

Investor Presentation

Skyline (“SKY”)

June 30, 2017

*“Time is the friend of the wonderful company,
the enemy of the mediocre”*

Warren Buffett

Dismal Long Term Performance Record

80% Stock Decline Over 10 Years

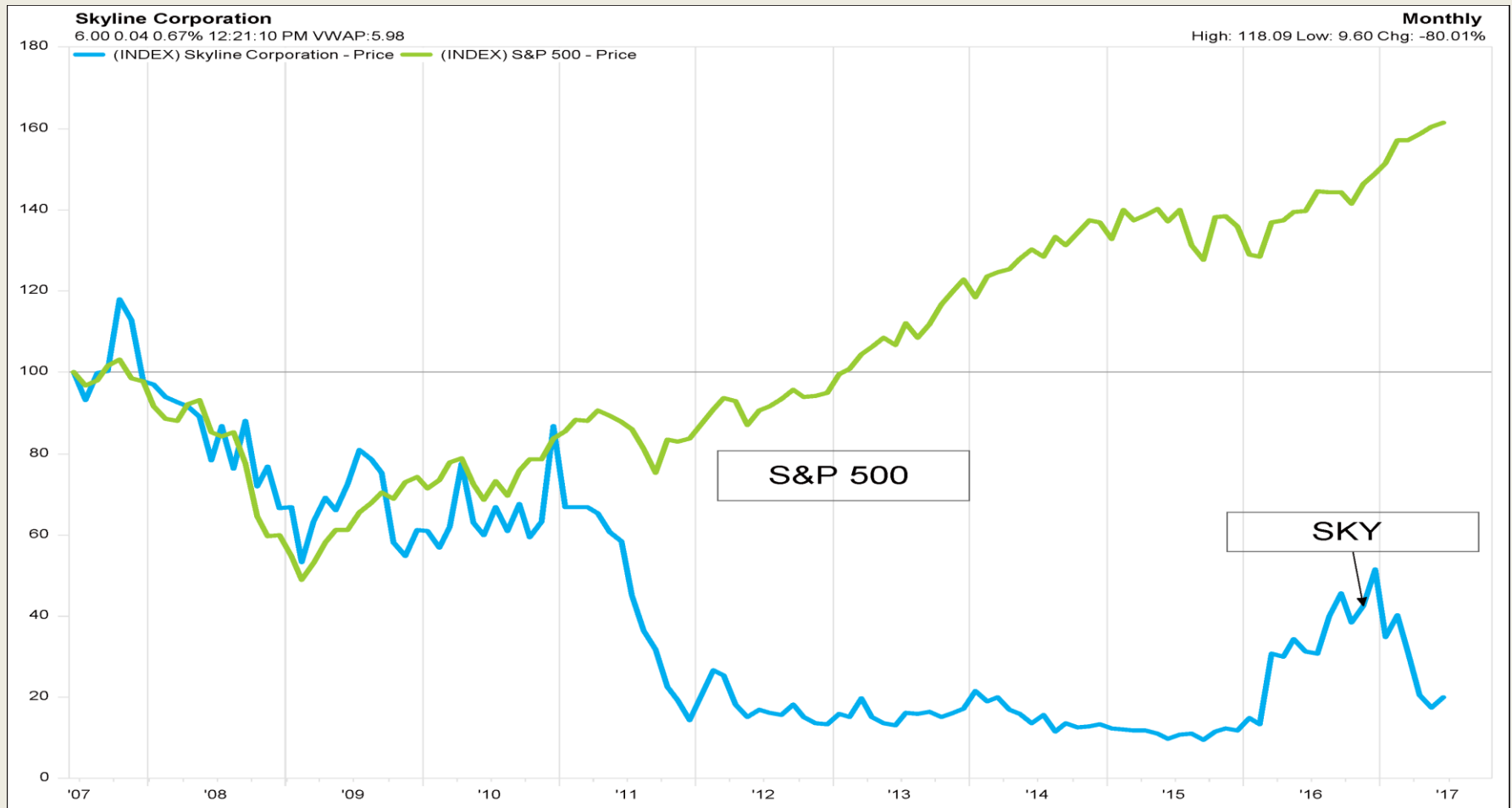


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Executive Summary

SKY Issues

- Poor Operational Decisions
- Financial Mismanagement
- Questionable Governance
- Shareholder Unfriendly

