CRV and DRV. Cash consideration paid for this acquisition was $47,523, net of cash acquired. The Company purchased CRV and DRV to supplement and expand its existing lightweight travel trailer and luxury fifth wheel product offerings and dealer base.

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Discontinued Operations (Fiscal 2014)

On July 31, 2013, we entered into a definitive Stock Purchase Agreement and sold our bus business to Allied Specialty Vehicles, Inc. (ASV). The sale closed on October 20, 2013. Thor s bus business included Champion Bus, Inc., General Coach America, Inc., Goshen Coach, Inc., El Dorado National (California), Inc., and El Dorado National (Kansas), Inc. As a result of the divestiture of the bus business, the results of operations of the bus business are reported as a loss from discontinued operations, net of income taxes, on the Consolidated Statements of Income and Comprehensive Income for the years ended July 31, 2016 and 2015. See Note 3 to the Consolidated Financial Statements for further information.

Recreational Vehicles

Thor, through its operating subsidiaries, is currently the largest manufacturer of RVs in North America, by units sold and revenue, based on retail statistics published by Statistical Surveys, Inc. and other reported data. Our operating subsidiaries are as follows:

Airstream

Airstream manufactures and sells premium quality travel trailers and motorhomes. Airstream travel trailers are distinguished by their rounded shape and bright aluminum finish and, in our opinion, constitute the most recognized product in the recreational vehicle industry. Airstream manufactures and sells travel trailers under the trade names *Airstream Classic, International*, *Tommy Bahama*®, *Flying Cloud*, *Sport* and *Basecamp*. Airstream also sells the *Interstate* series of Class B motorhomes.

Thor Motor Coach

Thor Motor Coach manufactures and sells gasoline and diesel Class A and Class C motorhomes. Its products are sold under trade names such as *Four Winds*, *Hurricane*, *Chateau*, *Windsport*, *Axis*, *Vegas, Tuscany*, *Palazzo, Aria, Quantum, Compass, Gemini* and *A.C.E.*

Keystone

Keystone manufactures and sells conventional travel trailers and fifth wheels, and includes the operations of Keystone, Dutchmen and CrossRoads. Keystone manufactures and sells conventional travel trailers and fifth wheels under trade names such as *Montana*, *Springdale*, *Hideout*, *Sprinter*, *Outback*, *Laredo*, *Bullet*, *Fuzion*, *Raptor*, *Passport* and *Cougar*, while the Dutchmen travel trailer and fifth wheel trade names include *Coleman*, *Kodiak*, *Aspen Trail, Aerolite* and *Voltage*. CrossRoads manufactures and sells conventional travel trailers and fifth wheels under trade names such as *Cruiser*, *Volante*, *Sunset Trail* and *Zinger* and luxury fifth wheels under the trade name *Redwood.*

Heartland

Heartland manufactures and sells conventional travel trailers and fifth wheels, as well as equestrian recreational vehicle products with living quarters, and includes the operations of Heartland, Bison, CRV and DRV. Heartland, including CRV and DRV, manufactures and sells conventional travel trailers and fifth wheels under trade names such as *Landmark*, *Bighorn*, *Elkridge*, *Trail Runner*, *North Trail, Cyclone*, *Torque*, *Prowler*, *Wilderness*, *Shadow Cruiser, Fun Finder, MPG, Radiance* and *Stryker* and luxury fifth wheels under the trade name *DRV Mobile Suites.* Bison manufactures and sells equestrian recreational vehicle products with living quarters under trade names such as *Premiere*, *Silverado*, *Ranger*, *Laredo*, *Trail Boss* and *Trail Hand.*

KZ

KZ manufactures and sells conventional travel trailers and fifth wheels and advanced lightweight travel trailers and specialty products, and includes the operations of KZ and Livin Lite. KZ manufactures and sells conventional travel trailers and fifth wheels under trade names such as *Sportsmen*, *Spree, Venom*, *Durango*, *SportTrek, Connect, Sportster* and *Sonic*, while Livin Lite manufactures and sells advanced lightweight travel trailers and specialty products under trade names such as *Camplite* and *Quicksilver*.

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Jayco

Jayco manufactures and sells conventional travel trailers, fifth wheels, camping trailers and motorhomes, and includes the operations of Jayco, Starcraft, Highland Ridge and Entegra Coach. Jayco manufactures and sells conventional travel trailers and fifth wheels under trade names such as *Jay Flight*, *Jay Feather, Eagle, Pinnacle* and *Seismic,* and also manufactures Class A and Class C motorhomes under trade names such as *Alante, Precep*t, *Greyhawk* and *Redhawk*. Starcraft manufactures and sells conventional travel trailers and fifth wheels under trade names such as *Launch, Autumn Ridge and Solstice*. Highland Ridge manufactures and sells conventional travel trailers and fifth wheels under trade names such as *Highlander, Mesa Ridge* and *Open Range*. Entegra Coach manufactures and sells luxury Class A motorhomes under trade names such as *Insignia, Aspire, Anthem and Cornerstone.*

Postle

Postle manufactures and sells aluminum extrusions and specialized component products to RV and other manufacturers.

Product Line Sales and Segment Information

The Company has two reportable segments: (1) towable recreational vehicles and (2) motorized recreational vehicles. The towable recreational vehicle reportable segment consists of the following operating segments that have been aggregated: Airstream (towable), Heartland (including Bison, CRV and DRV), Jayco (including Jayco towable, Starcraft and Highland Ridge), Keystone (including CrossRoads and Dutchmen) and KZ (including Livin Lite). The motorized recreational vehicle reportable segment consists of the following operating segments that have been aggregated: Airstream (motorized), Jayco (including Jayco motorized and Entegra Coach) and Thor Motor Coach.

The operations of the Company s Postle subsidiary, which was acquired May 1, 2015, are included in Other, which is a non-reportable segment. Net sales included in Other mainly relate to the sale of aluminum extrusions and specialized component products. Intercompany eliminations adjust for Postle sales to the Company s towables and motorized segments, which are consummated at established arm s length transfer prices consistent with the selling prices of extrusion components to third-party customers.

The table below sets forth the contribution of each of the Company s reportable segments to net sales in each of the last three fiscal years:

	2017		2016		2015	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Recreational vehicles:						
Towables	$ 5,127,491	71	$ 3,338,659	73	$ 3,096,405	77
Motorized	1,971,466	27	1,094,250	24	870,799	22
Total recreational vehicles	7,098,957	98	4,432,909	97	3,967,204	99
Other	253,557	3	218,673	5	56,594	1
Intercompany eliminations	(105,562)	(1)	(69,470)	(2)	(16,979)	
Total	$ 7,246,952	100	$ 4,582,112	100	$ 4,006,819	100

For additional information regarding our segments, see Note 4 to the Consolidated Financial Statements.

Recreational Vehicles

Overview

We manufacture a wide variety of recreational vehicles in the United States and sell those vehicles primarily throughout the United States and Canada, as well as related parts and accessories. Recreational vehicle classifications are based upon standards established by the Recreation Vehicle Industry Association (RVIA). The principal types of towable recreational vehicles that we produce include conventional travel trailers and fifth wheels. In addition, we also produce truck campers, folding campers and equestrian and other specialty towable recreational vehicles, as well as Class A, Class C and Class B motorhomes.

Travel trailers are non-motorized vehicles which are designed to be towed by passenger automobiles, pickup trucks, SUVs or vans. Travel trailers provide comfortable, self-contained living facilities for camping and vacationing purposes. We produce conventional and fifth wheel travel trailers. Conventional trailers are towed by means of a frame hitch attached to the towing vehicle. Fifth wheel trailers, designed to be towed by pickup trucks, are constructed with a raised forward section that is attached to a receiver in the bed area of the pickup truck.

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A motorhome is a self-powered vehicle built on a motor vehicle chassis. Motorhomes are self-contained with their own lighting, heating, cooking, refrigeration, sewage holding and water storage facilities, so that they can be utilized without being attached to utilities.

Class A motorhomes, generally constructed on medium-duty truck chassis, are supplied complete with engine and drivetrain components by motor vehicle manufacturers such as Ford, Freightliner and Spartan Motors. We design, manufacture and install the living area and driver s compartment of Class A motorhomes. Class C and Class B motorhomes are generally built on a Ford, General Motors or Mercedes Benz small truck or van chassis, which includes an engine, drivetrain components and a finished cab section. We construct a living area which has access to the driver s compartment and attaches to the cab section. Although they are not designed for permanent or semi-permanent living, motorhomes can provide comfortable living facilities for camping and vacationing purposes.

