# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-Q

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

For the quarterly period ended June 30, 2019

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:
001-37908

# CAMPING WORLD HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

| **Delaware** | **81-1737145** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

**250 Parkway Drive, Suite 270**
**Lincolnshire , IL 60069**
**Telephone: ( 847 ) 808-3000**
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**N/A**
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Class A Common Stock, $0.01 par value per share | CWH | New York Stock Exchange |

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 such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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 | ☐ | 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 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 6, 2018, the registrant had 37,370,426 shares of Class A common stock, 50,706,629 shares of Class B common stock and one share of Class C common stock outstanding.

**Camping World Holdings, Inc.**
**Quarterly Report on Form 10-Q**
**For the Quarterly Period Ended June 30, 2019**

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## BASIS OF PRESENTATION

As used in this Quarterly Report on Form 10-Q (this "Form 10-Q"), unless the context otherwise requires, references to:

- "we," "us," "our," the "Company," "Camping World" and similar references refer to Camping World Holdings, Inc., and, unless otherwise stated, all of its subsidiaries, including CWGS Enterprises, LLC, which we refer to as "CWGS, LLC" and, unless otherwise stated, all of its subsidiaries.
- "Annual Report" refers to our Annual Report on Form 10-K for the year ended December 31, 2018 filed with the Securities and Exchange Commission ("SEC") on March 15, 2019.
- "Continuing Equity Owners" refers collectively to ML Acquisition, funds controlled by Crestview Partners II GP, L.P. and the Former Profit Unit Holders and each of their permitted transferees that continue to own common units in CWGS, LLC after the initial public offering ("IPO") of our stock and the Reorganization Transactions (each as defined in Note 1 – Summary of Significant Accounting Policies to our consolidated financial statements included in Part I, Item 1 of this Form 10-Q) and who may redeem at each of their options their common units for, at our election (determined solely by our independent directors within the meaning of the rules of the New York Stock Exchange who are disinterested), cash or newly issued shares of our Class A common stock.
- "Crestview" refers to Crestview Advisors, L.L.C., a registered investment adviser to private equity funds, including funds affiliated with Crestview Partners II GP, L.P.
- "CWGS LLC Agreement" refers to CWGS, LLC's amended and restated limited liability company agreement, as amended to date.
- "Former Profit Unit Holders" refers collectively to our named executive officers (excluding Marcus A. Lemonis), Andris A. Baltins and K. Dillon Schickli, who are members of our board of directors, and certain other current and former non-executive employees and former directors, in each case, who held existing common units in CWGS, LLC pursuant to CWGS, LLC's equity incentive plan that was in existence prior to our IPO and who received common units of CWGS, LLC in exchange for their profit units in connection with our IPO.
- "ML Acquisition" refers to ML Acquisition Company, LLC, a Delaware limited liability company, indirectly owned by each of Stephen Adams and our Chairman and Chief Executive Officer, Marcus A. Lemonis.
- "ML RV Group" refers to ML RV Group, LLC, a Delaware limited liability company, wholly owned by our Chairman and Chief Executive Officer, Marcus A. Lemonis.
- "Tax Receivable Agreement" refers to the tax receivable agreement that the Company entered into with CWGS, LLC, each of the Continuing Equity Owners and Crestview Partners II GP, L.P. in connection with the Company's IPO.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-Q contains forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical facts contained in this Form 10-Q may be forward-looking statements. Statements regarding our future results of operations and financial position, business strategy and plans and objectives of management for future operations, including, among others, statements regarding expected new retail location openings, including greenfield locations and acquired locations; sufficiency of our sources of liquidity and capital and potential need for additional financing; future capital expenditures and debt service obligations; refinancing, retirement or exchange of outstanding debt; expectations regarding industry trend and consumer behavior and growth; our ability to capture positive industry trends and pursue growth; our plans to increase new products offered to our customers and grow our businesses to enhance our visibility with respect to revenue and cash flow, and to increase our overall profitability; volatility in sales and potential impact of miscalculating the demand for our products or our product mix; remediation of material weaknesses; expectations regarding increase of certain expenses in connection with our growth; and our plans related to dividend payments, are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as ‘‘may,’’ ‘‘will,’’ ‘‘should,’’ ‘‘expects,’’ ‘‘plans,’’ ‘‘anticipates,’’ ‘‘could,’’ ‘‘intends,’’ ‘‘targets,’’ ‘‘projects,’’ ‘‘contemplates,’’ ‘‘believes,’’ ‘‘estimates,’’ ‘‘predicts,’’ ‘‘potential’’ or ‘‘continue’’ or the negative of these terms or other similar expressions.

Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We believe that these important factors include, but are not limited to, the following:

- the availability of financing to us and our customers;
- fuel shortages, or high prices for fuel;
- the well-being, as well as the continued popularity and reputation for quality, of our manufacturers;
- current softness in the RV industry, which has increased our costs and reduced our margins;
- uncertainty regarding how long the ongoing softness in the RV industry will last;
- general economic conditions in our markets, and ongoing economic and financial uncertainties;
- changes in consumer preferences or our failure to gauge those preferences;
- our ability to attract and retain customers;
- competition in the market for services, protection plans, products and resources targeting the RV lifestyle or RV enthusiast;
- our expansion into new, unfamiliar markets, businesses, or product lines or categories, as well as delays in opening or acquiring new retail locations;
- unforeseen expenses, difficulties, and delays frequently encountered in connection with expansion through acquisitions;
- our failure to maintain the strength and value of our brands;
- our ability to successfully order and manage our inventory to reflect consumer demand in a volatile market and anticipate changing consumer preferences and buying trends;
- fluctuations in our same store sales and whether they will be a meaningful indicator of future performance;
- the cyclical and seasonal nature of our business;
- our ability to operate and expand our business and to respond to changing business and economic conditions, which depends on the availability of adequate capital;
- the restrictive covenants imposed by our Senior Secured Credit Facilities and Floor Plan Facility;
- our reliance on eight fulfillment and distribution centers for our retail, e-commerce and catalog businesses;

- our pending securities class action lawsuits;
- natural disasters, whether or not caused by climate change, unusual weather conditions, epidemic outbreaks, terrorist acts and political events;
- our dependence on our relationships with third party providers of services, protection plans, products and resources and a disruption of these relationships or of these providers' operations;
- any delays, new or increased tariffs, increased cost or quality control deficiencies in the importation of our products manufactured abroad;
- whether third party lending institutions and insurance companies will continue to provide financing for RV purchases;
- our ability to retain senior executives and attract and retain other qualified employees;
- our ability to meet our labor needs;
- risks associated with leasing substantial amounts of space, including our inability to maintain the leases for our retail locations or locate alternative sites for our stores in our target markets and on terms that are acceptable to us;
- our business being subject to numerous federal, state and local regulations;
- regulations applicable to the sale of extended service contracts;
- our dealerships' susceptibility to termination, non-renewal or renegotiation of dealer agreements if state dealer laws are repealed or weakened;
- changes in government policies and firearms legislation;
- potential impact of material weaknesses in our internal control over financial reporting;
- our failure to comply with certain environmental regulations;
- climate change legislation or regulations restricting emission of ‘‘greenhouse gases’’;
- a failure in our e-commerce operations, security breaches and cybersecurity risks;
- our inability to enforce our intellectual property rights and accusations of our infringement on the intellectual property rights of third parties;
- our inability to maintain or upgrade our information technology systems or our inability to convert to alternate systems in an efficient and timely manner;
- disruptions to our information technology systems or breaches of our network security;
- increases in the minimum wage;
- increases in paper costs, postage costs and shipping costs;
- risk of product liability claims if people or property are harmed by the products we sell and other litigation risks;
- risks associated with our private brand offerings;
- the effectiveness of our risk management policies and procedures;
- potential asset impairment charges for goodwill, intangible assets or other long-lived assets;

- risks associated with operating the Gander Outdoors and Overton’s retail brands;
- benefits and cost savings related to integration of Gander Outdoors and Overton’s brands;
- the impact of ongoing class action lawsuits against us and certain of our officers and directors, as well as any potential future class action litigation;
- potential litigation relating to products we sell as a result of recent acquisitions, including firearms and ammunitions;
- Marcus Lemonis, through his beneficial ownership of our shares directly or indirectly held by ML Acquisition Company, LLC and ML RV Group, LLC, has substantial control over us including matters requiring approval by our stockholders;
- the exemptions from certain corporate governance requirements that we will qualify for, and intend to rely on, due to the fact that we are a ‘‘controlled company’’ within the meaning of the New York Stock Exchange, or NYSE, listing requirements;
- whether we are able to realize any tax benefits that may arise from our organizational structure and any redemptions or exchanges of CWGS Enterprises, LLC common units for cash or stock;
- other risks relating to our organizational structure and to ownership of shares of our Class A common stock; and
- the other factors set forth under ‘‘Risk Factors’’ in Item 1A of Part I of our Annual Report and in Item 1A of Part II of this Form 10-Q.

We qualify all of our forward-looking statements by these cautionary statements. The forward-looking statements in this Form 10-Q are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise. For a further discussion of the risks relating to our business, see “Risk Factors” in Item 1A of Part I of our Annual Report, and in Item 1A of Part II of this Form 10-Q.

## Part I – FINANCIAL INFORMATION

### Item 1. Financial Statements

Camping World Holdings, Inc. and Subsidiaries
Unaudited Condensed Consolidated Balance Sheets
(In Thousands Except Share and Per Share Amounts)

| | June 30, 2019 | December 31, 2018 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 101,260 | $ 138,557 |
| Contracts in transit | 120,244 | 53,214 |
| Accounts receivable, net | 98,125 | 85,711 |
| Inventories | 1,547,496 | 1,558,970 |
| Prepaid expenses and other assets | 43,761 | 51,710 |
| Total current assets | 1,910,886 | 1,888,162 |
| Property and equipment, net | 376,172 | 359,855 |
| Operating lease assets | 821,025 | — |
| Deferred tax assets, net | 128,492 | 145,943 |
| Intangible assets, net | 33,005 | 35,284 |
| Goodwill | 383,676 | 359,117 |
| Other assets | 19,257 | 18,326 |
| Total assets | $ 3,672,513 | $ 2,806,687 |
| **Liabilities and stockholders' equity** | | |
| Current liabilities: | | |
| Accounts payable | $ 223,510 | $ 144,808 |
| Accrued liabilities | 163,180 | 124,619 |
| Deferred revenues and gains | 84,247 | 88,054 |
| Current portion of finance lease liabilities | — | 23 |
| Current portion of operating lease liabilities | 55,776 | — |
| Current portion of Tax Receivable Agreement liability | 6,815 | 9,446 |
| Current portion of long-term debt | 14,144 | 12,977 |
| Notes payable – floor plan, net | 813,635 | 885,980 |
| Other current liabilities | 50,660 | 39,211 |
| Total current liabilities | 1,411,967 | 1,305,118 |
| Right to use liability | — | 5,147 |
| Operating lease liabilities, net of current portion | 822,020 | — |
| Tax Receivable Agreement liability, net of current portion | 109,504 | 124,763 |
| Revolving line of credit | 52,768 | 38,739 |
| Long-term debt, net of current portion | 1,161,845 | 1,152,888 |
| Deferred revenues and gains | 61,502 | 67,157 |
| Other long-term liabilities | 27,294 | 79,958 |
| Total liabilities | 3,646,900 | 2,773,770 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Preferred stock, par value $0.01 per share – 20,000,000 shares authorized; none issued and outstanding as of June 30, 2019 and December 31, 2018 | — | — |
| Class A common stock, par value $0.01 per share – 250,000,000 shares authorized; 37,381,270 issued and 37,272,505 outstanding as of June 30, 2019 and 37,278,690 issued and 37,192,364 outstanding as of December 31, 2018 | 373 | 372 |
| Class B common stock, par value $0.0001 per share – 75,000,000 shares authorized; 69,066,445 issued; and 50,706,629 outstanding as of June 30, 2019 and December 31, 2018 | 5 | 5 |
| Class C common stock, par value $0.0001 per share – one share authorized, issued and outstanding as of June 30, 2019 and December 31, 2018 | — | — |
| Additional paid-in capital | 50,604 | 47,531 |
| Retained deficit | (12,453) | (3,370) |
| Total stockholders' equity attributable to Camping World Holdings, Inc. | 38,529 | 44,538 |
| Non-controlling interests | (12,916) | (11,621) |
| Total stockholders' equity | 25,613 | 32,917 |
| Total liabilities and stockholders' equity | $ 3,672,513 | $ 2,806,687 |