Aplomb Solutions

- Boost the Management Team
- Vote for a New Board
- Opt Out of “ICSP”
- Explore Strategic Alternatives

Despite these problems, the assets
are valuable

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Overview of Aplomb Capital

- Aplomb Capital is a family office founded in 2011 by Kevin C. Sowers
- Previously Kevin had spent eight years as an Analyst at Tiger Consumer Management working on a team managing over \$1.5B. Prior to Tiger, Kevin was a specialty retail analyst at Morgan Keegan for three years
- Aplomb typically acts as a passive shareholder unless it becomes clear that management and the board are not acting in the best interests of the shareholders
- Aplomb Capital Owns SKY shares
- This Presentation represents our view alone

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Skyline-NYSE SKY

- Market Cap. \$50M
- Net Cash \$2M
- Sales LTM \$233M
- EBITDA LTM \$1M
- Headquarters: Elkhart, Indiana

SKY is Worth Multiples Of the Current Price

Why own SKY

- Great Brand
- Owned Property
- Tax Assets
- Market Share
- Industry Growth

Our Plan

- New Board
- New Leadership
- New Incentives
- VOTE NO
- Explore Alternatives

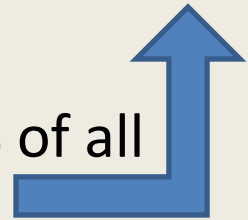
We believe a combination of EITHER a turnaround OR strategic sale would lead to a substantially higher share price

Where is Value in SKY?

Brands/Company Background

- Founded in 1951
- Older than its 3 largest competitors
- Makes Modular, Manufactured Homes and Park models
- Distribution to 290 Dealers at 580 Locations

We estimate they sell to 15% of all locations in US and Canada



Owned Assets

- Eight Plants - 80K to 246K square feet
- Corporate HQ - 60K square feet
- Undeveloped Land in Oregon
- Oil and Gas Royalty
- Net Working Capital \$23M

Tax Assets

- Federal Tax Assets \$34.8M
- State Tax Assets \$7.8M

In the event of a reverse merger the buyer could save approximately \$2M a year in taxes for 20 YEARS! This is also a cost effective way for a private competitor to come public.