Production

In order to minimize finished inventory, our recreational vehicles generally are produced to dealer order. Our facilities are designed to provide efficient assembly-line manufacturing of products. Capacity increases can generally be achieved relatively quickly and at relatively low cost, largely by acquiring, leasing, or building additional facilities and equipment and increasing the number of production employees.

We purchase many of the components used in the production of our recreational vehicles in finished form. The principal raw materials used in the manufacturing processes for motorhomes and travel trailers are aluminum, lumber, plywood, plastic, fiberglass and steel purchased from numerous suppliers. We believe that, except for chassis and certain key towable RV components sourced from one major supplier, substitute sources for raw materials and components are generally available with no material impact on our operations.

Our relationship with our chassis suppliers is similar to our other RV vendor relationships in that no long-term contractual commitments are entered into by either party. Historically, chassis manufacturers resort to an industry-wide allocation system during periods when chassis supply is restricted. These allocations are generally based on the volume of chassis previously purchased. Sales of motorhomes rely on these chassis and are affected accordingly. We have not experienced any recent significant cost increases from our chassis suppliers.

Generally, all of our RV operating subsidiaries introduce new or improved lines or models of recreational vehicles each year. Changes typically include new sizes and floor plans, different decors or design features and engineering and technological improvements.

Seasonality

Since recreational vehicles are used primarily by vacationers and campers, our recreational vehicle sales tend to be seasonal and, in most geographical areas, tend to be lower during the winter months than in other periods. As a result, recreational vehicle sales are historically lowest during our second fiscal quarter, which ends on January 31 of each year.

Marketing and Distribution

We sell our recreational vehicles to independent, non-franchise dealers located primarily throughout the United States and Canada. Each of our recreational vehicle operating subsidiaries sell to their own network of independent dealers, with many dealers carrying more than one of our product lines, as well as products from other manufacturers. As of July 31, 2017, there were approximately 2,300 dealerships carrying our products in the U.S. and Canada. We believe that the working relationships between our management and sales personnel and the independent dealers provide us with valuable information on customer preferences and the quality and marketability of our products.

Each of our recreational vehicle operating subsidiaries has an independent sales force to call on their dealers. Our most important sales events occur at the major recreational vehicle shows which take place throughout the year at different locations across the country. We benefit from the recreational vehicle awareness advertising and major marketing programs sponsored by the RVIA in national print media and television. We have historically engaged in a limited amount of consumer-oriented advertising for our recreational vehicles, primarily through industry magazines, product brochures, direct mail advertising campaigns and the internet.

In our selection of individual dealers, we emphasize the dealer s ability to maintain a sufficient inventory of our products, as well as their financial stability, credit worthiness, reputation, experience and ability to provide service to the end customer. Many dealers carry the recreational vehicle lines of one or more of our competitors. Generally, each of our recreational vehicle operating subsidiaries have separate agreements with their dealers.

One of our dealers, FreedomRoads, LLC, accounted for 20% of our continuing consolidated net sales in fiscal 2017, 20% in fiscal 2016 and 17% in fiscal 2015, with the increases in fiscal 2017 and 2016 partially due to FreedomRoads, LLC s acquisitions of formerly independent RV dealerships. This dealer also accounted for 30% of the Company s consolidated trade accounts receivable at July 31, 2017 and 18% at July 31, 2016.

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We generally do not finance dealer purchases. Most dealers are financed on a floor plan basis by an unrelated bank or financing company, which lends the dealer all or substantially all of the wholesale purchase price and retains a security interest in the vehicles purchased. As is customary in the recreational vehicle industry, we will execute a repurchase agreement with a lending institution financing a dealer s purchase of our products upon the lending institution s request. Repurchase agreements provide that, typically for a period of up to eighteen months after a unit is financed and in the event of default by the dealer and notification from the lending institution of the dealer default, we will repurchase all the dealer units repossessed by the lending institution for the amount then due, which is often less than 100% of the dealer s cost. The risk of loss under repurchase agreements is spread over numerous dealers and is further reduced by the resale value of the units which we would be required to repurchase. We believe that any future losses under these agreements would not have a material adverse effect on our Company. The Company s total commercial commitments under standby repurchase obligations on dealer inventory financing as of July 31, 2017 and July 31, 2016 were $2,200,544 and $1,898,307, respectively. The losses incurred due to repurchase were $302, $818 and $1,265 in fiscal 2017, 2016 and 2015, respectively.

Backlog

As of July 31, 2017, the backlog for towable and motorized recreational vehicle orders was $1,416,240 and $915,559, respectively, compared to $735,085 and $461,762, respectively, at July 31, 2016, reflecting increases of 92.7% and 98.3%, respectively.

Backlog represents unfilled dealer orders on a particular day which can and do fluctuate on a seasonal basis. The manufacturing time in the recreational vehicle business is relatively short. The existing backlog of towable and motorized recreational vehicles is expected to be filled in fiscal 2018.

Historically, the amount of our current backlog compared to our backlog in previous periods reflects general economic and industry conditions and, together with other relevant factors, such as continued acceptance of our products by the consumer, may be an indicator of our revenues in the near term.

Product Warranties

We generally provide retail purchasers of our recreational vehicles with a one-year or two-year limited warranty against defects in materials and workmanship with longer warranties on certain structural components. The chassis and engines of our motorhomes are generally warranted for various periods in excess of one year by their manufacturers.

Regulation

We are subject to the provisions of the National Traffic and Motor Vehicle Safety Act (NTMVSA) and the safety standards for recreational vehicles and recreational vehicle components which have been promulgated thereunder by the U.S. Department of Transportation. Because of our sales in Canada, we are also governed by similar laws and regulations issued by the Canadian government.

We are a member of the RVIA, a voluntary association of recreational vehicle manufacturers which promulgates recreational vehicle safety standards. We place an RVIA seal on each of our recreational vehicles to certify that the RVIA s standards have been met.

Both federal and state authorities have various environmental control standards relating to air, water and noise pollution which affect our business and operations. For example, these standards, which are generally applicable to all companies, control our choice of paints, our air compressor discharge, our waste water and the noise emitted by our factories. We rely upon certifications obtained by chassis manufacturers with respect to compliance by our vehicles with all applicable emission control standards.

We are also subject to the regulations promulgated by the Occupational Safety and Health Administration (OSHA). Our plants are periodically inspected by federal agencies concerned with health and safety in the work place, and by the RVIA, to ensure that our plants and products comply with applicable governmental and industry standards.

We believe that our products and facilities comply in all material respects with applicable vehicle safety, environmental, RVIA and OSHA regulations.

We do not believe that ongoing compliance with the regulations discussed above will have a material effect in the foreseeable future on our capital expenditures, earnings or competitive position.

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Competition

The recreational vehicle industry is generally characterized by low barriers to entry. The recreational vehicle market is intensely competitive, with several other manufacturers selling products that compete directly with our products. We also experience a certain level of competition between our own operating subsidiaries. Increased activity in the market for used recreational vehicles also impacts manufacturers sales of new products. Competition in the recreational vehicle industry is based upon price, design, value, quality and service. We believe that the price, design, value and quality of our products and the warranty coverage and service that we provide allow us to compete favorably for retail purchasers of recreational vehicles. There are approximately 60 RV manufacturers in the U.S. and Canada, according to RVIA.

Our primary competitors within the towable and motorized segments are Forest River, Inc. and Winnebago Industries, Inc. We estimate that, in the aggregate, we are the largest recreational vehicle manufacturer in terms of both units produced and revenue. According to Statistical Surveys, Inc., for the six months ended June 30, 2017, Thor s combined U.S. and Canadian market share was approximately 50.7% for travel trailers and fifth wheels combined and approximately 39.6% for motorhomes.

Trademarks and Patents

We have registered United States trademarks, Canadian trademarks, certain international trademarks and licenses carrying the principal trade names and model lines under which our products are marketed. We hold and protect certain patents related to our business. We are not dependent upon any patents or technology licenses of others for the conduct of our business.

Employee Relations

At July 31, 2017, we employed approximately 17,800 full-time employees in the United States, of which approximately 1,900 were salaried. None of our employees are represented by certified labor organizations. We believe that we maintain a good working relationship with our employees.

Information about Foreign and Domestic Operations and Export Sales

We manufacture all of our recreational vehicles in the United States. Export sales from our continuing operations, predominantly to Canada, were $628,176, $368,426 and $465,642 in fiscal 2017, 2016 and 2015, respectively, with these totals being adversely impacted by the relative strength of the U.S. dollar during those periods.