*See accompanying Notes to Unaudited Condensed Consolidated Financial Statements*

Camping World Holdings, Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Operations
(In Thousands Except Per Share Amounts)

| | Three Months Ended June 30, 2019 | Three Months Ended June 30, 2018 | Six Months Ended June 30, 2019 | Six Months Ended June 30, 2018 |
|---|---|---|---|---|
| Revenue: | | | | |
| Good Sam Services and Plans | $ 44,694 | $ 42,338 | $ 91,660 | $ 87,163 |
| RV and Outdoor Retail | | | | |
| New vehicles | 778,870 | 807,519 | 1,308,447 | 1,387,029 |
| Used vehicles | 245,749 | 210,646 | 425,757 | 382,737 |
| Products, service and other | 264,426 | 250,359 | 469,302 | 414,511 |
| Finance and insurance, net | 128,225 | 120,205 | 220,116 | 209,305 |
| Good Sam Club | 12,383 | 10,410 | 23,834 | 19,393 |
| Subtotal | 1,429,653 | 1,399,139 | 2,447,456 | 2,412,975 |
| Total revenue | 1,474,347 | 1,441,477 | 2,539,116 | 2,500,138 |
| Costs applicable to revenue (exclusive of depreciation and amortization shown separately below): | | | | |
| Good Sam Services and Plans | 18,746 | 17,661 | 39,477 | 38,121 |
| RV and Outdoor Retail | | | | |
| New vehicles | 681,399 | 697,694 | 1,144,443 | 1,201,578 |
| Used vehicles | 192,681 | 162,506 | 335,527 | 296,799 |
| Products, service and other | 168,607 | 148,066 | 304,711 | 243,868 |
| Good Sam Club | 2,924 | 3,107 | 6,641 | 5,436 |
| Subtotal | 1,045,611 | 1,011,373 | 1,791,322 | 1,747,681 |
| Total costs applicable to revenue | 1,064,357 | 1,029,034 | 1,830,799 | 1,785,802 |
| Operating expenses: | | | | |
| Selling, general, and administrative | 303,366 | 283,095 | 571,431 | 529,408 |
| Debt restructure expense | — | (44) | — | 380 |
| Depreciation and amortization | 13,946 | 11,628 | 27,540 | 21,028 |
| Loss on disposal of assets | 2,374 | 59 | 2,160 | 144 |
| Total operating expenses | 319,686 | 294,738 | 601,131 | 550,960 |
| Income from operations | 90,304 | 117,705 | 107,186 | 163,376 |
| Other income (expense): | | | | |
| Floor plan interest expense | (11,269) | (10,202) | (22,879) | (20,945) |
| Other interest expense, net | (18,211) | (16,107) | (35,854) | (28,946) |
| Loss on debt restructure | — | — | — | (1,676) |
| Tax Receivable Agreement liability adjustment | — | — | 8,477 | — |
| Other expense, net | — | (2) | — | (2) |
| Total other income (expense) | (29,480) | (26,311) | (50,256) | (51,569) |
| Income before income taxes | 60,824 | 91,394 | 56,930 | 111,807 |
| Income tax expense | (8,201) | (14,262) | (31,114) | (21,127) |
| Net income | 52,623 | 77,132 | 25,816 | 90,680 |
| Less: net income attributable to non-controlling interests | (34,606) | (52,350) | (27,194) | (64,077) |
| Net income (loss) attributable to Camping World Holdings, Inc. | $ 18,017 | $ 24,782 | $ (1,378) | $ 26,603 |
| | | | | |
| Income (loss) earnings per share of Class A common stock: | | | | |
| Basic | $ 0.48 | $ 0.67 | $ (0.04) | $ 0.72 |
| Diluted | $ 0.46 | $ 0.67 | $ (0.04) | $ 0.72 |
| Weighted average shares of Class A common stock outstanding: | | | | |
| Basic | 37,239 | 36,964 | 37,217 | 36,890 |
| Diluted | 88,925 | 37,047 | 37,217 | 37,183 |

*See accompanying Notes to Unaudited Condensed Consolidated Financial Statements*

Camping World Holdings, Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Stockholders' Equity
(In Thousands)

| | **Class A Common Stock** | | **Class B Common Stock** | | **Class C Common Stock** | | **Additional Paid-In** | **Retained Earnings** | **Non-Controlling** | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Shares** | **Amounts** | **Shares** | **Amounts** | **Shares** | **Amounts** | **Capital** | **(Deficit)** | **Interest** | **Total** |
| Balance at December 31, 2018 | 37,192 | $ 372 | 50,707 | $ 5 | — | $ — | $ 47,531 | $ (3,370) | $ (11,621) | $ 32,917 |
| Adoption of accounting standard (see Note 1 — Summary of Significant Accounting Policies) | — | — | — | — | — | — | — | 3,705 | 6,332 | 10,037 |
| Equity-based compensation | — | — | — | — | — | — | 2,716 | — | — | 2,716 |
| Vesting of restricted stock units | 1 | — | — | — | — | — | — | — | — | — |
| Redemption of LLC common units for Class A common stock | 6 | — | — | — | — | — | 12 | — | — | 12 |
| Distributions to holders of LLC common units | — | — | — | — | — | — | — | — | (5,534) | (5,534) |
| Dividends [1] | — | — | — | — | — | — | — | (5,699) | — | (5,699) |
| Establishment of liabilities under the Tax Receivable Agreement and related changes to deferred tax assets associated with that liability | — | — | — | — | — | — | (8) | — | — | (8) |
| Non-controlling interest adjustment | — | — | — | — | — | — | (1,678) | — | 1,678 | — |
| Net loss | — | — | — | — | — | — | — | (19,395) | (7,412) | (26,807) |
| Balance at March 31, 2019 | 37,199 | 372 | 50,707 | 5 | — | — | 48,573 | (24,759) | (16,557) | 7,634 |
| Equity-based compensation | — | — | — | — | — | — | 3,863 | — | — | 3,863 |
| Vesting of restricted stock units | 96 | 1 | — | — | — | — | 143 | — | (144) | — |
| Repurchases of Class A common stock for withholding taxes on vested RSUs | (22) | — | — | — | — | — | (273) | — | — | (273) |
| Distributions to holders of LLC common units | — | — | — | — | — | — | — | — | (32,523) | (32,523) |
| Dividends [1] | — | — | — | — | — | — | — | (5,711) | — | (5,711) |
| Non-controlling interest adjustment | — | — | — | — | — | — | (1,702) | — | 1,702 | — |
| Net income | — | — | — | — | — | — | — | 18,017 | 34,606 | 52,623 |
| Balance at June 30, 2019 | 37,273 | $ 373 | 50,707 | $ 5 | — | $ — | $ 50,604 | $ (12,453) | $ (12,916) | $ 25,613 |

(1) The Company declared dividends per share of Class A common stock of $0.15 for each of the three months ended March 31 and June 30, 2019.

## Camping World Holdings, Inc. and Subsidiaries
## Unaudited Condensed Consolidated Statements of Stockholders' Equity
(In Thousands)

| | Class A Common Stock | | Class B Common Stock | | Class C Common Stock | | Paid-In | Earnings | Controlling | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amounts | Shares | Amounts | Shares | Amounts | Capital | (Deficit) | Interest | Total |
| Balance at December 31, 2017 | 36,749 | 367 | 50,837 | 5 | — | — | 42,520 | 7,619 | 21,252 | 71,763 |
| Adoption of accounting standard (ASC No. 606, Revenue from Contracts with Customers) | — | — | — | — | — | — | — | 1,310 | 2,476 | 3,786 |
| Equity-based compensation | — | — | — | — | — | — | 3,218 | — | — | 3,218 |
| Exercise of stock options | 6 | — | — | — | — | — | 137 | — | — | 137 |
| Non-controlling interest adjustment for capital contribution of proceeds from the exercise of stock options | — | — | — | — | — | — | (77) | — | 77 | — |
| Vesting of restricted stock units | 2 | — | — | — | — | — | — | — | — | — |
| Redemption of LLC common units for Class A common stock | 173 | 2 | (130) | — | — | — | 1,848 | — | (115) | 1,735 |
| Distributions to holders of LLC common units | — | — | — | — | — | — | — | — | (19,938) | (19,938) |
| Dividends (2) | — | — | — | — | — | — | — | (5,662) | — | (5,662) |
| Establishment of liabilities under the Tax Receivable Agreement and related changes to deferred tax assets associated with that liability | — | — | — | — | — | — | (1,414) | — | — | (1,414) |
| Non-controlling interest adjustment | — | — | — | — | — | — | (1,592) | — | 1,592 | — |
| Net income | — | — | — | — | — | — | — | 1,821 | 11,727 | 13,548 |
| Balance at March 31, 2018 | 36,930 | 369 | 50,707 | 5 | — | — | 44,640 | 5,088 | 17,071 | 67,173 |
| Equity-based compensation | — | — | — | — | — | — | 3,129 | — | — | 3,129 |
| Exercise of stock options | — | — | — | — | — | — | 5 | — | — | 5 |
| Non-controlling interest adjustment for capital contribution of proceeds from the exercise of stock options | — | — | — | — | — | — | (5) | — | 5 | — |
| Vesting of restricted stock units | 77 | 1 | — | — | — | — | 29 | — | (30) | — |
| Disgorgement of short-swing profits by Section 16 officer | — | — | — | — | — | — | 557 | — | — | 557 |
| Distributions to holders of LLC common units | — | — | — | — | — | — | — | — | (41,573) | (41,573) |
| Dividends (2) | — | — | — | — | — | — | — | (5,664) | — | (5,664) |
| Non-controlling interest adjustment | — | — | — | — | — | — | (2,521) | — | 2,521 | — |
| Net income | — | — | — | — | — | — | — | 24,782 | 52,350 | 77,132 |
| Balance at June 30, 2018 | 37,007 | $ 370 | 50,707 | $ 5 | — | $ — | $ 45,834 | $ 24,206 | $ 30,344 | $ 100,759 |

(2) The Company declared dividends per share of Class A common stock of $0.15 for each of the three months ended March 31 and June 30, 2018.