Sum of Assets Alone = 2x current price

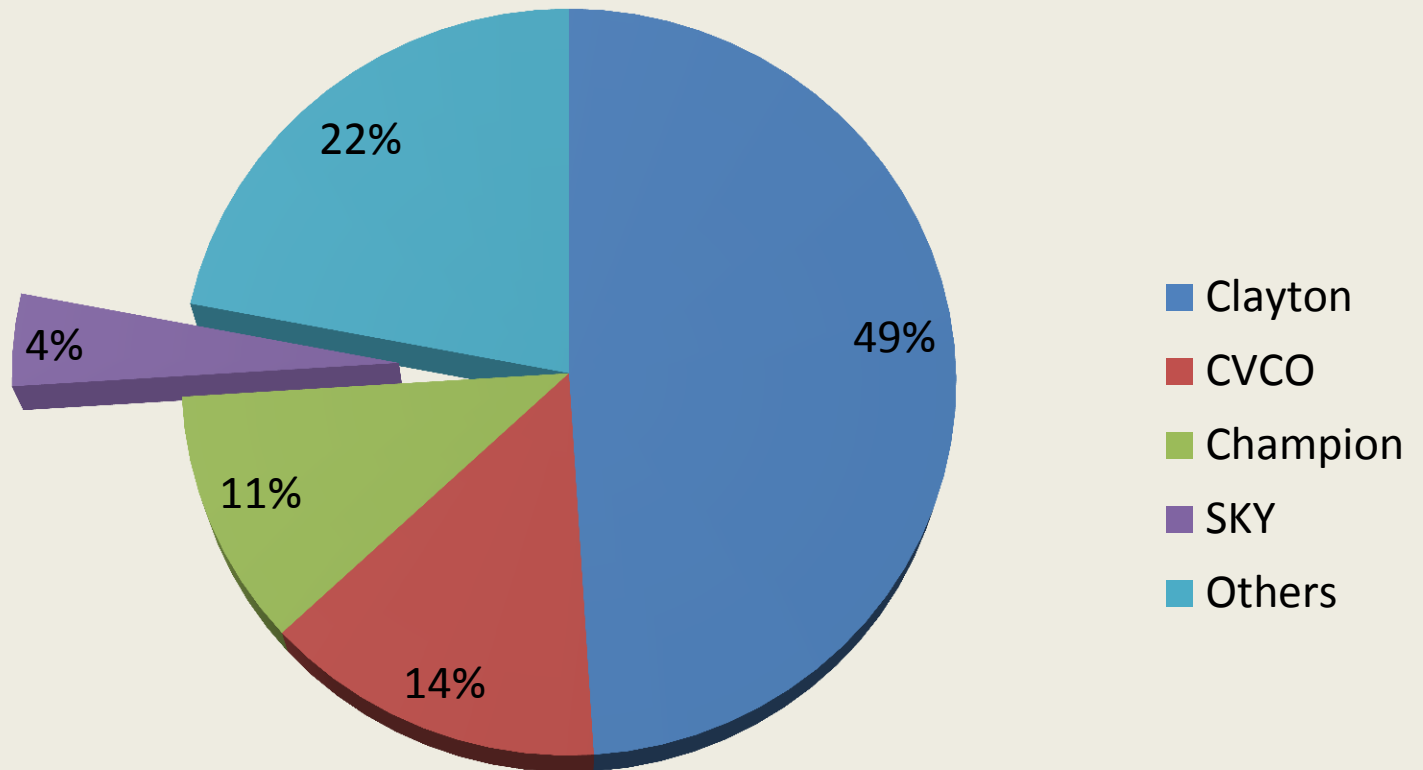
Assets	Num.	Size	Value (\$mm)	Comment
Plants	8	1.12M sq ft	\$29.73	Sold Texas plant in 16' (80K sq ft for 2.2\$m)
Corp HQ	3	Varies	\$6.0	Loopnet.com has similar office listings for sale
Life Insurance			\$3	\$7M cash value less \$4M loan
Federal Tax Assets			\$34.8	Expire in 11-20 yrs.
State Tax Assets			\$7.8	Expire in 1-20 yrs.
Net Working Cap.			\$24	Accounts Receivable + Inventory - Accounts Payable
Land		4.6 acres	\$1.59	In Oregon- currently for sale
Oil and Gas Royalty	1	?	?	Mansfield ,TX
Skyline Name			?	Over 60 years operating
TOTAL			\$107	Equal to Over \$12 per Share

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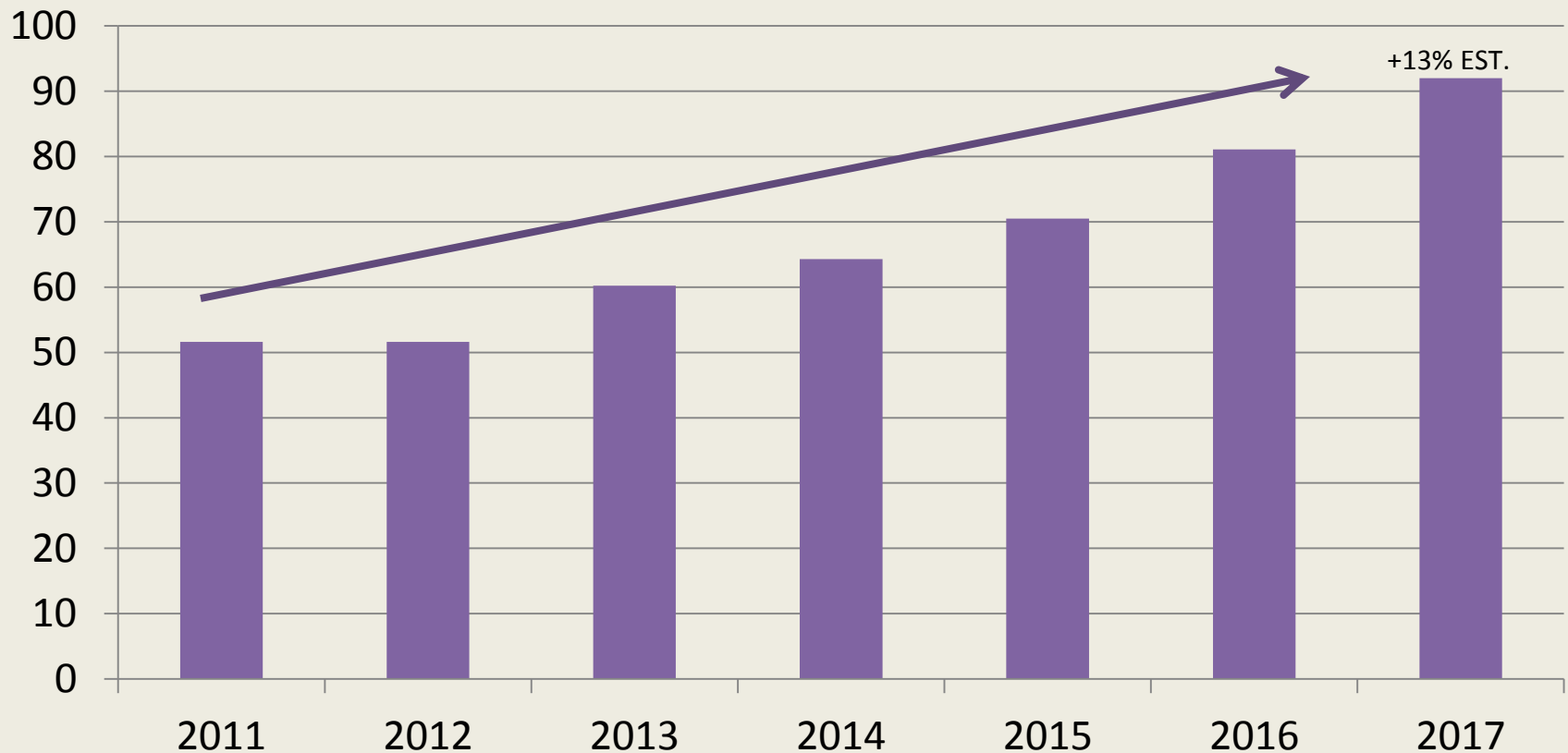
MH Industry- an Oligopoly