Forward Looking Statements

This Annual Report on Form 10-K includes certain statements that are forward looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward looking statements are made based on management s current expectations and beliefs regarding future and anticipated developments and their effects upon Thor, and inherently involve uncertainties and risks. These forward looking statements are not a guarantee of future performance. We cannot assure you that actual results will not differ from our expectations. Factors which could cause materially different results include, among others, raw material and commodity price fluctuations, raw material or chassis supply restrictions, the level of warranty claims incurred, legislative, regulatory and tax policy developments, the costs of compliance with increased governmental regulation, legal and compliance issues including those that may arise in conjunction with recent transactions, the potential impact of increased tax burdens on our dealers and retail consumers, lower consumer confidence and the level of discretionary consumer spending, interest rate fluctuations, the potential impact of rising interest rates on the general economy and specifically on our dealers and consumers, restrictive lending practices, management changes, the success of new product introductions, the pace of obtaining and producing at new production facilities, the pace of acquisitions, the potential loss of existing customers of acquisitions, the integration of new acquisitions, our ability to retain key management personnel of acquired companies, a shortage of necessary personnel for production, the loss or reduction of sales to key dealers, the availability of delivery personnel, asset impairment charges, cost structure changes, competition, the impact of potential losses under repurchase agreements, the potential impact of the strength of the U.S. dollar on international demand, general economic, market and political conditions and other risks and uncertainties, including those discussed more fully in ITEM 1A. RISK FACTORS below.

We disclaim any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained in this Annual Report on Form 10-K or to reflect any change in our expectations after the date of this Annual Report on Form 10-K or any change in events, conditions or circumstances on which any statement is based, except as required by law.

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Available Information

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports and the Proxy Statement for our Annual Meeting of Stockholders are made available, free of charge, on our website, *www.thorindustries.com*, as soon as reasonably practicable after such reports have been filed with or furnished to the SEC. You may also read and copy any materials that we file with the SEC at the SEC s Public Reference Room at 100 F Street, NE, Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a website that contains reports, proxy and information statements and other information that is filed electronically with the SEC. The website can be accessed at *www.sec.gov*.

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ITEM 1A. RISK FACTORS

The following risk factors, which relate to our continuing operations, should be considered carefully in addition to the other information contained in this filing.

The risks and uncertainties described below are not the only ones we face and represent risks that our management believes are material to our Company and our business. Additional risks and uncertainties not presently known to us or that we currently deem not material may also harm our business. If any of the following risks actually occur, our business, financial condition or results of operations could be harmed.

Risks Relating To Our Business

The industry in which we operate is highly competitive.

The industry in which we are engaged is highly competitive. The recreational vehicle industry is generally characterized by low barriers to entry, which result in numerous existing and potential recreational vehicle manufacturing competitors. Certain of our operating subsidiaries also compete with each other. Competition is based upon price, design, value, quality, service as well as other factors. Competitive pressures have, from time to time, resulted in a reduction of our profit margins and/or a reduction in our market share. Sustained increases in these competitive pressures could have a material adverse effect on our results of operations. If existing or new competitors develop products that are superior to ours or that achieve better consumer acceptance, our market share, sales volume and profit margins may be adversely affected.

In addition to direct manufacturing competitors, we also compete against consumer demand for used recreational vehicles, particularly during periods of economic downturn. The availability of used recreational vehicles and the pricing differential between used and new recreational vehicles are among the primary factors which impact the competitiveness of used vehicle sales.

The industry in which we operate is centered in northern Indiana.

The majority of our operations are located in one region. The geographic centrality of the RV industry in northern Indiana, where the majority of our facilities are located, creates certain risks, including:

- Competition for workers skilled in the industry, especially during times of increasing RV production, which may increase the cost of our labor or limit the speed at which we can expand production;

- Employee retention and recruitment challenges, as employees with industry knowledge and experience may be attracted to the most lucrative positions and their ability to change employers is relatively easy;

- Potential for greater adverse impact from natural disasters; and

- Competition for desirable production facilities, especially during times of increasing RV production, may increase the cost of acquiring production facilities or limit the availability of obtaining such facilities.

Our business is both seasonal and cyclical and this leads to fluctuations in sales, production and net income.

We have experienced, and expect to continue to experience, significant variability in quarterly sales, production and net income as a result of annual seasonality in our business. Since recreational vehicles are used primarily by vacationers and campers, demand in the recreational vehicle industry generally declines during the fall and winter months, while sales and profits are generally highest during the spring and summer months. Dealer demand and buying patterns may impact the timing of shipments from one quarter to another. In addition, severe weather conditions in some geographic areas may delay the timing of shipments from one quarter to another. The seasonality of our business may negatively impact quarterly operating results.

From a longer-term perspective, the recreational vehicle industry has historically been cyclical in nature, and there can be substantial annual fluctuations in our production levels, shipments and operating results. As discussed further below, numerous external factors have historically contributed to such cyclicality. Due to the seasonality and cyclicality inherent in our business, the results for any annual or quarterly prior period may not be indicative of results for any future annual or quarterly period.

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Our business may be affected by certain external factors beyond our control.

Companies within the recreational vehicle industry are subject to volatility in operating results due to external factors, such as general economic conditions, credit availability, consumer confidence, employment rates, prevailing interest rates, inflation, other economic conditions affecting consumer attitudes and disposable consumer income, demographic changes and political changes. Specific external factors affecting our business include:

- Overall consumer confidence and the level of discretionary consumer spending;
- Industry demand;
- Retail and wholesale buying patterns;
- Dealer confidence and stocking levels;
- General economic, market and political conditions, including war, terrorism and military conflict;
- Tax policies and tax rates;
- RV retail consumer demographics;
- Interest rates and the availability of credit;
- Employment trends;
- Consolidation of RV dealerships;
- Global, domestic or regional financial turmoil;
- Natural disasters;
- Raw material costs;
- Availability of raw materials and components used in production;

Relative or perceived cost, availability and comfort of recreational vehicle use versus other modes of travel, such as car, air or rail travel; and

Increases in real wages and disposable income of consumers and their willingness to make large discretionary purchases.

The loss of our largest dealer could have a significant effect on our business.

Sales to FreedomRoads, LLC accounted for 20% of our consolidated net sales for fiscal 2017. During recent years, FreedomRoads, LLC has acquired a number of formerly independent RV dealerships which has impacted our sales and concentration of sales to FreedomRoads, LLC. Future consolidation of dealerships by FreedomRoads, LLC could impact our sales, concentration of sales to this key dealer and our exposure under repurchase obligations.

The loss of this dealer could have a significant adverse effect on our business. In addition, deterioration in the liquidity or credit worthiness of FreedomRoads, LLC could negatively impact our sales and accounts receivable and could trigger repurchase obligations under our repurchase agreements.

Fuel shortages, or high prices for fuel, could have a negative effect on sales of our recreational vehicles.

Gasoline or diesel fuel is required for the operation of our vehicles or the vehicles which tow our products. Shortages or rationing of gasoline and diesel fuel, and significant, sudden increases in the price of fuel have had a material adverse effect on the recreational vehicle industry as a whole in the past and could have a material adverse effect on our business in the future.

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Business acquisitions pose integration risks.

Our growth has been both internal and by acquisition. Business acquisitions and the merger of subsidiaries within Thor, pose a number of potential integration risks that may result in negative consequences to our business, financial condition or results of operations. The pace and significance of recent transaction activity, the integration of acquired companies, assets and operations and the merger of subsidiaries within Thor involve a number of related risks, including, but not limited to:

- The diversion of management s attention from the management of daily operations to various transaction and integration activities;
- The potential for disruption to existing operations and plans;
- The assimilation and retention of employees, including key employees;
- The ability of our management teams to manage expanded operations to meet operational and financial expectations;
- The integration of departments and systems, including accounting systems, technologies, books and records and procedures;
- The potential loss of, or adverse effects on, existing business relationships with suppliers and customers; and
- The assumption of liabilities of the acquired businesses, which could be greater than anticipated.

The terms of our credit agreement could adversely affect our operating flexibility.

Our $500 million long-term credit facility is secured by certain assets of the Company, primarily cash, inventory, accounts receivable and certain machinery and equipment. The credit agreement contains certain requirements, affirmative and negative covenants and, under certain circumstances, a financial covenant. If we are unable to comply with these requirements and covenants, we may be restricted in our ability to pay dividends or engage in certain other business transactions, the lender may obtain control of our cash accounts or we may incur an event of default. Borrowing availability under the credit agreement is determined on a monthly basis and is limited to the lesser of the facility total and the monthly calculated borrowing base, which is based on stipulated loan percentages applied to specified assets of the Company.