*See accompanying Notes to Unaudited Condensed Consolidated Financial Statements*

Camping World Holdings, Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Cash Flows
(In Thousands)

| | Six Months Ended June 30, 2019 | Six Months Ended June 30, 2018 |
|---|---|---|
| **Operating activities** | | |
| Net income | $ 25,816 | $ 90,680 |
| | | |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 27,540 | 21,028 |
| Equity-based compensation | 6,579 | 6,347 |
| Loss on debt restructure | — | 1,676 |
| Loss on disposal of assets | 2,160 | 144 |
| Provision for losses on accounts receivable | 379 | 883 |
| Non-cash lease expense | 27,182 | — |
| Accretion of original debt issuance discount | 532 | 494 |
| Non-cash interest | 2,348 | 2,628 |
| Deferred income taxes | 16,615 | 4,765 |
| Tax Receivable Agreement liability adjustment | (8,477) | — |
| Change in assets and liabilities, net of acquisitions: | | |
| Receivables and contracts in transit | (79,823) | (86,329) |
| Inventories | 25,752 | (35,707) |
| Prepaid expenses and other assets | 7,082 | (3,437) |
| Accounts payable and other accrued expenses | 80,744 | 97,442 |
| Payment pursuant to Tax Receivable Agreement | (9,425) | (8,100) |
| Accrued rent for cease-use locations | 542 | (547) |
| Deferred revenue and gains | 1,088 | 8,362 |
| Operating lease liability | (27,174) | — |
| Other, net | 719 | 8,791 |
| Net cash provided by operating activities | 100,179 | 109,120 |
| | | |
| **Investing activities** | | |
| Purchases of property and equipment | (27,848) | (83,685) |
| Purchase of real property | (25,093) | (81,330) |
| Proceeds from the sale of real property | 10,117 | — |
| Purchases of businesses, net of cash acquired | (38,608) | (80,203) |
| Proceeds from sale of property and equipment | 910 | 630 |
| Net cash used in investing activities | $ (80,522) | $ (244,588) |

Camping World Holdings, Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Cash Flows
(In Thousands)

| | Six Months Ended June 30, 2019 | Six Months Ended June 30, 2018 |
|---|---|---|
| **Financing activities** | | |
| Proceeds from long-term debt | $ 11,662 | $ 319,913 |
| Payments on long-term debt | (3,409) | (76,709) |
| Net payments on notes payable – floor plan, net | (29,426) | (68,049) |
| Borrowings on revolving line of credit | 14,029 | 24,403 |
| Payments of principal on finance lease obligations | (23) | (478) |
| Payments of principal on right to use liability | — | (78) |
| Payment of debt issuance costs | (47) | (3,120) |
| Dividends on Class A common stock | (11,410) | (11,326) |
| Proceeds from exercise of stock options | — | 146 |
| Repurchases of Class A common stock for withholding taxes on vested RSUs | (273) | — |
| Disgorgement of short-swing profits by Section 16 officer | — | 557 |
| Members' distributions | (38,057) | (61,511) |
| Net cash (used in) provided by financing activities | (56,954) | 123,748 |
| | | |
| Decrease in cash and cash equivalents | (37,297) | (11,720) |
| Cash and cash equivalents at beginning of the period | 138,557 | 224,163 |
| Cash and cash equivalents at end of the period | $ 101,260 | $ 212,443 |

*See accompanying Notes to Unaudited Condensed Consolidated Financial Statements*

**Camping World Holdings, Inc. and Subsidiaries**
**Notes to Unaudited Condensed Consolidated Financial Statements**

**June 30, 2019**

## 1. Summary of Significant Accounting Policies

### Principles of Consolidation and Basis of Presentation

The condensed consolidated financial statements include the accounts of Camping World Holdings, Inc. ("CWH") and its subsidiaries (collectively, the "Company"), and are presented in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Accordingly, these interim financial statements do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for fair presentation of the results of operations, financial position and cash flows for the periods presented have been reflected. All intercompany accounts and transactions of the Company and its subsidiaries have been eliminated in consolidation.

The condensed consolidated financial statements as of and for the three and six months ended June 30, 2019 are unaudited. The condensed consolidated balance sheet as of December 31, 2018 has been derived from the audited financial statements at that date but does not include all of the disclosures required by GAAP. These interim condensed consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2018 (the "Annual Report") filed with the SEC on March 15, 2019. Operating results for interim periods are not necessarily indicative of the results that may be expected for the full year.

CWH was formed on March 8, 2016 as a Delaware corporation for the purpose of facilitating an initial public offering (the "IPO") and other related transactions in order to carry on the business of CWGS Enterprises, LLC ("CWGS, LLC"). CWGS, LLC was formed in March 2011 when it received, through contribution from its then parent company, all of the membership interests of Affinity Group Holding, LLC and FreedomRoads Holding Company, LLC ("FreedomRoads"). The IPO and related reorganization transactions (the "Reorganization Transactions") that occurred on October 6, 2016 resulted in CWH as the sole managing member of CWGS, LLC, with CWH having sole voting power in and control of the management of CWGS, LLC. Despite its position as sole managing member of CWGS, LLC, CWH has a minority economic interest in CWGS, LLC. As of June 30, 2019, CWH owned 41.9% of CWGS, LLC. Accordingly, the Company consolidates the financial results of CWGS, LLC and reports a non-controlling interest in its condensed consolidated financial statements.

The Company does not have any components of other comprehensive income recorded within its condensed consolidated financial statements, and, therefore, does not separately present a statement of comprehensive income in its condensed consolidated financial statements.

### Description of the Business

CWGS, LLC is a holding company and operates through its subsidiaries. The Company realigned the structure of its internal organization during the three months ended March 31, 2019. The Company previously had three reportable segments: (i) Consumer Services and Plans; (ii) Dealership, and (iii) Retail. Following the realignment, the Company now has the following two reportable segments: (i) Good Sam Services and Plans and (ii) RV and Outdoor Retail. In conjunction with the first quarter 2019 realignment of our reporting structure, the Company combined our prior Dealership and Retail segments into the RV and Outdoor Retail segment. The Company has also reclassified a portion of the former Consumer Services and Plans segment, the Good Sam Club and co-branded credit card operations, to the RV and Outdoor Retail segment which reflects the synergies of those two programs with the RV and Outdoor Retail locations. The remaining portion of the former Consumer Services and Plans segment is now called the Good Sam Services and Plans segment. The Company's reportable segment financial information has been recast to reflect the updated reportable segment structure for all periods presented. See Note 17 – Segments Information to the

Condensed Consolidated Financial Statements for further information about the Company's segments. The Company primarily provides Good Sam Services and Plans offerings under its Good Sam brand and provides RV and Outdoor Retail offerings primarily under its Camping World and Gander Outdoors brands. Within the Good Sam Services and Plans segment, the Company primarily derives revenue from the sale of the following offerings: emergency roadside assistance; property and casualty insurance programs; travel assist programs; extended vehicle service contracts; vehicle financing and refinancing; shows and events; and publications and directories. Within the RV and Outdoor Retail segment, the Company primarily derives revenue from the sale of new and used recreational vehicles ("RVs"); the sale of RV products and services, including the sale of parts, accessories, supplies and services for RVs; equipment, gear and supplies for camping, hunting, fishing, skiing, snowboarding, bicycling, skateboarding, marine and watersport and other outdoor activities; commissions on the finance and insurance contracts related to the sale of RVs; and Good Sam Club memberships and co-branded credit cards. The Company primarily operates in various regions throughout the United States and markets its products and services to RV owners and outdoor enthusiasts.

Through retail acquisitions and retail expansions, we have expanded our number of retail locations to 227 on June 30, 2019 from 223 on June 30, 2018. From June 30, 2018 to June 30, 2019, we opened 25 stores, closed 21 stores, and converted 13 stand-alone stores to co-habited locations. The table below summarizes our store locations from June 30, 2018 to June 30, 2019:

| | Co-habited RV and Outdoor Retail locations | Stand-alone RV locations | Stand-alone Outdoor Retail locations | Total |
|---|---|---|---|---|
| Store locations as of June 30, 2018 | 117 | 15 | 91 | 223 |
| Opened | 11 | 5 | 9 | 25 |
| Closed | (6) | (4) | (11) | (21) |
| Converted | 13 | — | (13) | — |
| Store locations as of June 30, 2019 | 135 | 16 | 76 | 227 |

**Reclassifications of Prior Period Amounts**

Certain prior-period amounts have been reclassified to conform to the current period presentation. Specifically, as discussed in Note 17 — Segment Information, the Company has made changes to its operating segments and transferred certain assets relating to the Good Sam Club and co-branded credit card from its Good Sam Services and Plans segment to its RV and Outdoor Retail segment. Additionally, as a result of these changes, the Company has updated its disaggregated revenue categories to the following:

- *Good Sam services and plans* – includes extended vehicle service contracts, emergency roadside assistance, property and casualty insurance programs, vehicle financing and refinancing, travel protection, consumer shows, directories, consumer magazines, and the Coast to Coast Club;
- *New vehicles* – represents the sale of new RVs;
- *Used vehicles* – represents the sale of used RVs;
- *Products, service and other* – includes repair and maintenance, installation of parts and accessories, collision repair, sales of RV equipment and accessories, sales of outdoor lifestyle products and apparel, and other;
- *Finance and insurance, net* – includes vehicle financing and protection plans typically sold in conjunction with the sale of new and used vehicles; and
- *Good Sam Club* – includes the Good Sam Club and co-branded credit card.

**Revisions for Correction of Immaterial Errors**

In connection with the preparation of the financial statements for the year ended December 31, 2018, the Company identified errors in its Condensed Consolidated Financial Statements for the three and six months ended June 30, 2018 that related primarily to i) the cancellation reserve for certain of its finance and insurance offerings within the former Dealership segment in other current liabilities and other long-term liabilities, ii) the calculation of the Tax Receivable Agreement liability that arose from transactions in 2017, iii) the classification in the condensed consolidated statement of cash flows of non-cash capital expenditures included in accounts payable and non-cash leasehold improvements paid by lessor in other, net, and iv) the adoption of Accounting Standards Codification ("ASC") No. 606, Revenue from Contracts with Customers ("ASC 606") on January 1, 2018. The Company corrected the errors in the accompanying Condensed Consolidated Financial Statements for the three and six months ended June 30, 2018. The Company believes the correction of the errors is immaterial to the previously issued Condensed Consolidated Financial Statements.

The Company revised stockholders' equity as of January 1, 2018 to correct these errors as of the beginning of the earliest year presented in these Condensed Consolidated Financial Statements, resulting in a decrease of $19.1 million from the previously reported amount of $90.8 million to the correct amount of $71.8 million. The condensed consolidated statement of stockholders' equity has been revised to reflect the correction of the distributions to holders of LLC common units and non-controlling interest adjustment of $10.2 million for the three months ended June 30, 2018 related to the errors described above.

The following table presents the effect of the error corrections on the condensed consolidated statement of operations for the period indicated:

| | Three Months Ended June 30, 2018 | | | Six Months Ended June 30, 2018 | | |
|---|---|---|---|---|---|---|
| ($ in thousands except per share amounts) | As Reported | Adjustment | As Corrected | As Reported | Adjustment | As Corrected |
| Revenue - Products, service and other | $ 250,203 | $ 156 | $ 250,359 | $ 414,511 | $ — | $ 414,511 |
| Revenue - Finance and insurance, net | 124,060 | (3,855) | 120,205 | 215,909 | (6,604) | 209,305 |
| Total revenue | 1,445,176 | (3,699) | 1,441,477 | 2,506,742 | (6,604) | 2,500,138 |
| Costs applicable to revenue - Good Sam services and plans (1) | 17,641 | 20 | 17,661 | 38,064 | 57 | 38,121 |
| Costs applicable to revenue - Products, service and other | 147,980 | 86 | 148,066 | 243,868 | — | 243,868 |
| Costs applicable to revenue - Good Sam Club (1) | 3,191 | (84) | 3,107 | 5,493 | (57) | 5,436 |
| Total costs applicable to revenue | 1,029,012 | 22 | 1,029,034 | 1,785,802 | — | 1,785,802 |
| Selling, general and administrative expenses | 284,295 | (1,200) | 283,095 | 529,409 | (1) | 529,408 |
| Total operating expenses | 295,938 | (1,200) | 294,738 | 550,961 | (1) | 550,960 |
| Income from operations | 120,226 | (2,521) | 117,705 | 169,979 | (6,603) | 163,376 |
| Other income (expense) | — | (2) | (2) | — | (2) | (2) |
| Income before income taxes | 93,917 | (2,523) | 91,394 | 118,412 | (6,605) | 111,807 |
| Income tax expense | (12,102) | (2,160) | (14,262) | (19,321) | (1,806) | (21,127) |
| Net income | 81,815 | (4,683) | 77,132 | 99,091 | (8,411) | 90,680 |
| Net income attributable to non-controlling interests | (53,784) | 1,434 | (52,350) | (67,879) | 3,802 | (64,077) |
| Net income attributable to Camping World Holdings, Inc. | 28,031 | (3,249) | 24,782 | 31,212 | (4,609) | 26,603 |
| Earnings per share of Class A common stock: | | | | | | |
| Basic | $ 0.76 | $ (0.09) | $ 0.67 | $ 0.85 | $ (0.13) | $ 0.72 |
| Diluted | $ 0.72 | $ (0.05) | $ 0.67 | $ 0.81 | $ (0.09) | $ 0.72 |

(1) Amounts were combined and previously reported as costs applicable to revenue - consumer services and plans prior to reclassificat ions made for changes in segment reporting as disclosed in Note 17 – Segments Information.