Market Share



Shipments are Growing 10% + annually

HUD Manufactured Housing Shipments



MH is “Cheap” relative to Other Housing Options

	08'	09'	10'	11'	12'	13'	14'	15'	16'	AVG.
Median New Home (000\$)	229.6	222.6	241.2	218.6	258.3	275.5	302	299	316.2	
Indexed	100	97	105.1	95.2	112.5	120	131.5	130.2	137.7	4.2%
Median Rent (\$)	704	680	708	712	724	746	76	850	864	
Indexed	100	96.6	100.6	101.1	102.8	106	108.8	120.7	122.7	2.5%
Median Single Wide (000\$)	38.1	39.6	39.5	40.6	41.1	42.2	45	45.6	45.6*	
Indexed	100	103.9	103.7	106.6	107.9	110.8	118.1	119.7	119.7	2.2%
* Estimated										

MH has Structural Advantages

- MH uses less labor than site built
- Site built focus is on higher end
- 80% of all homes under \$150K are MH
- 75% of new rental builds are “Luxury”
- Capacity utilization in MH is still low

We Think The Pricing Gap Between Site Built/Rent
and MH Will Continue To Grow

Changes in Regulations Could Provide New Opportunities

- Dodd Frank - Rules have had a negative impact
 - Interest Rate caps
 - Limits on Origination costs

..but could get rolled back under this administration
- HR 3700 (passed in 2016, starts in 2017)
 - Section 8 Recipients can Buy a MH with Vouchers
 - 2.2M families receive Section 8- Many Qualify