Our business depends on the performance of independent dealers and transportation carriers.

We distribute our products through a system of independent, authorized dealers, many of whom sell products from competing manufacturers. The Company depends on the capability of these independent authorized dealers to develop and implement effective retail sales plans to create demand among retail purchasers for the products that the dealers purchase from the Company. If the Company s independent dealers are not successful in these endeavors, then the Company may be unable to maintain or grow its revenues and meet its financial expectations. The geographic coverage of our dealers and their individual business conditions can affect the ability of our authorized dealers to sell our products to consumers. If dealers are unsuccessful, they may exit or be forced to exit the business or, in some cases, the Company may seek to terminate relationships with certain dealerships. As a result, the Company could face additional adverse consequences related to the termination of dealer relationships. For example, the unplanned loss of any of the Company s independent dealers could lead to inadequate market coverage of our products. In addition, recent consolidation of dealers, as well as the growth of larger, multi-location dealers, may result in increased bargaining power on the part of dealers.

Most often, our products are delivered via a system of independent transportation contractors. The network of carriers is limited and, in times of high demand and limited availability, can create risk in, and disruption of, our distribution channel.

Our business is affected by the availability and terms of financing to dealers and retail purchasers.

Generally, recreational vehicle dealers finance their purchases of inventory with financing provided by lending institutions. A decrease in the availability of this type of wholesale financing, more restrictive lending practices or an increase in the cost of such wholesale financing can prevent dealers from carrying adequate levels of inventory, which limits product offerings and could lead to reduced demand. In addition, two major floor plan financial institutions held approximately 75% of our portion of our dealers total floored dollars outstanding at July 31, 2017.

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Substantial or sudden increases in interest rates and decreases in the general availability of credit have had an adverse impact on our business and results of operations in the past and may do so in the future. Further, a decrease in availability of consumer credit resulting from unfavorable economic conditions, or an increase in the cost of consumer credit, may cause consumers to reduce discretionary spending which could, in turn, reduce demand for our products and negatively affect our sales and profitability.

Changes in consumer preferences for our products or our failure to gauge those preferences could lead to reduced sales.

We cannot be certain that historical consumer preferences for recreational vehicles in general, and our products in particular, will remain unchanged. Recreational vehicles are generally used for recreational purposes, and demand for our products may be adversely affected by competition from other activities that occupy consumers leisure time and by changes in consumer lifestyle, usage pattern, or taste. Similarly, an overall decrease in consumer leisure time may reduce consumers willingness to purchase our products.

Our ability to remain competitive depends heavily on our ability to provide a continuing and timely introduction of innovative product offerings. We believe that the introduction of new features, designs and models will be critical to the future success of our recreational vehicle operations. Managing frequent product introductions poses inherent risks. Delays in the introduction or market acceptance of new models, designs or product features could have a material adverse effect on our business. Products may not be accepted for a number of reasons, including changes in consumer preferences or our failure to properly gauge consumer preferences. Further, we cannot be certain that new product introductions will not reduce revenues from existing models and adversely affect our results of operations. In addition, our revenues may be adversely affected if our new models and products are not introduced to the market on time or are not successful when introduced. Finally, our competitors new products may obtain better market acceptance or render our products obsolete.

If the frequency and size of product liability and other claims against us increase, our business, results of operations and financial condition may be harmed.

We are subject, in the ordinary course of business, to litigation involving product liability and other claims against us, including, without limitation, wrongful death, personal injury and warranties. We generally self-insure a portion of our product liability and other claims and also purchase product liability and other insurance in the commercial insurance market. We cannot be certain that our insurance coverage will be sufficient to cover all future claims against us. We have a self-insured retention (SIR) for products liability and personal injury matters ranging from $500 to $7,500 depending on the product type and when the occurrence took place. Generally, any occurrence (as defined by our insurance policies) after March 31, 2015 is subject to the $500 SIR, while matters occurring after March 31, 2014 and through March 31, 2015 are subject to a $1,000 SIR.

Amounts above the SIR, up to a certain dollar amount, are covered by our excess insurance policy. Currently, we maintain excess liability insurance aggregating $50,000 with outside insurance carriers to minimize our risks related to catastrophic claims in excess of our self-insured positions for products liability and personal injury matters. Any material change in the aforementioned factors could have an adverse impact on our operating results. Any increase in the frequency and size of claims, as compared to our experience in prior years, may cause the premium that we are required to pay for insurance to increase significantly and may negatively impact future SIR levels. It may also increase the amounts we pay in punitive damages, not all of which are covered by our insurance.

When we introduce new products into the marketplace, we may incur expenses that we did not anticipate, which, in turn, can result in reduced earnings.

The introduction of new models, floor plans and features are critical to our future success. We may incur unexpected expenses, however, when we introduce new models, floor plans or features. For example, we may experience unexpected engineering or design flaws that will force a recall of a new product or may cause increased warranty costs. The costs resulting from these types of problems could be substantial and could have a significant adverse effect on our earnings. Estimated warranty costs are provided at the time of product sale to reflect our best estimate of the amounts necessary to settle future and existing claims on products. An increase in actual warranty claims costs as compared to our estimates could result in increased warranty reserves and expense which could have an adverse impact on our earnings.

Our repurchase agreements with floor plan lenders could result in increased costs.

In accordance with customary practice in the recreational vehicle industry, upon the request of a lending institution financing a dealer s purchase of our products, we will generally execute a repurchase agreement with the lending institution. Repurchase agreements provide that, typically for a period of up to 18 months after a recreational vehicle is financed and in the event of default by the dealer, we will repurchase the recreational vehicle repossessed by the lending institution for the amount then due, which is usually less than 100% of the dealer s cost.

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In addition to the guarantee under these repurchase agreements, we may also be required to repurchase inventory relative to dealer terminations in certain states in accordance with state laws or regulatory requirements. The difference between the gross repurchase price and the price at which the repurchased product can then be resold, which is typically at a discount to the original sale price, is an expense to us. Thus, if we were obligated to repurchase a substantially greater number of recreational vehicles, or incurred substantially greater discounting to resell these units in the future, this would increase our costs. In difficult economic times this amount could increase significantly compared to recent years.

For some of the components used in production, we depend on a small group of suppliers and the loss of any of these suppliers could affect our ability to obtain components timely or at competitive prices, which would decrease our sales and profit margins. Some components are sourced from foreign sources and delays in obtaining these components could result in increased costs and decreased sales and profit margins.

We depend on timely and sufficient delivery of components from our suppliers. Most components are readily available from a variety of sources. However, a few key components are currently produced by only a small group of quality suppliers that have the capacity to supply large quantities.

Primarily, this occurs in the case of 1) motorized chassis, where there are a limited number of chassis suppliers, and 2) windows and doors, towable chassis and slide-out mechanisms, axles and upholstered furniture for our recreational vehicles, where LCI Industries is a major supplier for these items within the RV industry.

The recreational vehicle industry as a whole has, from time to time, experienced shortages of motorized chassis due to the concentration or allocation of available resources by suppliers of these chassis. Historically, in the event of an industry-wide restriction of supply, suppliers have generally allocated chassis among us and our competitors based on the volume of chassis previously purchased. If certain suppliers were to discontinue the manufacturing of motorhome chassis, or if, as a group, our chassis suppliers significantly reduced the availability of chassis to the industry, our business would be adversely affected. Similarly, shortages at, or production delays or work stoppages by the employees of chassis suppliers, could have a material adverse effect on our sales. If the condition of the U.S. auto industry were to significantly deteriorate, this could also result in supply interruptions and a decrease in our sales and earnings while we obtain replacement chassis from other sources.

LCI Industries is a major supplier of a number of key components of our recreational vehicles such as windows and doors, towable chassis and slide-out mechanisms, axles and upholstered furniture. We have not experienced any significant shortages or delays in delivery related to these items; however, if industry demand were to increase faster than LCI Industries can respond, or other factors impact their ability to continue to supply our needs for these key components, our business could be adversely affected.

In addition, certain RV components are sourced from foreign locations. Port, production or other delays could cause shortages of certain RV components or sub-components. This could result in increased costs related to alternative supplies or a potential decrease in our sales and earnings if alternatives are not readily available.

Finally, as is standard in the industry, arrangements with chassis and other suppliers are generally terminable at any time by either our Company or the supplier. If we cannot obtain an adequate supply of chassis or other key components, this could result in a decrease in our sales and earnings.

Our products and services may experience quality problems from time to time that can result in decreased sales and gross margin and could harm our reputation.