The following table presents the effect of the error corrections on the condensed consolidated statement of cash flows for the period indicated:

| | Six Months Ended June 30, 2018 | | |
|---|---|---|---|
| ($ in thousands except per share amounts) | As Reported | Adjustment | As Corrected |
| Net income | $ 99,091 | $ (8,411) | $ 90,680 |
| Deferred income taxes | 2,959 | 1,806 | 4,765 |
| Receivables and contracts in transit | (89,379) | 3,050 | (86,329) |
| Inventories | (30,441) | (5,266) | (35,707) |
| Prepaid expenses and other assets | (8,703) | 5,266 | (3,437) |
| Accounts payable and other accrued expenses | 99,699 | (2,257) | 97,442 |
| Deferred revenue and gains | 6,322 | 2,040 | 8,362 |
| Other | 1,894 | 6,897 | 8,791 |
| Net cash provided by operating activities | 105,995 | 3,125 | 109,120 |
| Purchases of property and equipment | (80,574) | (3,111) | (83,685) |
| Net cash used in investing activities | (241,477) | (3,111) | (244,588) |

**Use of Estimates**

The preparation of these unaudited condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates. In preparing these financial statements, management has made its best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. The Company bases its estimates and judgments on historical experience and other assumptions that management believes are reasonable. However, application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ materially from these estimates. The Company periodically evaluates estimates and assumptions used in the preparation of the financial statements and makes changes on a prospective basis when adjustments are necessary. Significant estimates made in the accompanying unaudited condensed consolidated financial statements include certain assumptions related to accounts receivable, inventory, goodwill, intangible assets, long lived assets, program cancellation reserves, and accruals related to self-insurance programs, estimated tax liabilities and other liabilities.

**Recently Adopted Accounting Pronouncements**

In February 2016, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, Leases (Topic 842) (“ASU 2016-02” or “ASC 842”). The FASB had subsequently issued several related ASUs that clarified the implementation guidance for certain aspects of ASU 2016-02, which were effective upon the adoption of ASU 2016-02. The amendments in this ASU related to the accounting for leasing transactions. ASC 842 requires lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases (with the exception of short-term leases) at the lease commencement date and recognize expenses on the income statement in a similar manner to the previous guidance in Accounting Standards Codification (“ASC”) 840, Leases ("ASC 840"). The lease liability is measured as the present value of the unpaid lease payments and the right-of-use asset is derived from the calculation of the lease liability adjusted for initial direct costs, prepaid lease payments, and lease incentives. Lease payments include fixed and in-substance fixed payments, variable payments based on an index or rate, reasonably certain purchase options, termination penalties where the lease term reflects the election of a termination option, fees paid by the lessee to the owners of a special-purpose entity for restructuring the transaction, and probable amounts the lessee will owe under a residual value guarantee. Lease payments do not include variable lease payments other than those that depend on an index or rate, any guarantee by the lessee of the lessor’s debt, or any amount allocated to non-lease components. The discount rate used to derive the present value of unpaid lease payments is based on the rates implicit in the lease, or if not available, the incremental borrowing rate.

The most significant impact of ASC 842 on the Company’s accounting was the balance sheet impact of its real estate operating leases, which significantly increased assets and liabilities. In addition, ASC 842 eliminated the previous build-to-suit lease accounting guidance and resulted in derecognition of build-to-suit assets and liabilities that remained on the balance sheet after the end of the construction period, including any related deferred taxes. Also, ASC 842 made changes to sale-leaseback accounting to result in the recognition of the gain on the transaction at the time of the sale instead of recognizing over the leaseback period, when the transaction is deemed to be a sale instead of a financing arrangement. ASC 842 further changes the assessment of sale accounting from a transfer of risk and rewards assessment to a transfer of control assessment.

The Company elected the package of practical expedients available under the transition provisions of ASC 842, including (i) not reassessing whether expired or existing contracts contain leases, (ii) lease classification, and (iii) not revaluing initial direct costs for existing leases. Also, the Company elected the practical expedient which allows aggregation of non-lease components with the related lease components when evaluating accounting treatment for equipment and billboard leases. Lastly, the Company applied the modified retrospective adoption method, utilizing the simplified transition option available in ASC 842, which allows entities to continue to apply the legacy guidance in ASC 840, including its disclosure requirements, in the comparative periods presented in the year of adoption. The Company adopted ASC 842 on January 1, 2019.

The impact of applying ASC 842 effective as of January 1, 2019, to the Company's condensed consolidated statements of operations and cash flows was not significant. The major impacts to the balance sheet were 1) the addition of $809.7 million in operating lease assets, 2) the addition of $867.5 million of operating lease liabilities, 3) the removal of approximately $4.9 million, $10.6 million, $7.6 million, and $54.5 million of property and equipment, net; deferred revenues and gains; accrued liabilities; and other liabilities, respectively, and 4) a cumulative-effect adjustment for the adoption of ASC 842 of $3.7 million and $6.3 million was recorded to retained earnings and non-controlling interests, respectively. The adoption of ASC 842 did not impact any of its existing debt covenants.

**Recently Issued Accounting Pronouncements**

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326) ("ASU 2016-13"). This standard requires the use of a forward-looking expected loss impairment model for trade and other receivables, held-to-maturity debt securities, loans and other instruments. This standard also requires impairments and recoveries for available-for-sale debt securities to be recorded through an allowance account and revises certain disclosure requirements. The standard is effective for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Company will adopt ASU 2016-13 on January 1, 2020. The Company is currently evaluating the impact that the adoption of the provisions of the ASU will have on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract ("ASU 2018-15"). This standard aligns the accounting for implementation costs incurred in a cloud computing arrangement that is a service arrangement (i.e., hosting arrangement) with the guidance on capitalizing costs in ASC 350-40, Internal-Use Software. The ASU permits either a prospective or retrospective transition approach. The standard will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Company will adopt ASU 2018-15 on January 1, 2020. The Company is currently evaluating the impact that the adoption of the provisions of the ASU will have on its consolidated financial statements.

**2. Revenue**

**Contract Assets**

As of June 30, 2019 and December 31, 2018, a contract asset of $5.7 million and $6.3 million, respectively, relating to RV service revenues was included in accounts receivable in the accompanying unaudited condensed consolidated balance sheet.

**Deferred Revenues**

As of June 30, 2019, the Company has unsatisfied performance obligations relating to multi-year plans for its Good Sam Club, roadside assistance, Coast to Coast memberships, and magazine publication revenue streams. The total unsatisfied performance obligation for these revenue streams at June 30, 2019 for the periods during which the Company expects to recognize the amounts as revenue are presented as follows (in thousands):

| | As of June 30, 2019 |
|---|---|
| 2019 | $ 55,320 |
| 2020 | 46,742 |
| 2021 | 20,302 |
| 2022 | 10,189 |
| 2023 | 5,263 |
| Thereafter | 7,933 |
| Total | $ 145,749 |

**3. Inventories and Floor Plan Payable**

Inventories consisted of the following (in thousands):

| | June 30, 2019 | December 31, 2018 |
|---|---|---|
| Good Sam services and plans | $ 19 | $ 459 |
| New RVs | 1,000,977 | 1,017,910 |
| Used RVs | 121,744 | 124,527 |
| Products, parts, accessories and miscellaneous | 424,756 | 416,074 |
| | $ 1,547,496 | $ 1,558,970 |

New and used RV inventory, included in the RV and Outdoor Retail segment, are primarily financed by floor plan arrangements through a syndication of banks. The arrangements are collateralized by substantially all of the assets of FreedomRoads, LLC ("FR"), a wholly owned subsidiary of FreedomRoads, which operates the RV dealerships, and bear interest at one-month London Interbank Offered Rate ("LIBOR") plus 2.35% as of June 30, 2019 and 2.15% as of December 31, 2018. LIBOR was 2.44% at June 30, 2019 and 2.35% as of December 31, 2018. Borrowings are tied to specific vehicles and principal is due upon the sale of the related vehicle.

As of June 30, 2019 and December 31, 2018, FR maintained floor plan financing through the Seventh Amended and Restated Credit Agreement ("Floor Plan Facility") with a maturity date of December 12, 2020 and an applicable borrowing rate margin on LIBOR and base rate loans ranging from 2.05% to 2.50% and 0.55% and 1.00%, respectively, based on the consolidated current ratio at FR. The Floor Plan Facility allows FR to borrow (a) up to $1.415 billion under a floor plan facility, (b) up to $15.0 million under a letter of credit facility and (c) up to a maximum amount outstanding of $60.0 million under the revolving line of credit, which maximum amount outstanding will decrease by $3.0 million on the last day of each fiscal quarter, commencing with the fiscal quarter ending March 31, 2020.

The Floor Plan Facility includes an offset account that allows the Company to transfer cash as an offset to the payable under the Floor Plan Facility. These transfers reduce the amount of liability outstanding under the floor plan notes payable that would otherwise accrue interest, while retaining the ability to transfer amounts from the offset account into the Company's operating cash accounts. As a result of using the floor plan offset account, the Company experiences a reduction in floor plan interest expense in its consolidated statements of income.

The credit agreement governing the Floor Plan Facility contains certain financial covenants. FR was in compliance with all debt covenants at June 30, 2019 and December 31, 2018.

The following table details the outstanding amounts and available borrowings under the Floor Plan Facility as of June 30, 2019 and December 31, 2018 (in thousands):

| | June 30, 2019 | December 31, 2018 |
|---|---|---|
| Floor Plan Facility | | |
| Notes payable - floor plan: | | |
| Total commitment | $ 1,415,000 | $ 1,415,000 |
| Less: borrowings, net | (813,635) | (885,980) |
| Less: flooring line aggregate interest reduction account | (161,564) | (97,757) |
| Additional borrowing capacity | 439,801 | 431,263 |
| Less: accounts payable for sold inventory | (76,847) | (33,928) |
| Less: purchase commitments | (19,574) | (22,530) |
| Unencumbered borrowing capacity | $ 343,380 | $ 374,805 |

| | June 30, 2019 | December 31, 2018 |
|---|---|---|
| Revolving line of credit: | $ 60,000 | $ 60,000 |
| Less borrowings | (52,768) | (38,739) |
| Additional borrowing capacity | $ 7,232 | $ 21,261 |
| | | |
| Letters of credit: | | |
| Total commitment | $ 15,000 | $ 15,000 |
| Less: outstanding letters of credit | (10,330) | (10,380) |
| Additional letters of credit capacity | $ 4,670 | $ 4,620 |

**4. Goodwill and Intangible Assets**

**Goodwill**

The following is a summary of changes in the Company's goodwill by segment for the six months ended June 30, 2019 (in thousands):

| | Good Sam Services and Plans | RV and Outdoor Retail | Consolidated |
|---|---|---|---|
| Balance as of December 31, 2018 | $ 50,320 | $ 308,797 | $ 359,117 |
| Acquisitions (1) | — | 24,559 | 24,559 |
| Transfers of assets between reporting units | (26,491) | 26,491 | — |
| Balance as of June 30, 2019 | $ 23,829 | $ 359,847 | $ 383,676 |

(1) See Note 10 — Acquisitions.