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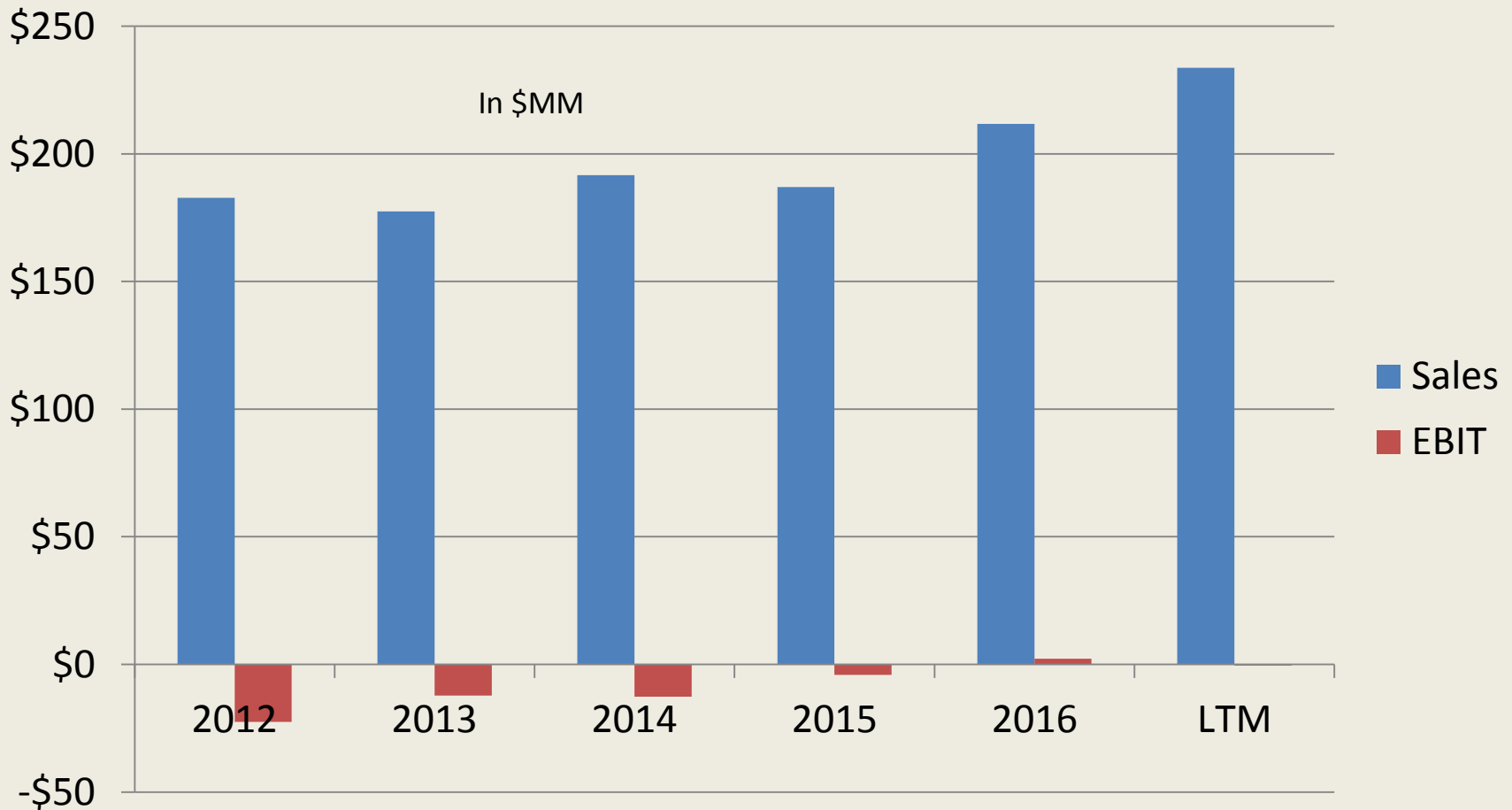
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SKY All competitors are more profitable

Company	Sales LTM	EBIT LTM	EBIT %
Clayton*	\$4,411	\$750	17%
CVCO	773.8	56.8	7.3%
Champion	NA	NA	
NOBH	37.2	4.55	12.2%
SKY	233.7	-.4	-.2%
*Berkshire Hathaway			

In a growing industry, SKY still finds profits elusive

SKY – Persistent inability to generate positive EBIT



Recently- Accelerating Losses Despite Double Digit Sales Growth

	Q1:2016	Q2:2016	Q3:2016	Q4:2016	Q1:2017	Q2:2017	Q3:2017
Sales-\$M	48.7	58.68	47.7	56.65	61.18	64.23	51.64
GP	4.64	7.23	4.81	6.63	6.58	5.23	3.22
SGA	5.46	5.4	5.25	5.02	5.75	5.74	5.58
EBIT	(.82)	1.83	-(.44)	1.62	.83	-.51	(2.36)



Company Quotes Say it All

SKY

- **1/12/2017** “Our second quarter and year to date results were negatively impacted by higher than expected startup costs and general inefficiencies in our new facility. We are redoubling our efforts to bolster our cost control environment to ensure that our labor and material costs meet our expectations despite these challenges.”
- **4/14/2017** “While we are disappointed with our performance in the third quarter, our recent decision to close two underperforming plants will eliminate the persistent losses that they have incurred”

CVCO

- **2/6/2017** “Homebuyer demand was on a general uptrend during the first nine months of the fiscal year and continues to be positive. The manufactured housing industry appears to be in a modest recovery mode from the historically low levels of recent years and we believe we are positioned well to benefit.”
- **6/12/2017** “We are proud to report strong results in what is typically a seasonally slower winter period. This quarter, growing market demand led to improvement across all of our housing product lines.”