Our products contain thousands of parts, many of which are supplied by a network of approved vendors. As with all of our competitors, defects may occur in our products, including those purchased from our vendors. We cannot assure you that we will detect all such defects prior to distribution of our products. In addition, although we endeavor to compel our suppliers to maintain appropriate levels of insurance coverage, we cannot assure you that if a defect in a vendor-supplied part were to occur that the vendor would have the ability to financially rectify the defect. Failure to detect defects in our products, including vendor-supplied parts, could result in lost revenue, increased warranty and related costs and could harm our reputation.

Our business is subject to numerous federal, state and local regulations.

We are subject to numerous federal, state and local regulations governing the manufacture and sale of our products, including the provisions of the National Traffic and Motor Vehicle Safety Act (NTMVSA) and the safety standards for vehicles and components which have been promulgated under the NTMVSA by the U.S. Department of Transportation.

The NTMVSA authorizes the National Highway Traffic Safety Administration to require a manufacturer to recall and repair vehicles which contain certain hazards or defects. Sales into foreign countries may be subject to similar regulations. Any recalls of our vehicles, voluntary or involuntary, could have a material adverse effect on our results of operations and could harm our reputation. Additionally, changes in regulations or the imposition of additional regulations could have a material adverse effect on our Company.

We are also subject to federal and numerous state consumer protection and unfair trade practice laws and regulations relating to the sale, transportation and marketing of motor vehicles, including so-called lemon laws . Federal, state and foreign laws and regulations impose upon vehicle operators various restrictions on the weight, length and width of motor vehicles that may be operated in certain jurisdictions or on certain roadways. Certain jurisdictions also prohibit the sale of vehicles exceeding length restrictions. Federal and state authorities have various environmental control standards relating to air, water, noise pollution and hazardous waste generation and disposal which affect our business and operations.

Further, certain other U.S. and foreign laws and regulations affect the Company s activities. Areas of our business affected by such laws and regulations include, but are not limited to, labor, advertising, real estate, promotions, quality of services, intellectual property, tax, import and export duties, tariffs, anti-corruption, anti-competition, environmental, health and safety. Compliance with these laws and others may be onerous and costly, at times, and may be inconsistent from jurisdiction to jurisdiction, which further complicates compliance efforts. Violations of these laws and regulations could lead to significant penalties, including restraints on our export or import privileges, monetary fines, criminal or civil proceedings and regulatory or other actions that could materially adversely affect our operating results.

As a publicly-traded company, we are subject to rules and regulations promulgated by the Securities and Exchange Commission and the New York Stock Exchange.

Failure as a public company to comply with relevant rules and regulations of the Securities and Exchange Commission or the New York Stock Exchange could have an adverse impact on our business. Additionally, amendments to these rules or regulations and the implementation of new rules or regulations could increase the compliance, reporting, or other operating or administrative costs, and therefore could have an adverse impact on our business.

As a public company, we may be required to disclose certain information that may put us at a competitive disadvantage compared to certain of our competitors.

Interruption of information service or misappropriation or breach of our information systems could cause disruption to our operations and the accumulation and reporting of operating results, cause disclosure of confidential information or cause damage to our reputation.

Our business relies on information systems and other technology (information systems) to support aspects of our business operations, including but not limited to, procurement, supply chain management, manufacturing, design, distribution, invoicing and collection of payments. We use information systems to accumulate, analyze and report our operational results. In connection with our use of information systems, we obtain, create and maintain confidential information. Additionally, we rely upon information systems in our marketing and communication efforts. Due to our reliance on our information systems, we have established various levels of security, backup and disaster recovery procedures. Our business processes and operations may, however, be negatively impacted in the event of a substantial disruption of service.

The methods and technologies used to obtain unauthorized access are constantly changing and may be difficult to anticipate. While we have implemented and periodically review security measures and processes designed to prevent unauthorized access to our systems, we may not be able to anticipate and effectively prevent unauthorized access or data loss in the future. The misuse, leakage, unauthorized access or falsification of information could result in a violation of privacy laws and damage to our reputation which could, in turn, have a significant, negative impact on our results of operations.

We may not be able to protect our intellectual property and may be subject to infringement claims.

Our intellectual property, including our patents, trademarks, copyrights, trade secrets, and other proprietary rights, constitutes a significant part of our value. Our success depends, in part, on our ability to protect our intellectual property against infringement and misappropriation by defending our intellectual property rights. To protect these rights, we rely on intellectual property laws of the U.S., Canada, and other countries, as well as contractual and other legal rights. We seek to acquire the rights to intellectual property necessary for our operations. However, we cannot assure you that our measures will be successful in any given instance, particularly in countries outside the U.S. We endeavor to protect our rights; however, third parties may infringe upon our intellectual property rights. We may be forced to take steps to protect our rights, including through litigation, which could result in a diversion of resources.

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The inability to protect our intellectual property rights could result in competitors undermining the value of our brands by, among other initiatives, manufacturing and marketing similar products, which could adversely affect our market share and results of operations. Moreover, competitors or other third parties may challenge or seek to invalidate or avoid the application of our existing or future intellectual property rights that we receive or license. The loss of protection for our intellectual property could reduce the market value of our brands and our products and services, lower our profits, and could otherwise have a material adverse effect on our business, financial condition, cash flows or results of operation.

We also face the risk of claims that we have infringed third parties intellectual property rights. Any claims of intellectual property infringement, even those without merit, could be expensive and time consuming to defend, cause us to cease making, licensing, or using products that incorporate the challenged intellectual property, require us to redesign, reengineer, or rebrand our products, if feasible, divert management s attention and resources, or require us to enter into royalty or licensing agreements in order to obtain the right to use a third party s intellectual property. Any royalty or licensing agreements, if required, may not be available to us on acceptable terms or at all. A successful claim of infringement against us could result in our being required to pay significant damages, enter into costly license or royalty agreements, or stop the sale of certain products, any of which could have a negative impact on our business, financial condition, and results of operations.

We could incur asset impairment charges for goodwill, intangible assets or other long-lived assets.

We have a significant amount of goodwill, intangible assets and other long-lived assets. At least annually, we review goodwill for impairment. Long-lived assets, identifiable intangible assets and goodwill are also reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable from future cash flows. These events or circumstances could include a significant change in the business climate, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of the business or other factors. If the carrying value of a long-lived asset is considered impaired, a non-cash impairment charge is recorded for the amount by which the carrying value of the long-lived asset exceeds its fair value. Our determination of future cash flows, future recoverability and fair value of our long-lived assets includes significant estimates and assumptions. Changes in those estimates or assumptions or lower-than-anticipated future financial performance may result in the identification of an impaired asset and a non-cash impairment charge, which could be material. Any such charge could adversely affect our operating results and financial condition.

Our ability to meet our manufacturing workforce needs is crucial.

We rely on the existence of an available, qualified workforce to manufacture our products. Competition for qualified employees could require us to pay higher wages to attract and retain a sufficient number of qualified employees. We cannot assure you that we will be able to attract and retain qualified employees to meet current or future manufacturing needs at a reasonable cost, or at all.

Our operations are dependent upon the services of key individuals, and their loss could materially harm us.

We rely upon the knowledge, experience and skills of our employees to compete effectively in our business and manage our operations. Our future success depends on, among other factors, our ability to attract and retain executive management, key employees and other qualified personnel. Upon the departure of key employees, our success may depend upon the existence of adequate succession plans. The loss of key employees or the failure to attract or retain qualified employees could have a material adverse effect on us in the event that our succession plans prove inadequate.

Construction, re-configuration, relocation or expansion of production facilities may incur unanticipated costs or delays that could adversely affect operating results.

The development and expansion of certain products and models may require the construction, re-configuration, relocation or expansion of production facilities. Such activities may be delayed or incur unanticipated costs, which could have a material adverse effect on our operating results and financial condition. In addition, upon the commencement of operations in new facilities we may incur unanticipated costs and suffer inefficiencies, which may adversely affect our profitability.

The relative strength of the U.S. dollar may impact sales.

We have historically generated considerable sales in Canada and sales to Canadian dealers are made in U.S. dollars. The strength of the U.S. dollar relative to the Canadian dollar adversely impacts sales in Canada. Should the U.S. dollar remain strong or further strengthen relative to the Canadian dollar, our Canadian sales will likely continue to be negatively impacted.

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Commodity price fluctuations may impact operating results.