The Company evaluates goodwill for impairment on an annual basis as of the beginning of the fourth quarter, or more frequently if events or changes in circumstances indicate that the Company's goodwill or indefinite-lived intangible assets might be impaired. The Company assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the Company determines it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then it is required to perform the first step of a two-step impairment test by calculating the fair value of the reporting unit and comparing the fair value with the carrying amount of the reporting unit. If the carrying amount of a reporting unit exceeds its fair value, then the Company records an impairment of goodwill equal to the amount that the carrying amount of a reporting unit exceeds its fair value.

As of January 1, 2019, the Company transferred certain assets related to the Good Sam Club and co-branded credit card from GSS Enterprises, LLC ("GSS") within the Good Sam Services and Plans segment to CWI, Inc. ("CWI") within the RV and Outdoor Retail segment. This resulted in a transfer of $26.5 million of goodwill from the Good Sam Services and Plans segment to the RV and Outdoor Retail segment based on relative fair value as of January 1, 2019 of the portion of the reporting unit transferred.

**Intangible Assets**

Finite–lived intangible assets and related accumulated amortization consisted of the following at June 30, 2019 and December 31, 2018 (in thousands):

| | June 30, 2019 | | |
|---|---|---|---|
| | Cost or Fair Value | Accumulated Amortization | Net |
| Good Sam Services and Plans: | | | |
| Membership and customer lists | $ 9,140 | $ (7,574) | $ 1,566 |
| RV and Outdoor Retail: | | | |
| Customer lists and domain names | 3,415 | (2,064) | 1,351 |
| Trademarks and trade names | 29,304 | (3,831) | 25,473 |
| Websites | 6,074 | (1,459) | 4,615 |
| | $ 47,933 | $ (14,928) | $ 33,005 |

| | December 31, 2018 | | |
|---|---|---|---|
| | Cost or Fair Value | Accumulated Amortization | Net |
| Good Sam Services and Plans: | | | |
| Membership and customer lists | $ 9,140 | $ (7,174) | $ 1,966 |
| RV and Outdoor Retail: | | | |
| Customer lists and domain names | 3,415 | (1,559) | 1,856 |
| Trademarks and trade names | 29,304 | (2,853) | 26,451 |
| Websites | 6,074 | (1,063) | 5,011 |
| | $ 47,933 | $ (12,649) | $ 35,284 |

**5. Long-Term Debt**

Outstanding long-term debt consisted of the following (in thousands):

| | June 30, 2019 | December 31, 2018 |
|---|---|---|
| Term Loan Facility (1) | $ 1,155,241 | $ 1,156,345 |
| Real Estate Facility (2) | 20,748 | 9,520 |
| Subtotal | 1,175,989 | 1,165,865 |
| Less: current portion | (14,144) | (12,977) |
| Total | $ 1,161,845 | $ 1,152,888 |

(1) Net of $4.8 million and $5.4 million of original issue discount at June 30, 2019 and December 31, 2018, respectively, and $12.0 million and $13.4 million of finance costs at June 30, 2019 and December 31, 2018, respectively.

(2) Net of $0.2 million and $0.2 million of finance costs at June 30, 2019 and December 31, 2018, respectively.

*Senior Secured Credit Facilities*

As of June 30, 2019 and December 31, 2018, CWGS Group, LLC (the “Borrower”), a wholly owned subsidiary of CWGS, LLC, was party to a credit agreement (as amended from time to time, the “Credit Agreement”) for a senior secured credit facility (the “Senior Secured Credit Facilities”). The Senior Secured Credit Facilities consist of a term loan facility (the “Term Loan Facility”) and a $35.0 million revolving credit facility (the “Revolving Credit Facility”). The funds available under the Revolving Credit Facility may be utilized for borrowings or letters of credit; however, a maximum of $15.0 million may be allocated to such letters of credit. The Revolving Credit Facility matures on November 8, 2021, and the Term Loan Facility matures on November 8, 2023. The Term Loan Facility requires mandatory principal payments in equal quarterly installments of $3.0 million. The second quarter 2019 principal payment was paid on July 1, 2019.

Additionally, the Company is required to prepay the term loan borrowings in an aggregate amount equal to 50% of excess cash flow, as defined in the Credit Agreement, for such fiscal year depending on the Total Leverage Ratio.

As of June 30, 2019, the average interest rate on the Term Loan Facility was 5.19%. As of June 30, 2019, the Company had $9.4 million available for borrowing and letters of credit in the aggregate amount of $3.7 million outstanding under the Revolving Credit Facility, as a result of the 30% threshold described below. As of June 30, 2019, a principal balance of $1.2 billion was outstanding under the Term Loan Facility and no amounts were outstanding on the Revolving Credit Facility.

The Senior Secured Credit Facilities are fully and unconditionally guaranteed, jointly and severally, on a senior secured basis by each of the Company's existing and future domestic restricted subsidiaries with the exception of FreedomRoads Intermediate Holdco, LLC, the direct parent of FR, and FR and its subsidiaries. The Credit Agreement contains certain restrictive covenants pertaining to, but not limited to, mergers, changes in the nature of the business, acquisitions, additional indebtedness, sales of assets, investments, and the prepayment of dividends subject to certain limitations and minimum operating covenants. Additionally, management has determined that the Senior Secured Credit Facilities include subjective acceleration clauses which could impact debt classification. Management has determined that no events have occurred at June 30, 2019, including the internal control material weaknesses, that would trigger a subjective acceleration clause.

The Credit Agreement requires the Borrower and its subsidiaries to comply on a quarterly basis with a maximum Total Leverage Ratio (as defined in the Credit Agreement), which covenant is in effect only if, as of the end of each calendar quarter, the aggregate amount of borrowings under the revolving credit facility (including swingline loans), letters of credit and unreimbursed letter of credit disbursements outstanding at such time (minus the lesser of (a) $5.0 million and (b) letters of credit outstanding) is greater than 30% of the aggregate amount of the Revolving Lenders' Revolving Commitments (minus the lesser of (a) $5.0 million and (b) letters of credit outstanding), as defined in the Credit Agreement. As of June 30, 2019, the Company was not subject to this covenant as borrowings under the Revolving Credit Facility did not exceed the 30% threshold. At June 30, 2019, the Company would not have met this covenant if the Company had exceeded the 30% threshold. As such, the Company's borrowing capacity under the Revolving Credit Facility at June 30, 2019 was limited to $9.4 million of additional borrowings. The Company was in compliance with all applicable debt covenants at June 30, 2019 and December 31, 2018.

*Real Estate Facility*

As of June 30, 2019 and December 31, 2018, Camping World Property, Inc. (the ''Real Estate Borrower''), an indirect wholly-owned subsidiary of CWGS, LLC, and CIBC Bank USA ("Lender"), were party to a loan and security agreement for a real estate credit facility with an aggregate maximum principal amount of $21.5 million ("Real Estate Facility"). Borrowings under the Real Estate Facility are guaranteed by CWGS Group, LLC, a wholly-owned subsidiary of CWGS, LLC. The Real Estate Facility may be used to finance the acquisition of real estate assets. The Real Estate Facility is secured by first priority security interest on the real estate assets acquired with the proceeds of the Real Estate Facility ("Real Estate Facility Properties"). The Real Estate Facility matures on October 31, 2023.

As of June 30, 2019, the average interest rate on the Real Estate Facility was 5.26% with a commitment fee of 0.50% of the aggregate unused principal amount of the Real Estate Facility. As of June 30, 2019, the Company had no available capacity under the Real Estate Facility. As of June 30, 2019, a principal balance of $21.0 million was outstanding under the Real Estate Facility.

The Real Estate Facility is subject to certain cross default provisions, a debt service coverage ratio, and other customary covenants. The Company was in compliance with all debt covenants at June 30, 2019 and December 31, 2018.

**6. Leases**

The Company leases property and equipment throughout the United States primarily under operating leases. For leases with terms greater than 12 months, the Company records the related asset and obligation at the present value of lease payments over the term. Many of the Company's leases include rental escalation clauses, renewal options and/or termination options that are factored into the determination of lease payments when appropriate. The Company aggregates non-lease components with the related lease components when evaluating the accounting treatment for equipment and billboard leases.

Many of the Company's lease agreements include fixed rental payments. Certain of its lease agreements include fixed rental payments that are adjusted periodically for changes in the Consumer Price Index ("CPI"). Payments based on a change in an index or a rate are not considered in the determination of lease payments for purposes of measuring the related lease liability. While lease liabilities are not remeasured as a result of changes to the CPI, changes to the CPI are treated as variable lease payments and recognized in the period in which the obligation for those payments are incurred.

Most of the Company's real estate leases include one or more options to renew, with renewal terms that can extend the lease term from one to five years or more. The exercise of lease renewal options is at the Company's sole discretion. If it is reasonably certain that the Company will exercise such options, the periods covered by such options are included in the lease term and are recognized as part of the operating lease assets and operating lease liabilities. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

When available, the Company uses the rate implicit in the lease to discount lease payments to present value; however, most of its leases do not provide a readily determinable implicit rate. Therefore, the Company must estimate its incremental borrowing rate to discount the lease payments based on information available at lease commencement.

The Company leases most of the properties for its RV and outdoor retail locations through 284 operating leases. The Company also leases billboards and certain of its equipment primarily through operating leases. The related right-of-use ("ROU") assets for these operating leases are included in operating lease assets. The Company has one finance lease for equipment, which is not material.

As of June 30, 2019, the weighted-average remaining lease term and weighted-average discount rate of operating leases was 13.0 years and 7.6%, respectively.

The following presents certain information related to the costs for operating leases during 2019:

| | Three Months Ended June 30, 2019 | Six Months Ended June 30, 2019 |
|---|---|---|
| Operating lease cost | $ 30,616 | $ 60,818 |
| Short-term lease cost | 873 | 1,586 |
| Variable lease cost | 550 | 1,102 |
| Sublease income | (211) | (516) |
| Net lease costs | $ 31,828 | $ 62,990 |

The following presents supplemental cash flow information related to leases during 2019:

| | Six Months Ended June 30, 2019 |
|---|---|
| Cash paid for amounts included in the measurement of lease liability: | |
| Operating cash flows for operating leases | $ 60,605 |
| | |
| ROU assets obtained in exchange for lease liabilities: | |
| Operating leases | $ 43,027 |

The following reconciles the undiscounted cash flows for each of the first five years and total of the remaining years to the operating lease liabilities on the balance sheet as of June 30, 2019:

| | | Operating Leases |
|---|---|---|
| 2019 | $ | 60,377 |
| 2020 | | 120,591 |
| 2021 | | 120,514 |
| 2022 | | 115,490 |
| 2023 | | 111,965 |
| Thereafter | | 894,626 |
| Total lease payments | | 1,423,563 |
| Less: Imputed interest | | (545,767) |
| Total lease obligations | | 877,796 |
| Less: Current portion | | (55,776) |
| Noncurrent lease obligations | $ | 822,020 |

**Disclosures related to periods prior to the adoption of ASC 842**

The Company leases operating facilities throughout the United States. Prior to January 1, 2019, the Company analyzed all leases in accordance with ASC 840. The Company has included the right to use assets in property and equipment, net, as follows (in thousands):

| | | December 31, 2018 |
|---|---|---|
| Right to use assets | $ | 5,400 |
| Accumulated depreciation | | (540) |
| | $ | 4,860 |

The following is a schedule by year of the future changes in the right to use liabilities as of December 31, 2018 (in thousands):

| | | |
|---|---|---|
| 2019 | $ | 486 |
| 2020 | | 486 |
| 2021 | | 486 |
| 2022 | | 486 |
| 2023 | | 486 |
| Thereafter | | 7,889 |
| Total minimum lease payments | | 10,319 |
| Amounts representing interest | | (5,172) |
| Present value of net minimum right to use liability payments | $ | 5,147 |

Future minimum annual fixed rentals under operating leases having an original term of more than one year as of December 31, 2018, were as follows (in thousands):

| | Third Party | Related Party | Total |
|---|---|---|---|
| 2019 | $ 116,131 | $ 2,248 | $ 118,379 |
| 2020 | 111,008 | 2,248 | 113,256 |
| 2021 | 106,740 | 2,248 | 108,988 |
| 2022 | 102,496 | 2,145 | 104,641 |
| 2023 | 99,594 | 1,930 | 101,524 |
| Thereafter | 811,228 | 18,951 | 830,179 |
| Total | $ 1,347,197 | $ 29,770 | $ 1,376,967 |

For the three and six months ended June 30, 2018, $29.4 million and $55.1 million of rent expense was charged to costs and expenses, respectively.