NOBH

- **12/28/2016** “The demand for affordable manufactured housing in Florida and the U.S. is improving. Management remains convinced that our specific geographic market is one of the best long-term growth areas in the country.”
- **6/15/2017** “The demand for affordable manufactured housing in Florida and the U.S. continues to improve. Our many years of experience in the Florida market, combined with home buyers’ increased need for more affordable housing, should serve the Company well in the coming years. Management remains convinced that our specific geographic market is one of the best long-term growth areas in the country.”

SKY- Glaring Underperformance

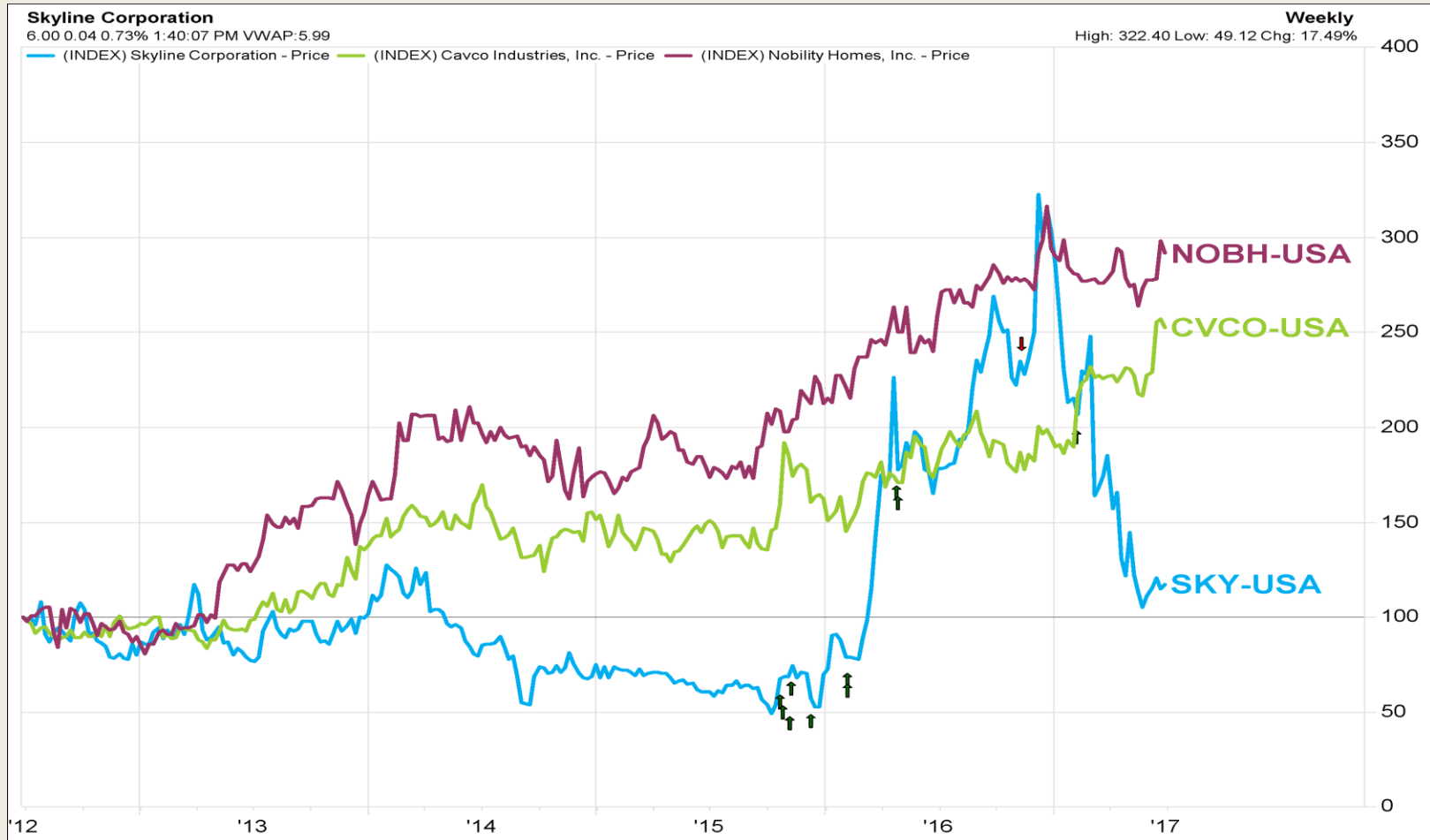


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Operational Mismanagement

- **5/2016-** SKY To Open a Plant in Elkhart
- **3/2017-** SKY Closes Facility in Elkhart

Stated reasons behind closure

- Tight Labor Market
- Hard to Make \$\$ in a Leased Facility

Where was the due diligence?