Commodity costs, including aluminum which is utilized extensively by certain of our subsidiaries, are subject to price fluctuations outside of our control. The price of aluminum is typically influenced by macroeconomic factors, global supply and demand of aluminum (including expectations for growth and contraction and the level of global inventories), and the level of activity by financial investors. In addition, the price of aluminum is influenced by the supply of, and demand for, metal in a particular region and associated transportation costs. Similarly, other commodity prices such as for steel and wood or wood products are also subject to price fluctuations outside of our control. Pricing changes for aluminum, steel, wood, and other relevant commodities, and the level of aluminum, steel, wood or other commodity inventory maintained by the Company, may ultimately adversely impact operating results.

Our risk management policies and procedures may not be fully effective in achieving their purposes.

Our policies, procedures, controls and oversight to monitor and manage our enterprise risks may not be fully effective in achieving their purpose and may leave exposure to identified or unidentified risks. Past or future misconduct by our employees or vendors could result in violations of law by us, regulatory sanctions and/or serious reputational or financial harm. The Company monitors its policies, procedures and controls; however, we cannot assure you that our policies, procedures and controls will be sufficient to prevent all forms of misconduct. We review our compensation policies and practices as part of our overall enterprise risk management program, but it is possible that our compensation policies could incentivize inappropriate risk taking or misconduct. If such inappropriate risk taking or misconduct occurs, it is possible that it could have a material adverse effect on our results of operations and/or our financial condition.

Increases in healthcare, workers compensation or other employee benefit costs could negatively impact our results of operations and financial condition.

The Company incurs significant costs with respect to employee healthcare and workers compensation benefits. The Company is self-insured for employee healthcare and workers compensation benefits up to certain defined retention limits. If costs related to these or other employee benefits increase as a result of increased healthcare costs, increased utilization of such benefits as a result of increased claims, new or revised governmental mandates or otherwise, our operating results and financial condition may suffer.

Risks Relating To Our Company

Provisions in our charter documents and Delaware law may make it difficult for a third party to acquire our Company and could depress the price of our common stock.

Our Restated Certificate of Incorporation contains certain supermajority voting provisions that could delay, defer or prevent a change in control of our Company. These provisions could also make it more difficult for shareholders to elect directors, amend our Restated Certificate of Incorporation or take other corporate actions.

We are also subject to certain provisions of the Delaware General Corporation Law that could delay, deter or prevent us from entering into an acquisition, including provisions which prohibit a Delaware corporation from engaging in a business combination with an interested shareholder unless specific conditions are met. The existence of these provisions could limit the price that investors are willing to pay in the future for shares of our common stock and may deprive investors of an opportunity to sell shares at a premium over prevailing prices.

Our stock price may fluctuate in response to various conditions, many of which are beyond our control.

The stock market, in general, experiences volatility that has often been unrelated to the underlying operating performance of companies. If this volatility continues, the trading price of our common stock could decline significantly, independent of our actual operating performance. The market price of our common stock may fluctuate significantly in response to numerous factors, many of which are beyond our control, including the following:

- The development of new products and features by our competitors;
- Development of new collaborative arrangements by us, our competitors or other parties;

Changes in government regulations applicable to our business;

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Changes in investor perception of our business and/or management;

Changes in global economic conditions or general market conditions in our industry;

Occurrence of major catastrophic events; and

Sales of our common stock held by certain equity investors or members of management.

Fluctuations in our quarterly results may, particularly if unforeseen, cause us to miss investor expectations or independent analyst estimates, which might result in analysts or investors changing their opinions and/or recommendations regarding our stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

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ITEM 2. PROPERTIES

As of July 31, 2017, we owned or leased approximately 13,183,000 square feet of total manufacturing plant and office space. We believe that our present facilities, consisting primarily of steel clad, steel or wood frame and masonry construction, and the machinery and equipment contained in these facilities, are generally well maintained and in good condition. As a result of our continued expansion efforts, we added 882,000 square feet in facilities in fiscal 2017. We believe that our facilities are suitable and adequate for their intended purposes and that we would be able to obtain replacements for our leased premises at acceptable costs should our leases not be renewed.

The following table describes the location, number and size of our principal manufacturing plants and other materially important physical properties as of July 31, 2017:

Locations	Owned or Leased	No. of Buildings	Approximate Building Area Square Feet
RVs:			
Jackson Center, OH (Airstream) (A)(B)	Owned	11	613,000
Elkhart, IN (Thor Motor Coach) (B)	Owned	14	722,000
Bristol, IN (Thor Motor Coach) (B)	Owned	2	122,000
Wakarusa, IN (Thor Motor Coach) (B)	Owned	1	52,000
Middlebury, IN (Keystone) (A)	Owned	2	181,000
Goshen, IN (Keystone) (A)	Owned	26	2,250,000
Topeka, IN (Keystone) (A)	Owned	11	742,000
Syracuse, IN (Keystone) (A)	Owned	1	138,000
Pendleton, OR (Keystone) (A)	Owned	4	376,000
Elkhart, IN (Heartland) (A)	Owned	16	1,103,000
Elkhart, IN (Heartland) (A)	Leased	1	53,000
Middlebury, IN (Heartland) (A)	Owned	1	143,000
Nappanee, IN (Heartland) (A)	Owned	2	111,000
Howe, IN (Heartland) (A)	Owned	3	266,000
LaGrange, IN (Heartland) (A)	Leased	1	126,000
Nampa, ID (Heartland) (A)	Owned	1	252,000
Shipshewana, IN (KZ) (A)	Owned	14	555,000
Middlebury, IN (Jayco) (A)(B)	Owned	29	2,054,000
Elkhart, IN (Jayco) (B)	Owned	2	90,000
Topeka, IN (Jayco) (A)	Owned	6	377,000
Topeka, IN (Jayco) (A)	Leased	1	69,000
Shipshewana, IN (Jayco) (A)	Owned	6	289,000
Twin Falls, ID (Jayco) (A)	Owned	3	162,000
RV Subtotal		158	10,846,000
Other:			
Cassopolis, MI (C)	Leased	4	270,000
Elkhart, IN (C)	Leased	4	389,000
Elkhart, IN (C)	Owned	1	50,000
Other Subtotal		9	709,000
Corporate:			
Elkhart, IN (Corporate)	Owned	1	21,000
Milford, IN (utilized by Bison)	Owned	7	138,000
Elkhart, IN (utilized by Thor Motor Coach)	Owned	3	223,000
Wakarusa, IN (utilized by Keystone and Thor Motor Coach)	Owned	18	1,246,000
Corporate Subtotal		29	1,628,000
Total		196	13,183,000

(A) Included in the towable recreational vehicles reportable segment.

(B) Included in the motorized recreational vehicles reportable segment.

(C) Included in the other non-reportable segment.

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ITEM 3. LEGAL PROCEEDINGS

At July 31, 2017, the Company is involved in certain litigation arising out of its operations in the normal course of its business, most of which is based upon state lemon laws , warranty claims and vehicle accidents (for which the Company carries insurance above a specified self-insured retention or deductible amount). The outcomes of legal proceedings and claims brought against the Company are subject to significant uncertainty. There is significant judgment required in assessing both the probability of an adverse outcome and the determination as to whether an exposure can be reasonably estimated. In management s opinion, the ultimate disposition of any current legal proceedings or claims against the Company will not have a material effect on the Company s financial condition, operating results or cash flows. Litigation is, however, inherently uncertain and an adverse outcome from such litigation could have a material effect on the operating results of a particular reporting period.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

The Company s Common Stock, par value $0.10 per share (the Common Stock), is traded on the New York Stock Exchange (NYSE). Set forth below is the range of high and low market prices for the Common Stock for each quarter during the Company s two most recent fiscal years, as quoted in the NYSE Monthly Market Statistics and Trading Reports:

	Fiscal 2017		Fiscal 2016	
	High	Low	High	Low
First Quarter	$ 87.08	$ 74.75	$ 57.35	$ 50.12
Second Quarter	108.45	74.00	62.99	47.59
Third Quarter	115.74	88.87	64.79	47.56
Fourth Quarter	109.91	87.96	76.76	60.05

Holders

As of September 1, 2017, the number of holders of record of the Common Stock was 160.

Dividends

In fiscal 2017, we paid a $0.33 per share dividend for each fiscal quarter. In fiscal 2016, we paid a $0.30 per share dividend for each fiscal quarter.

The Company s Board currently intends to continue cash dividends for each quarter in the foreseeable future. As is customary under asset-based lines of credit, certain actions, including our ability to pay dividends, are subject to the satisfaction of certain payment conditions prior to payment. The conditions for the payments of dividends include a minimum level of adjusted excess cash availability and a fixed charge coverage ratio test, both as defined in the credit agreement. The declaration of future dividends, and the establishment of the per share amounts, record dates and payment dates for any such future dividends, are subject to the determination of the Board, and will be dependent upon future earnings, cash flows and other factors.