**7. Fair Value Measurements**

Accounting guidance for fair value measurements establishes a three tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

There have been no transfers of assets or liabilities between the fair value measurement levels and there were no material re-measurements to fair value during 2019 and 2018 of assets and liabilities that are not measured at fair value on a recurring basis.

The following table presents the reported carrying value and fair value information for the Company's debt instruments. The fair values shown below for the Term Loan Facility, as applicable, are based on quoted prices in the inactive market for identical assets (Level 2) and the fair values shown below for the Floor Plan Facility Revolving Line of Credit and the Real Estate Facility are estimated by discounting the future contractual cash flows at the current market interest rate that is available based on similar financial instruments.

| ($ in thousands) | Fair Value Measurement | June 30, 2019 Carrying Value | June 30, 2019 Fair Value | December 31, 2018 Carrying Value | December 31, 2018 Fair Value |
|---|---|---|---|---|---|
| Term Loan Facility | Level 2 | $ 1,155,241 | $ 1,087,118 | $ 1,156,345 | $ 1,116,338 |
| Floor Plan Facility Revolving Line of Credit | Level 2 | 52,768 | 54,432 | 38,739 | 40,139 |
| Real Estate Facility | Level 2 | 20,748 | 22,778 | 9,520 | 10,850 |

**8. Commitments and Contingencies**

**Litigation**

On October 19, 2018, a purported stockholder of the Company filed a putative class action lawsuit, captioned *Ronge v. Camping World Holdings, Inc. et al.* , in the United States District Court for the Northern District of Illinois against the Company, certain of its officers and directors, and Crestview Partners II GP, L.P. and Crestview Advisors, L.L.C. (the "Ronge Complaint"). On October 25, 2018, a different purported stockholder of the Company filed a putative class action lawsuit, captioned *Strougo v. Camping World Holdings, Inc. et al.* , in the United States District Court for the Northern District of Illinois against the Company, certain of its officers and directors, and Crestview Partners II GP, L.P. and Crestview Advisors, L.L.C. (the "Strougo Complaint").

The Ronge and Strougo Complaints were consolidated and lead plaintiffs appointed by the court. On February 27, 2019, lead plaintiffs filed a consolidated complaint against the Company, certain of its officers, directors, Crestview Partners II GP, L.P. and Crestview Advisors, L.L.C., and the underwriters of the May and October 2017 secondary offerings of the Company's Class A common stock. The consolidated complaint alleges violations of Sections 11 and 12(a)(2) of the Securities Act of 1933, as well as Section 10(b) of the Securities Exchange Act of 1934, as amended, and rule 10b-5 thereunder, based on allegedly materially misleading statements or omissions of material facts necessary to make certain statements not misleading related to the business, operations, and management of the Company. Additionally, it alleges that certain of the Company's officers and directors, Crestview Partners II GP, L.P., and Crestview Advisors, L.L.C. violated Section 15 of the Securities Act of 1933 and Section 20(a) of the Securities Exchange Act of 1934, as amended, by allegedly acting as controlling persons of the Company. The lawsuit brings claims on behalf of a putative class of purchasers of the Company's Class A common stock between March 8, 2017 and August 7, 2018, and seeks compensatory damages, rescission, attorneys' fees and costs, and any equitable or injunctive relief the court deems just and proper. On May 17, 2019, the Company, along with the other defendants, moved to dismiss the complaint. The Company believes it has meritorious defenses to the claims of the plaintiffs and members of the putative class, and any liability for the alleged claims is not currently probable or reasonably estimable.

On December 12, 2018, a putative class action complaint styled *International Union of Operating Engineers Benefit Funds of Eastern Pennsylvania and Delaware v. Camping World Holdings Inc., et al.* was filed in the Supreme Court of the State of New York, New York County, on behalf of all purchasers of Camping World Class A common stock issued pursuant and/or traceable to a secondary offering of such securities in October 2017 ("IUOE Complaint"). The IUOE Complaint names as defendants the Company, and certain of its officers and directors, among others, and alleges violations of Sections 11, 12(a), and 15 of the Securities Act of 1933 based on allegedly materially misleading statements or omissions of material facts necessary to make certain statements not misleading and seeks compensatory damages, including prejudgment and post-judgement interest, attorneys' fees and costs, and any equitable or injunctive relief the court deems just and proper, including rescission. On February 28, 2019, the Company, along with the other defendants, moved to dismiss this action. The parties are scheduled to argue the merits of defendants' motion to dismiss before the Supreme Court of the State of New York, Commercial Division, on August 22, 2019. The Company believes it has meritorious defenses to the claims of the plaintiffs and members of the putative class, and any liability for the alleged claims is not currently probable or reasonably estimable.

On February 22, 2019, a putative class action complaint styled *Daniel Geis v. Camping World Holdings, Inc., et al.* was filed in the Circuit Court of Cook County, Illinois, Chancery Division, on behalf of all purchasers of Camping World Class A common stock in and/or traceable to the Company's initial public offering on October 6, 2016 ("Geis Complaint"). The Geis Complaint names as defendants the Company, certain of our officers and directors, and the underwriters of the offering, and alleges violations of Sections 11, 12(a)(2), and 15 of the Securities Act of 1933 based on allegedly materially misleading statements or omissions of material facts necessary to make certain statements not misleading. The Geis Complaint seeks compensatory damages, prejudgment and post-judgment interest, attorneys' fees and costs, and any other and further relief the court deems just and proper. On April 19, 2019, the Company, along with the other defendants, moved to dismiss this action. The parties are scheduled to argue the merits of defendants' motion to dismiss before the Circuit Court of Cook County, Illinois, Chancery Division on August 20, 2019. The Company believes it has meritorious defenses to the claims of the plaintiff and members of the putative class, and any liability for the alleged claims is not currently probable or reasonably estimable.

On March 5, 2019, a shareholder derivative suit styled *Hunnewell v. Camping World Holdings, Inc., et al.* , was filed in the Court of Chancery of the State of Delaware, alleging breaches of fiduciary duty for alleged failure to implement effective disclosure controls and internal controls over financial reporting and to properly oversee certain acquisitions and for alleged insider trading (the "Hunnewell Complaint"). The Hunnewell Complaint names the Company as nominal defendant, and names certain of the Company's officers and directors, among others, as defendants and seeks restitutionary and/or compensatory damages, disgorgement of all management fees, advisory fees, expenses and other fees paid by Camping World during the period in question, disgorgement of profits pursuant to the alleged insider trading, attorneys' fees and costs, and any other and further relief the court deems just and proper.

On April 17, 2019, a shareholder derivative suit styled *Lincolnshire Police Pension Fund v. Camping World Holdings, Inc., et al.* , was filed in the Court of Chancery of the State of Delaware, alleging breaches of fiduciary duty for alleged failure to implement effective disclosure controls and internal controls over financial reporting and to properly oversee certain acquisitions and for alleged insider trading and unjust enrichment for compensation received during that time (the "LPPF Complaint"). The LPPF Complaint names the Company as nominal defendant, and names certain of the Company's officers and directors, among others, as defendants and seeks compensatory damages, extraordinary equitable and/or injunctive relief, restitution and disgorgement, attorneys' fees and costs, and any other and further relief the court deems just and proper. On May 30, 2019, the Court granted the parties' joint motion to consolidate the Hunnewell and LPPF Complaints (as well as any future filed actions relating to the subject matter) and stay the newly consolidated action pending the resolution of defendants' motion to dismiss the putative class action (Ronge) pending in the United States District Court for the Northern District of Illinois. The Company believes it has meritorious defenses to the claims of the plaintiffs, and any liability for the alleged claims is not currently probable or reasonably estimable.

On August 6, 2019, two shareholder derivative suits, styled Janssen v. Camping World Holdings, Inc., et al., and Sandler v. Camping World Holdings, Inc. et al., were filed in the U.S. District Court of Delaware. Both actions name the Company as a nominal defendant, and name certain of the Company's officers and directors, Crestview Partners II GP, L.P. and Crestview Advisors, L.L.C. as defendants, and allege: (i) violations of Section 14(a) of the Securities Exchange Act for issuing proxy statements that allegedly omitted material information and allegedly included materially false and misleading financial statements; (ii) violations of Section 10(b) and 20(a) of the Securities Exchange Act of 1934, seeking contribution for causing the Company to issue allegedly false and misleading statements and/or allegedly omit material information in public statements and/or Company filings concerning the Company's financial performance, the effectiveness of internal controls to ensure accurate financial reporting, and the success and profitability of the integration and rollout of Gander Outdoors stores; (iii) breaches of fiduciary duty, unjust enrichment, abuse of control, and gross mismanagement for allegedly causing or allowing the Company to disseminate to Camping World shareholders materially misleading and inaccurate information through the Company's SEC filings; and (iv) breach of fiduciary duties for alleged insider selling and misappropriation of information (together, the "Janssen and Sandler Complaints"). The Janssen and Sandler Complaints seek restitutionary and/or compensatory damages, injunctive relief, disgorgement of all profits, benefits, and other compensation obtained by the certain of the Company's officers and directors, attorneys' fees and costs, and any other and further relief the court deems just and proper. The Company is only a nominal defendant in the Janssen and Sandler Complaints, and any liability for the alleged claims is not currently probable or reasonably estimable.

The Company is also engaged in various other legal actions, claims and proceedings arising in the ordinary course of business, including claims related to employment-related matters, breach of contracts, products liabilities, consumer protection and intellectual property matters resulting from the Company's business activities. The Company does not believe that the ultimate resolution of such matters will have a material adverse effect on its business, financial condition or results of operations. However, litigation is subject to many uncertainties, and the outcome of certain of such individual litigated matters may not be reasonably predictable and any related damages may not be estimable. Certain of these litigation matters could result in an adverse outcome to the Company, and any such adverse outcome could have a material adverse effect on the Company's business, financial condition and results of operations.

## 9 . Statement of Cash Flows

Supplemental disclosures of cash flow information for the following periods (in thousands) were as follows:

| | Six Months Ended | |
|---|---|---|
| | **June 30, 2019** | **June 30, 2018** |
| Cash paid during the period for: | | |
| Interest | $ 55,250 | $ 45,077 |
| Income taxes | 1,620 | 16,942 |
| Non-cash investing activities: | | |
| Leasehold improvements paid by lessor | 10,353 | 25,617 |
| Vehicles transferred to property and equipment from inventory | 383 | 104 |
| Derecognition of non-tenant improvements | — | 6,476 |
| Capital expenditures in accounts payable and accrued liabilities | 5,141 | 9,827 |
| Non-cash financing activities: | | |
| Par value of Class A common stock issued in exchange for common units in CWGS, LLC | — | 2 |
| Par value of Class A common stock issued for vested restricted stock units | 1 | 1 |

## 10. Acquisitions

During the six months ended June 30, 2019 and 2018, subsidiaries of the Company acquired the assets or stock of multiple RV dealerships that constituted businesses under accounting rules. The Company used a combination of cash and floor plan financing to complete the acquisitions. The Company considers acquisitions of independent dealerships to be a fast and capital efficient alternative to opening new retail locations to expand its business and grow its customer base. Additionally, the Company believes that its experience and scale allow it to operate these acquired dealerships more efficiently. The acquired businesses were recorded at their estimated fair values under the acquisition method of accounting. The balance of the purchase prices in excess of the fair values of net assets acquired were recorded as goodwill.