Operational Mismanagement (cont.)

- **8/2013** SKY Halts RV Manufacturing in TX
- **8/2013** SKY Converts Facility to make MH
- **2/2017** SKY Closing TX Plant

Stated reason - Low Plant Volumes

From 2013 to 2016 the MH Industry Grew 30%!

Why was this and other facilities mentioned above opened in the first place??

Cumulative Losses at 2 plants over 2yrs were \$6M

Operational Mismanagement (cont.)

YEAR	PP&E Sales+ Asset Sales
2008	2.67\$M
2009	4.11\$
2010	4.08\$
2011	0
2012	5.05\$
2013	.819\$
2014	1.94\$
2015	4.27\$
2016	0

Company has been selling assets to stay afloat

Financial Mismanagement

In March 2015 SKY entered into a \$10M loan agreement

- Six months later had violated covenants - TWICE
- Violated again in 11/2016 and 2/2017

Competitors made smart decisions

Company	Finance in House	Own Communities	Own dealers	Size
Clayton	YES	NO	YES	National
CVCO	YES	NO	YES	National
NOBH	NO	YES	YES	Southeast
SKY	NO	NO	NO	National

SKY distribution, while nationwide, does not have the density of its larger competitors. Smaller competitors have been smart to vertically integrate into complimentary areas. SKY is left on the outside looking in.

Where is the Board?

Board Member	Age	Yr. added	Re-Election
Decio	85	1959	
Florea	53	2015	
Hammes	84	1986	NO
Firth	58	2006	
Lawson	79	1973	NO
Thompson	67	2013	
Rosenthal	57	2016	
Link	79	1994	NO

Five of eight board members oversaw a 50%+ drop in share price. Aplomb has been instrumental in effecting recent suggested board change, but more action is needed

Board Members Not Invested

Board Member	Age	Yr. added	Shares Owned
Decio	85	1959	1,458M
Florea	53	2015	63.5K*
Hammes	84	1986	13K
Firth	58	2006	10.5K
Lawson	79	1973	3K
Thompson	67	2013	3K
Rosenthal	57	2016	1K
Link	79	1994	.6K

* Includes options

Six Board Members with Over 100 YEARS of Combined Service own less than \$200K of SKY Stock

Existing Board Makeup

Board Member	Background
Decio	Founder
Florea	Manufacturing
Firth	Law (G.C.) , CFO, President – Restaurants
Thompson	Law
Rosenthal	Banking
3 NEW PEOPLE	??

Board has been composed of “Friends of the Founder” Where are the people with turnaround and manufacturing expertise? What confidence have the shareholders that the new members suggested by SKY will be truly independent?

Company Annual Meetings

- No Operational Overview
- No Time for Questions
- Meeting is Perfunctory

Times Have Changed; Board members need to be responsive to the shareholders

Indiana Control Provision “ICSP”

- SKY is an Indiana Corporation
- Enacted in 1986-Rules dilute voting rights
- CVCO tried to buy in 2014- gave up

SKY NEEDS TO “OPT OUT “ OF THE CONTROL STATES
PROVISION!

Aplomb Attempted to Meet with SKY

- Letters sent to B.O.D. in May 2017
- B.O.D. Refused meeting unless Aplomb signs a highly restrictive NDA
- Other investors have been refused meetings
- Our view - shareholders come last

Open communications with all investors
is important

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SKY is Worth More to a Competitor than as a “Stand Alone”

- No guarantee industry growth continues
- Management has made no progress in “fat” years
- Top three companies earn all the profits
- Synergies with competitor > any turnaround
- Last “Big” asset that can be bought with no FTC scrutiny

What is Value to the Strategic Acquirer?