Issuer Purchases of Equity Securities

There were no purchases of equity securities during the fourth quarter of fiscal 2017.

Equity Compensation Plan Information see ITEM 12

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ITEM 6. SELECTED FINANCIAL DATA

	Fiscal Years Ended July 31,				
	2017	**2016**(1)(2)	**2015**(3)	**2014**(4)	**2013**(5)
Income statement data:					
Net sales	$ 7,246,952	$ 4,582,112	$ 4,006,819	$ 3,525,456	$ 3,241,795
Net income from continuing operations	374,254	258,022	202,009	175,516	151,676
Net income	374,254	256,519	199,385	179,002	152,862
Earnings per common share from continuing operations:					
Basic	$ 7.12	$ 4.92	$ 3.80	$ 3.29	$ 2.86
Diluted	$ 7.09	$ 4.91	$ 3.79	$ 3.29	$ 2.86
Earnings per common share:					
Basic	$ 7.12	$ 4.89	$ 3.75	$ 3.36	$ 2.88
Diluted	$ 7.09	$ 4.88	$ 3.74	$ 3.35	$ 2.88
Dividends paid per common share:					
Regular	$ 1.32	$ 1.20	$ 1.08	$ 0.92	$ 0.72
Special	$	$	$	$ 1.00	$ 1.50
Balance sheet data:					
Total assets	$ 2,557,931	$ 2,325,464	$ 1,503,248	$ 1,408,718	$ 1,328,268
Long-term liabilities	200,345	408,590	59,726	60,306	73,982

(1) Includes a non-cash goodwill impairment of $9,113 associated with a subsidiary in our towable segment.

(2) Includes one month of the operations of Jayco from the date of its acquisition during the fiscal year.

(3) Includes three and seven months of the operations of Postle and CRV/DRV, respectively, from the dates of their acquisitions during the fiscal year.

(4) Includes three, nine and eleven months of the operations of KZ, Bison and Livin Lite, respectively, from the dates of their acquisitions during the fiscal year.

(5) Includes non-cash goodwill and intangible asset impairments of $6,810 and $4,715, respectively, associated with a subsidiary in our discontinued bus business, and a non-cash long-lived asset impairment of $2,000 associated with a subsidiary in our towable segment.

The footnote items noted in (5) above that related to the discontinued bus business only impact the net income and earnings per common share totals in the chart above.

ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our Management s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) should be read in conjunction with the Company s Consolidated Financial Statements and Notes thereto included in ITEM 8 of this Report.

Our MD&A focuses on our ongoing operations. Discontinued operations are excluded from our MD&A except as indicated otherwise.

Executive Overview

We were founded in 1980 and have grown to be the largest manufacturer of RVs in North America. According to Statistical Surveys, Inc., for the six months ended June 30, 2017, Thor s combined U.S. and Canadian market share was approximately 50.7% for travel trailers and fifth wheels combined and approximately 39.6% for motorhomes.

Our business model includes decentralized operating units, and we compensate operating management primarily with cash, based upon the profitability of the business unit which they manage. Our corporate staff provides financial management, insurance, legal, human resource, risk management, marketing and internal audit functions. Senior corporate management interacts regularly with operating management to assure that corporate objectives are understood and monitored appropriately.

Our RV products are sold to non-franchise dealers who, in turn, retail those products. We generally do not finance dealers directly, but do provide repurchase agreements to the dealers floor plan lenders.

Our growth has been both internal and by acquisition. Our strategy is designed to increase our profitability through innovation, servicing our customers, manufacturing quality products, improving the efficiencies of our facilities and making acquisitions.

We generally rely on internally generated cash flows from continuing operations to finance our growth, however, we did obtain a credit facility to partially fund the Jayco, Corp. acquisition as more fully described in Notes 2 and 11 to the Consolidated Financial Statements. Capital expenditures of $115,027 in fiscal 2017 were made primarily for purchases of land, production building additions and improvements and replacing machinery and equipment used in the ordinary course of business.

Significant Events

Fiscal 2016

On June 30, 2016, the Company closed on a Stock Purchase Agreement (Jayco SPA) for the acquisition of all the issued and outstanding capital stock of towable and motorized recreational vehicle manufacturer Jayco, Corp. (Jayco) for cash consideration of $562,690, net of cash acquired. This acquisition was funded from the Company s cash on hand and $360,000 from an asset-based revolving credit facility as more fully described in Notes 2 and 11 to the Consolidated Financial Statements. Jayco operates as an independent operation in the same manner as the Company s other recreational vehicle subsidiaries. The Company purchased Jayco to complement its existing towable and motorized RV product offerings and dealer base.

Fiscal 2015

On May 15, 2015, the Company entered into a repurchase agreement (the May 15, 2015 Repurchase Agreement), to purchase shares of its common stock from the Thompson Family Foundation (the Foundation) in a private transaction. Pursuant to the terms of the May 15, 2015 Repurchase Agreement, the Company purchased 1,000,000 shares of its common stock at a price of $60.00 per share from the Foundation, and held them as treasury stock, representing an aggregate purchase price of $60,000. The closing price of Thor common stock on May 15, 2015 was $61.29. The transaction was consummated on May 19, 2015, and the Company used available cash to purchase the shares. The number of shares repurchased by the Company represented 1.9% of the Company s issued and outstanding common stock immediately prior to the repurchase.

On May 1, 2015, the Company closed on a Membership Interest Purchase Agreement with Postle Aluminum Company, LLC for the acquisition of all the outstanding membership units of Postle Operating, LLC (Postle) for cash consideration paid in fiscal 2015 of $144,048, net of cash acquired. Postle is a manufacturer of aluminum extrusion and specialized component products for the RV and other markets, and operates as an independent operation in the same manner as the Company s other subsidiaries.

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On January 5, 2015, the Company closed on a Stock Purchase Agreement (CRV/DRV SPA) for the acquisition of all the outstanding membership units of towable recreational vehicle manufacturer Cruiser RV, LLC (CRV) and luxury fifth wheel towable recreational vehicle manufacturer DRV, LLC (DRV) by its Heartland Recreational Vehicles, LLC subsidiary (Heartland). In accordance with the CRV/DRV SPA, the closing was deemed effective as of January 1, 2015. As contemplated in the CRV/DRV SPA, the Company also acquired, in a series of integrated transactions, certain real estate used in the ongoing operations of CRV and DRV. Cash consideration paid for this acquisition was $47,523, net of cash acquired. The Company purchased CRV and DRV to supplement and expand its existing lightweight travel trailer and luxury fifth wheel product offerings and dealer base.

Discontinued Operations (Fiscal 2014)

On July 31, 2013, the Company entered into a definitive Stock Purchase Agreement (ASV SPA) and sold our bus business to Allied Specialty Vehicles, Inc. (ASV). The sale closed on October 20, 2013. Thor s bus business included Champion Bus, Inc., General Coach America, Inc., Goshen Coach, Inc., El Dorado National (California), Inc., and El Dorado National (Kansas), Inc. As a result of the sale, the results of operations of the bus business are reported as loss from discontinued operations, net of income taxes on the Consolidated Statements of Income and Comprehensive Income for the fiscal years ended July 31, 2016 and 2015. See Note 3 to the Consolidated Financial Statements for further information. The following table summarizes the results of discontinued operations:

	2017	2016	2015
Loss before income taxes	$	$ (2,417)	$ (4,791)
Income tax benefit		914	2,167
Loss from discontinued operations, net of income taxes	$	$ (1,503)	$ (2,624)

The loss before income taxes of discontinued operations reflects expenses incurred directly related to the former bus operations, including ongoing costs related to liabilities retained by the Company under the ASV SPA for bus product liability and workers compensation claims occurring prior to the closing date of the sale.

Industry Outlook

The Company monitors industry conditions in the RV market through the use of monthly wholesale shipment data as reported by the RVIA, which is typically issued on a one-month lag and represents the manufacturers RV production and delivery to dealers. In addition, the Company monitors monthly retail (end user) sales trends as reported by Statistical Surveys, Inc., whose data is typically issued on a month-and-a-half lag. We believe that monthly RV retail sales data is important as consumer purchases impact future dealer orders and ultimately our production and sales.