On January 30, 2018 and April 19, 2018, indirect subsidiaries of the Company acquired substantially all of the assets of Earth Sports LLC, dba Erehwon Mountain Outfitters, and Rock Creek Outfitters, Inc., respectively, for $3.5 million and $5.2 million in cash, respectively. These businesses are specialty retailers of outdoor gear and apparel.

For the six months ended June 30, 2019 and 2018, the Company purchased real property of $25.1 million and $81.3 million, respectively, of which $0.7 and $23.5 million, respectively, was from parties related to the sellers of the businesses.

The estimated fair values of the assets acquired and liabilities assumed for the acquisitions consist of the following:

| ($ in thousands) | Six Months Ended June 30, 2019 | Six Months Ended June 30, 2018 | Estimated Life |
|---|---|---|---|
| Tangible assets (liabilities) acquired (assumed): | | | |
| Cash and cash equivalents | $ — | $ 2,648 | |
| Contracts in transit | — | 102 | |
| Accounts receivable, net | — | 102 | |
| Inventory, net | 13,895 | 40,150 | |
| Prepaid expenses and other assets | 96 | 98 | |
| Property and equipment, net | 158 | 709 | |
| Other assets | — | 48 | |
| Accounts payable and accrued liabilities | (62) | (1,070) | |
| Other liabilities | (38) | (412) | |
| Total tangible net assets acquired | 14,049 | 42,375 | |
| Intangible assets acquired: | | | |
| Trademarks and trade names | — | 318 | 15 years |
| Total intangible assets acquired | — | 318 | |
| Goodwill | 24,559 | 40,158 | |
| Purchase price | 38,608 | 82,851 | |
| Cash and cash equivalents acquired | — | (2,648) | |
| Cash paid for acquisitions, net of cash acquired | 38,608 | 80,203 | |
| Inventory purchases financed via floor plan | (8,416) | (29,365) | |
| Cash payment net of floor plan financing | $ 30,192 | $ 50,838 | |

The fair values above are preliminary relating to the six months ended June 30, 2019 as they are subject to measurement period adjustments for up to one year from the date of acquisition as new information is obtained about facts and circumstances that existed as of the acquisition date relating to the valuation of the acquired assets. The primary items that generated the goodwill are the value of the expected synergies between the acquired businesses and the Company and the acquired assembled workforce, neither of which qualify for recognition as a separately identified intangible asset. For the six months ended June 30, 2019 and 2018, $24.6 million and $23.8 million, respectively, of the acquired goodwill is expected to be deductible for tax purposes. Included in the six months ended June 30, 2019 and 2018 consolidated financial results were $18.3 million and $28.9 million of revenue, respectively, and $1.0 million and $2.0 million of pre-tax loss, respectively, of the acquired dealerships from the applicable acquisition dates. Pro forma information on these acquisitions has not been included, because the Company has deemed them to not be individually or cumulatively material.

**11. Income Taxes**

CWH is organized as a Subchapter C corporation and, as of June 30, 2019, is a 41.9% owner of CWGS, LLC (see Note 13 — Stockholders' Equity and Note 14 — Non-Controlling Interests). CWGS, LLC is organized as a limited liability company and treated as a partnership for federal tax purposes. On January 1, 2019, the Company transferred certain assets relating to its Good Sam Club and co-branded credit card from its indirect wholly-owned subsidiary, GSS, a LLC, to its indirect wholly-owned subsidiary, CWI, a corporation. As a result of this transfer, the Company recorded $14.4 million of estimated deferred income tax expense during the six months ended June 30, 2019 due to the revaluation of certain deferred tax assets and related changes in valuation allowance. Additionally, unrelated to the transfer described above, the Company recorded $1.1 million of deferred income tax expense during the three months ended March 31, 2019 resulting from an estimated decrease in its state income tax rates.

For the three months ended June 30, 2019 and 2018, the Company's effective income tax rate was 13.5% and 15.6%, respectively. The effective income tax rate decreased in the three months ended June 30, 2019 primarily due to a $1.8 million reduction in the deferred income tax expense related to the transfer of assets described above. For the six months ended June 30, 2019 and 2018, the Company's effective income tax rate was 54.7% and 18.9%, respectively. The amount of income tax expense and the effective income tax rate increased in the six months ended June 30, 2019 primarily due to the $14.4 million of estimated deferred income tax expense related to the transfers of assets described above, operating losses recorded by CWI for which no tax benefit can be recognized, and an increased ownership percentage of CWGS, LLC for which the Company is subject to U.S. federal and state taxes on its allocable share of income of CWGS, LLC. The Company's effective tax rate for the six months ended June 30, 2019 was higher than the federal statutory rate of 21.0% primarily due to the deferred income tax expense related to the transfer of assets described above, offset by a portion of the Company's earnings being attributable to non-controlling interests in limited liability companies which are not subject to corporate level taxes.

The Company evaluates its deferred tax assets on a quarterly basis to determine if they can be realized and establishes valuation allowances when it is more likely than not that all or a portion of the deferred tax assets may not be realized. At June 30, 2019 and December 31, 2018, the Company determined that all of its deferred tax assets, except those pertaining to CWI and the direct investment in CWGS, LLC, are more likely than not to be realized. The Company maintains a full valuation allowance against the deferred tax assets of CWI, since it was determined that it is more likely than not, based on available objective evidence, that CWI would have insufficient taxable income in the current or carryforward periods under the tax laws to realize the future tax benefits of its deferred tax assets. The Company also maintains a valuation allowance against the portion of the deferred tax asset pertaining to its direct investment in CWGS, LLC.

On October 6, 2016, the Company entered into a tax receivable agreement (the "Tax Receivable Agreement") that provides for the payment by the Company to the Continuing Equity Owners and Crestview Partners II GP, L.P. of 85% of the amount of tax benefits, if any, that the Company actually realizes, or in some circumstances is deemed to realize, as a result of (i) increases in the tax basis from the purchase of common units from Crestview Partners II GP, L.P. in exchange for Class A common stock in connection with the consummation of the IPO and the related transactions and any future redemptions that are funded by the Company and any future redemptions or exchanges of common units by Continuing Equity Owners as described above and (ii) certain other tax benefits attributable to payments made under the Tax Receivable Agreement. The above payments are predicated on CWGS, LLC making an election under Section 754 of the Internal Revenue Code effective for each tax year in which a redemption or exchange (including a deemed exchange) of common units for cash or stock occur. These tax benefit payments are not conditioned upon one or more of the Continuing Equity Owners or Crestview Partners II GP, L.P. maintaining a continued ownership interest in CWGS, LLC. In general, the Continuing Equity Owners' or Crestview Partners II GP, L.P.'s rights under the Tax Receivable Agreement are assignable, including to transferees of its common units in CWGS, LLC (other than the Company as transferee pursuant to a redemption or exchange of common units in CWGS, LLC). The Company expects to benefit from the remaining 15% of the tax benefits, if any, which may be realized. During the three months ended June 30, 2019 and 2018, no common units in CWGS, LLC were exchanged for Class A common stock subject to the provisions of the Tax Receivable Agreement. During the six months ended June 30, 2019 and 2018, 5,725 and 173,286 common units in CWGS, LLC, respectively, were exchanged for Class A common stock subject to the provisions of the Tax Receivable Agreement. The Company recognized a liability for the Tax Receivable Agreement payments due to those parties that redeemed common units, representing 85% of the aggregate tax benefits the Company expects to realize from the tax basis increases related to the exchange, after concluding it was probable that the Tax Receivable Agreement payments would be paid based on estimates of future taxable income. As of June 30, 2019 and December 31, 2018, the amount of Tax Receivable Agreement payments due under the Tax Receivable Agreement was $116.3 million and $134.2 million, respectively, of which $6.8 million and $9.4 million, respectively, was included in the current portion of the Tax Receivable Agreement liability in the Condensed Consolidated Balance Sheets.

As a result of transferring certain assets relating to its Good Sam Club and co-branded credit card from GSS to CWI, as described above, the Company re-evaluated the impact on its Tax Receivable Agreement liability related to the reduction of future expected tax amortization. The reduction in future expected tax amortization reduced the Tax Receivable Agreement liability by $7.2 million during the six months ended June 30, 2019. Unrelated to the transfer described above, the Tax Receivable Agreement liability was reduced by an additional $1.1 million during the six months ended June 30, 2019 for changes in estimated state income tax rates applicable to CWH. As a result of these adjustments to the Tax Receivable Agreement liability, the Company recorded approximately $8.5 million of other income in the Condensed Consolidated Statement of Operations for the six months ended June 30, 2019.

## 12. Related Party Transactions

### Transactions with Directors, Equity Holders and Executive Officers

FreedomRoads leases various retail locations from managers and officers. During the three months ended June 30, 2019 and 2018, the related party lease expense for these locations was $0.5 million and $0.5 million, respectively. During the six months ended June 30, 2019 and 2018, the related party lease expense for these locations was $1.0 million and $0.9 million, respectively.

In January 2012, FreedomRoads entered into a lease (the “Original Lease”) with respect to the Company’s Lincolnshire, Illinois offices, which was amended in March 2013 in connection with the Company’s leasing of additional premises within the same office building (the “Expansion Lease”). The Original Lease is payable in 132 monthly payments of base rent equal to approximately $29,000, commencing April 2013, subject to annual increases. The Expansion Lease is payable in 132 monthly payments of base rent equal to approximately $2,500, commencing May 2013, subject to annual increases. Marcus A. Lemonis, the Company’s Chairman and Chief Executive Officer, has personally guaranteed both leases. During the three months ended June 30, 2019 and 2018, the Company made payments of approximately $0.2 million and $0.2 million, respectively, in connection with the Original Lease, which included approximately $0.1 million and $0.1 million, respectively, for common area maintenance charges on the Original Lease, and the Company made payments of approximately $9,000 and $8,000, respectively, in connection with the Expansion Lease. During the six months ended June 30, 2019 and 2018, the Company made payments of approximately $0.4 million and $0.3 million, respectively, in connection with the Original Lease, which included approximately $0.2 million and $0.2 million, respectively, for common area maintenance charges on the Original Lease, and the Company made payments of approximately $17,000 and $17,000, respectively, in connection with the Expansion Lease.

The Company paid Kaplan, Strangis and Kaplan, P.A., of which Andris A. Baltins is a member, $0.1 million and $0.1 million during the six months ended June 30, 2019 and 2018, respectively, for legal services.

### Other Transactions

The Company does business with certain companies in which Mr. Lemonis has a direct or indirect material interest. The Company purchased fixtures for interior store sets at the Company’s retail locations from Precise Graphix, LLC (“Precise Graphix”). Mr. Lemonis has a 67% economic interest in Precise Graphix and the Company paid Precise Graphix $0.6 million and $2.1 million for the three months ended June 30, 2019 and 2018, respectively, and $0.8 million and $3.7 million for the six months ended June 30, 2019 and 2018, respectively. The Company purchased point of purchase and visual merchandise displays from JD Custom Design ("JD Custom") for use in Camping World's retail store operations. Mr. Lemonis is a holder of 52% of the combined voting power in JD Custom and the Company paid JD Custom $0 and $0.2 million for the three months ended June 30, 2019 and 2018, respectively, and $0 and $0.3 million for the six months ended June 30, 2019 and 2018, respectively.