Source	Amount	Comment	EBIT Added
Consolidate HQ	\$10M est.	Cut 70% redundancies	\$7M
Scrutinize COG	\$210M	Consolidate Purchases	\$4-\$7M
Finance Sales	\$10M est.	CVCO and Berkshire provide financing	\$2-\$3M
Consolidate Plants	NM	SKY OWNS 8, competitors LEASE some	\$3-\$5M
TOTAL			\$16-22M

YES! We do think a company with a \$50M market cap can actually add this much EBIT to a larger competitor

SKY Financials

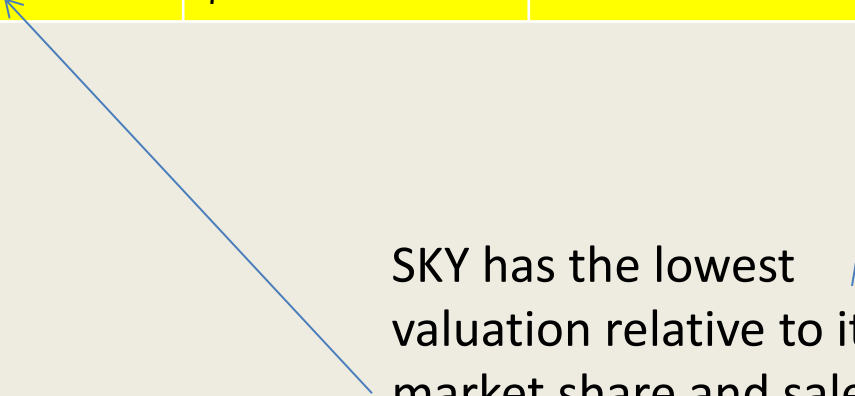
	2013	2014	2015	2016	LTM
Sales	177.5	191.7	187	211.7	233.7
GP	11.46	10.3	17	23.3	21.66
SGA	23.68	22.9	21.19	21.1	22.09
EBIT	-12.2	-12.6	-4.1	2.19	-.4
EBITDA	-10.2	-10.88	-2.85	3.25	.6

A negotiated sale to a strategic buyer gets \$16-\$22M of EBIT/beats ANY roadmap company can provide for future profit improvements

What can SKY be Worth?

Company	EV/Sales	Mkt Cap	Marketshare	Mkt Cap/Share
CVCO	140%	\$1,100M	14%	78
NOBH	100%	\$38M	.8%	47
SKY	20%	\$50M	4%	12.5

SKY has the lowest valuation relative to its market share and sales – would be a home run for an acquirer



What is SKY worth (cont)

Purchased with Debt at 3%

Price/Share	EV	Interest expense at 3%	Addl EBIT	Annual Accretion
10\$	\$81M	\$2.4M	\$16-\$22	\$14-\$20M
15\$	\$123M	\$3.7	\$16-\$22	\$12-\$18M
\$20	\$165M	\$5	\$16-\$22	\$11-\$17M

PLUS

Sell Owned Headquarters

Sell Owned Land in Oregon

Sell Oil and Gas Royalties

A Reverse Merger Allows utilization of the TAX ASSETS

Alternatively- Any larger competitor can buy with CASH

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Shareholders Need to Put a Stop to the “Business as Usual” attitude

- Company results are worst in the sector
- Strategic value to other players is high
- Yet “ICSP” makes buyout offer difficult
- Board is insular and lacks accountability
- What would happen to SKY in downturn?

Voting NO is best tool to express dissatisfaction at the Annual Meeting in mid-September

Benefits of a New Board

- “Opt out” of ICSP
- Bring in Needed Expertise in Turnarounds
- Scrutinize Operations for Savings
- Prepare Company for Sale

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Send the Board a Message

- In a growing industry SKY management and Board continue to destroy value
- ICSP makes it difficult to hold the company accountable
- A financial or strategic buyer could provide immediate value
- Voting **NO** begins the process of creating value for long-suffering shareholders

References/Notes

Slide	Source/Comment
2,25,42,43	Factset data
8	July 12, 2017
10,11,12	Company 10K, 10Q
13	Aplomb Capital est.
15	IBTS
16	HUD, Aplomb Capital est.
17	Bloomberg, Manufactured Housing Institute
18,19	Manufactured Housing Institute, conference calls, Aplomb Capital est.
24	MD&A accompanying quarterly results
21,22,23,28,29	Company Filings, press releases
30-35	Company Filings
41,43,44	Our Estimates
	49