We believe our dealer inventory is generally at appropriate levels for seasonal consumer demand, with dealers reflecting optimism at the RV Open House in September 2017. RV dealer inventory of Thor products as of July 31, 2017 increased 16.1% to approximately 109,700 units from approximately 94,500 units as of July 31, 2016. Thor s total RV backlog as of July 31, 2017 increased $1,134,952 or 94.8% to $2,331,799 from $1,196,847 as of July 31, 2016.

Industry Wholesale Statistics Calendar YTD

Key wholesale statistics for the RV industry, as reported by RVIA for the periods indicated, are as follows:

	U.S. and Canada Wholesale Unit Shipments			
	Six Months Ended June 30,			
	2017	2016	Increase	Change
Towables Units	223,644	197,515	26,129	13.2%
Motorized Units	32,786	28,771	4,015	14.0%

Total	256,430	226,286	30,144	13.3%

According to the most recent RVIA forecast in August 2017, shipments for towable and motorized units for the 2017 calendar year will approximate 419,500 and 60,200 units, respectively, which are 11.6% and 9.9% higher, respectively, than the corresponding 2016 calendar year wholesale shipments. The combined total of 479,700 units would be the third largest total in the past half century. Travel trailers and fifth wheels are expected to account for approximately 85% of all RV shipments in calendar year 2017, and more Class C motorhomes are expected to be shipped in 2017 than any year since 1984. The outlook for calendar year 2017 growth in RV sales is based on the expectation of continued gains in jobs and disposable income and low inflation. It also takes into account the impact of slowly rising interest rates and assumes geopolitical risks will have minimal impact on the overall pace of growth in the domestic economy.

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RVIA has also forecasted that 2018 calendar year shipments for towables and motorized units will approximate 429,300 and 61,900 units, respectively, which are 2.3% and 2.8% higher, respectively, than expected 2017 calendar year shipments.

Industry Retail Statistics Calendar YTD

We believe that retail demand is the key to continued growth in the RV industry. We believe that RV industry wholesale shipments will generally approximate a one-to-one replenishment ratio with retail sales going forward.

Key retail statistics for the RV industry, as reported by Statistical Surveys, Inc. for the periods indicated, are as follows:

	U.S. and Canada Retail Unit Registrations			
	Six Months Ended June 30,			
	2017	2016	Increase	Change
Towables Units	215,945	192,610	23,335	12.1%
Motorized Units	30, 543	25,997	4,546	17.5%
Total	246,488	218,607	27,881	12.8%

Note: Data reported by Statistical Surveys, Inc. is based on official state records. This information is subject to adjustment and is continuously updated.

Company Wholesale Statistics Calendar YTD

The Company s wholesale RV shipments, for the six-month periods ended June 30, 2017 and 2016, to correspond to the industry periods denoted above, were as follows (the 2016 totals exclude Jayco due to the timing of its acquisition on June 30, 2016):

	U.S. and Canada Wholesale Unit Shipments			
	Six Months Ended June 30,			
	2017	2016	Increase	Change
Towables Units	116,278	67,684	48,594	71.8%
Motorized Units	13,484	7,681	5,803	75.6%
Total	129,762	75,365	54,397	72.2%

Company Retail Statistics Calendar YTD

Retail shipments of the Company s RV products, as reported by Statistical Surveys, Inc., were as follows for the six-month periods ended June 30, 2017 and 2016, to correspond to the industry periods denoted above, and are adjusted to include retail unit shipment results from acquisitions only from the date of acquisition forward (therefore, the 2016 totals exclude Jayco due to the timing of its acquisition on June 30, 2016):

	U.S. and Canada Retail Unit Registrations			
	Six Months Ended June 30,			
	2017	2016	Increase	Change
Towables Units	106,795	66,308	40,487	61.1%
Motorized Units	12,096	6,857	5,239	76.4%
Total	118,891	73,165	45,726	62.5%

Note: Data reported by Statistical Surveys, Inc. is based on official state records. This information is subject to adjustment and is continuously updated.

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Company Wholesale Statistics Fiscal Year

For the fiscal years ended July 31, 2017 and 2016, the Company s wholesale RV shipments were as follows (includes Jayco results only from the June 30, 2016 date of acquisition forward):

	U.S. and Canada Wholesale Unit Shipments			
	Fiscal Year Ended July 31,			
	2017	2016	Increase	Change
Towables Units	213,562	128,932	84,630	65.6%
Motorized Units	24,133	13,815	10,318	74.7%
Total	237,695	142,747	94,948	66.5%

The wholesale totals above for towables and motorized units include 62,642 and 5,654 units, respectively, in fiscal 2017 and 3,577 and 243 units, respectively, in fiscal 2016 related to Jayco since its June 30, 2016 acquisition date.

Our outlook for future growth in retail sales is dependent upon various economic conditions faced by consumers such as the rate of unemployment, the level of consumer confidence, the growth in disposable income of consumers, changes in interest rates, credit availability, the state of the housing market and changes in tax rates and fuel prices. Assuming continued stability or improvement in consumer confidence, availability of retail and wholesale credit, low interest rates and the absence of negative economic factors, we would expect to see continued growth in the RV industry.

A positive future outlook for the RV segment is supported by favorable demographics. The number of consumers between the ages of 55 and 74, the age brackets that historically have accounted for the bulk of retail RV sales, will total 79 million by 2025, 15% higher than in 2015 according to the RVIA. In addition, in recent years the industry has benefited from growing retail sales to younger consumers with new product offerings targeted to younger, more active families, as they place a higher value on family outdoor recreation than any prior generation. Based on a study from the Pew Research Center, the Millennial generation, defined at the time as those between the ages of 18 and 34, consisted of more than 75 million people in 2015. In general, these consumers are more technologically savvy, but still value active outdoor experiences shared with family and friends, making them strong potential customers for our industry in the decades to come. Based on the Kampgrounds of America (KOA) 2017 North American Camping Report, their millennial group comprised 31% of the total population in the most recent census yet accounted for 38% of the total campers in 2016, which increased from 34% of the total campers in 2015. Younger RV consumers are generally attracted to lower and moderately priced travel trailers, as affordability is a key driver at this stage in their lives.

As the first generation of the internet age, Millennials are generally more comfortable gathering information online, and are therefore generally more knowledgeable about products and competitive pricing than any prior generation. This generation is camping more as they view camping as an opportunity to spend time with family and friends as well as a way to reduce stress, escape the pressures of everyday life, be more active and lead a healthier lifestyle. In addition to younger age demographics, there are opportunities to expand sales to a more ethnically diverse customer base. In our efforts to connect with RV consumers of all generations, during the first quarter of fiscal 2017 we launched a new consumer-facing website designed to inspire consumers to explore the RV lifestyle. The new website includes video and interactive features to help consumers determine the type of RV which may suit their specific camping needs, while providing video footage that can be utilized by dealers to market our products. We will continue to evaluate additional marketing opportunities to younger and more diverse consumers over the coming year.

Economic or industry-wide factors affecting our RV business include the costs of commodities used in the manufacture of our products. Material cost is the primary factor determining the cost of our products sold, and any future increases in raw material costs would negatively impact our profit margins if we were unable to raise prices for our products by corresponding amounts. Historically, we have been able to pass along those cost increases to customers.

We have not experienced any recent unusual cost increases or supply constraints from our chassis suppliers. The recreational vehicle industry has, from time to time, experienced shortages of chassis for various reasons, including component shortages, production delays and work stoppages at the chassis manufacturers. These shortages have had a negative impact on our sales and earnings in the past. We believe that the current supply of chassis used in our motorized RV production is adequate for current production levels, and that available inventory would compensate for short-term changes in supply schedules if they occur.

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FISCAL 2017 VS. FISCAL 2016

	Fiscal 2017	Fiscal 2016	Change Amount	% Change
NET SALES				
Recreational vehicles				
Towables	$ 5,127,491	$ 3,338,659	$ 1,788,832	53.6
Motorized	1,971,466	1,094,250	877,216	80.2
Total recreational vehicles	7,098,957	4,432,909	2,666,048	60.1
Other	253,557	218,673	34,884	16.0
Intercompany eliminations	(105,562)	(69,470)	(36,092)	(52.0)
Total	$ 7,246,952	$ 4,582,112	$ 2,664,840	58.2
# OF UNITS				
Recreational vehicles				
Towables	213,562	128,932	84,630	65.6
Motorized	24,133	13,815	10,318	74.7
Total	237,695	142,747	94,948	66.5

	Fiscal 2017	% of Segment Net Sales	Fiscal 2016	% of Segment Net Sales	Change Amount	% Change
GROSS PROFIT						
Recreational vehicles						
Towables	$ 783,752	15.3	$ 547,460	16.4		