The Company does business with certain companies in which Stephen Adams, a member of the Company's board of directors, has a direct or indirect material interest. The Company from time to time purchases advertising services from Adams Radio of Fort Wayne LLC ("Adams Radio"), in which Mr. Adams has an indirect 90% interest. The Company paid Adams Radio $0 and $0.1 million for the three months ended June 30, 2019 and 2018, respectively, and $0.2 million and $0.2 million for the six months ended June 30, 2019 and 2018, respectively.

**13. Stockholders' Equity**

CWH has authorized preferred stock and three classes of common stock. The Class A common stock entitles the holders to receive dividends; distributions upon the liquidation, dissolution, or winding up of the Company; and have voting rights. The Class B common stock and Class C common stock entitles the holders to voting rights, which in certain cases are disproportionate to the voting rights of the Class A common stock; however, the holders of Class B common stock and Class C common stock are not entitled to receive dividends or distributions upon the liquidation, dissolution, or winding up of the Company.

CWH is the sole managing member of CWGS, LLC and, although CWH has a minority economic interest in CWGS, LLC, CWH has the sole voting power in, and controls the management of, CWGS, LLC. Accordingly, the Company consolidated the financial results of CWGS, LLC and reported a non-controlling interest in its consolidated financial statements.

In accordance with the amended and restated limited liability company agreement of CWGS, LLC (the "LLC Agreement"), the holders of the common units in CWGS, LLC may elect to exchange or redeem the common units for newly-issued shares of the Company's Class A common stock or cash at the Company's election, subject to certain restrictions. If the redeeming or exchanging party also holds Class B common stock, then simultaneously with the payment of cash or newly-issued shares of Class A common stock, as applicable, in connection with a redemption or exchange of common units, a number of shares of the Company's Class B common stock will be cancelled for no consideration on a one-for-one basis with the number of common units so redeemed or exchanged. As required by the LLC Agreement, the Company must, at all times, maintain a one-to-one ratio between the number of outstanding shares of Class A common stock and the number of common units of CWGS, LLC owned by CWH (subject to certain exceptions for treasury shares and shares underlying certain convertible or exchangeable securities).

**Short-Swing Profit Disgorgement**

In May 2018, the Company received an aggregate of $557,000 from short-swing profit disgorgement remitted by ML Acquisition Company, LLC, of which Marcus A. Lemonis, Chairman and Chief Executive Officer of the Company, is the sole director, which is included as an increase to additional paid-in capital in the consolidated statement of stockholders' equity and as a financing activity in the consolidated statement of cash flows.

**14. Non-Controlling Interests**

As described in Note 13 — Stockholders' Equity, CWH is the sole managing member of CWGS, LLC and, as a result, consolidates the financial results of CWGS, LLC. The Company reports a non-controlling interest representing the common units of CWGS, LLC held by Continuing Equity Owners. Changes in CWH's ownership interest in CWGS, LLC while CWH retains its controlling interest in CWGS, LLC will be accounted for as equity transactions. As such, future redemptions or direct exchanges of common units of CWGS, LLC by the Continuing Equity Owners will result in a change in ownership and reduce the amount recorded as non-controlling interest and increase additional paid-in capital.

As of June 30, 2019 and December 31, 2018, there were 88,941,789 and 88,867,373 common units of CWGS, LLC outstanding, respectively, of which CWH owned 37,272,505 and 37,192,364 common units of CWGS, LLC, respectively, representing 41.9% ownership interests in CWGS, LLC and the Continuing Equity Owners owned 51,669,284 and 51,675,009 common units of CWGS, LLC, respectively, representing 58.1% ownership interests in CWGS, LLC.

The following table summarizes the effects of changes in ownership in CWGS, LLC on the Company's equity:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| ($ in thousands) | 2019 | 2018 | 2019 | 2018 |
| Net income (loss) attributable to Camping World Holdings, Inc. | $ 18,017 | $ 24,782 | $ (1,378) | $ 26,603 |
| Transfers to non-controlling interests: | | | | |
| Decrease in additional paid-in capital as a result of the purchase of common units from CWGS, LLC with proceeds from the exercise of stock options | — | (5) | — | (82) |
| Increase in additional paid-in capital as a result of the vesting of restricted stock units | 143 | 29 | 143 | 29 |
| Decrease in additional paid-in capital as a result of repurchases of Class A common stock for withholding taxes on vested RSUs | (273) | — | (273) | — |
| Increase in additional paid-in capital as a result of the redemption of common units of CWGS, LLC | — | — | 12 | 1,848 |
| Change from net income attributable to Camping World Holdings, Inc. and transfers to non-controlling interests | $ 17,887 | $ 24,806 | $ (1,496) | $ 28,398 |

**15. Equity-based Compensation Plans**

The following table summarizes the equity-based compensation that has been included in the following line items within the consolidated statements of operations during:

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| ($ in thousands) | June 30, 2019 | June 30, 2018 | June 30, 2019 | June 30, 2018 |
| **Equity-based compensation expense:** | | | | |
| Costs applicable to revenue | $ 208 | $ 172 | $ 415 | $ 347 |
| Selling, general, and administrative | 3,655 | 2,957 | 6,164 | 6,000 |
| Total equity-based compensation expense | $ 3,863 | $ 3,129 | $ 6,579 | $ 6,347 |

The following table summarizes stock option activity for the six months ended June 30, 2019:

| | Stock Options (in thousands) |
|---|---|
| Outstanding at December 31, 2018 | 885 |
| Forfeited | (104) |
| Outstanding at June 30, 2019 | 781 |
| Options exercisable at June 30, 2019 | 365 |

The following table summarizes restricted stock unit activity for the six months ended June 30, 2019:

| | Restricted Stock Units (in thousands) |
|---|---|
| Outstanding at December 31, 2018 | 1,426 |
| Granted | 140 |
| Vested | (97) |
| Forfeited | (69) |
| Outstanding at June 30, 2019 | 1,400 |

The weighted-average grant date fair value of restricted stock units granted during the six months ended June 30, 2019 was $13.63.

**16. Earnings Per Share**

Basic earnings per share of Class A common stock is computed by dividing net income available to Camping World Holdings, Inc. by the weighted-average number of shares of Class A common stock outstanding during the period. Diluted earnings per share of Class A common stock is computed by dividing net income available to Camping World Holdings, Inc. by the weighted-average number of shares of Class A common stock outstanding adjusted to give effect to potentially dilutive securities.

The following table sets forth reconciliations of the numerators and denominators used to compute basic and diluted earnings per share of Class A common stock:

| (In thousands except per share amounts) | Three Months Ended June 30, 2019 | Three Months Ended June 30, 2018 | Six Months Ended June 30, 2019 | Six Months Ended June 30, 2018 |
|---|---|---|---|---|
| Numerator: | | | | |
| Net income | $ 52,623 | $ 77,132 | $ 25,816 | $ 90,680 |
| Less: net income attributable to non-controlling interests | (34,606) | (52,350) | (27,194) | (64,077) |
| Net income (loss) attributable to Camping World Holdings, Inc. — basic | 18,017 | 24,782 | (1,378) | 26,603 |
| Add: reallocation of net income attributable to non-controlling interests from the assumed dilutive effect of stock options and RSUs | — | 33 | — | 48 |
| Add: Reallocation of net income attributable to non-controlling interests from the assumed exchange of common units of CWGS, LLC for Class A common stock | 22,565 | — | — | — |
| Net income (loss) attributable to Camping World Holdings, Inc. — diluted | $ 40,582 | $ 24,815 | $ (1,378) | $ 26,651 |
| Denominator: | | | | |
| Weighted-average shares of Class A common stock outstanding — basic | 37,239 | 36,964 | 37,217 | 36,890 |
| Dilutive options to purchase Class A common stock | — | — | — | 157 |
| Dilutive restricted stock units | 17 | 83 | — | 136 |
| Dilutive common units of CWGS, LLC that are convertible into Class A common stock | 51,669 | — | — | — |
| Weighted-average shares of Class A common stock outstanding — diluted | 88,925 | 37,047 | 37,217 | 37,183 |
| | | | | |
| Earnings (loss) per share of Class A common stock — basic | $ 0.48 | $ 0.67 | $ (0.04) | $ 0.72 |
| Earnings (loss) per share of Class A common stock — diluted | $ 0.46 | $ 0.67 | $ (0.04) | $ 0.72 |
| | | | | |
| Weighted-average anti-dilutive securities excluded from the computation of diluted earnings per share of Class A common stock: | | | | |
| Stock options to purchase Class A common stock | 804 | 920 | 831 | 462 |
| Restricted stock units | 1,351 | 896 | 1,427 | 451 |
| Common units of CWGS, LLC that are convertible into Class A common stock | — | 51,717 | 51,671 | 51,773 |

Shares of the Company's Class B common stock and Class C common stock do not share in the earnings or losses of the Company and are therefore not participating securities. As such, separate presentation of basic and diluted earnings per share of Class B common stock or Class C common stock under the two-class method has not been presented.

**17. Segments Information**

Following the resignation of Roger Nuttall from his position as President of Camping World on December 21, 2018, the Company took steps during the quarter ended March 31, 2019 to realign the reporting structure of the Company including management and internal reporting. As a result of these changes, the Company determined that its reportable segments had changed. The Company's reportable segments have been identified based on various commonalities amongst the Company's individual product lines, which is consistent with the Company's operating structure and associated management structure and management evaluates the performance of and allocates resources to these segments based on segment revenues and segment profit. The segment reporting for prior comparative periods have been recasted to conform to the current period presentation.

As previously discussed, the Company previously had three reportable segments: (i) Consumer Services and Plans; (ii) Dealership and, (iii) Retail. Following the realignment, the Company now has the following two reportable segments: (i) Good Sam Services and Plans, and (ii) RV and Outdoor Retail. In conjunction with the first quarter 2019 realignment of its reporting structure, the Company combined its prior Dealership and Retail segments into the RV and Outdoor Retail segment. The Company has also reclassified a portion of the former Consumer Services and Plans segment, the Good Sam Club and co-branded credit card operations, to the RV and Outdoor Retail segment, which reflects the synergies of those two programs with the RV and Outdoor Retail locations. Within the Good Sam Services and Plans segment, the Company primarily derives revenue from the sale of the following offerings: emergency roadside assistance; property and casualty insurance programs; travel assist programs; extended vehicle service contracts; vehicle financing and refinancing; shows and events; and publications and directories. Within the RV and Outdoor Retail segment, the Company primarily derives revenue from the sale of new and used RVs; the sale of RV products and services, including the sale of parts, accessories, supplies and services for RVs, and equipment, gear and supplies for camping, hunting, fishing, skiing, snowboarding, bicycling, skateboarding, marine and watersport and other outdoor activities; commissions on the finance and insurance contracts related to the sale of RVs; and Good Sam Club memberships and co-branded credit cards.

The reportable segments identified above are the business activities of the Company for which discrete financial information is available and for which operating results are regularly reviewed by the Company's chief operating decision maker to allocate resources and assess performance. The Company's chief operating decision maker is a group comprised of the Chief Executive Officer and the President.

Reportable segment revenue, segment income, floor plan interest expense, depreciation and amortization, other interest expense, total assets, and capital expenditures are as follows:

| | Three Months Ended June 30, 2019 | | | | Three Months Ended June 30, 2018 | | | |
|---|---|---|---|---|---|---|---|---|
| ($ in thousands) | Good Sam Services and Plans (1) | RV and Outdoor Retail (1) | Intersegment Eliminations | Total | Good Sam Services and Plans (1)(2) | RV and Outdoor Retail (1)(2) | Intersegment Eliminations | Total |
| **Revenue:** | | | | | | | | |
| Good Sam services and plans | $ 44,991 | $ — | $ (297) | $ 44,694 | $ 42,712 | $ — | $ (374) | $ 42,338 |
| New vehicles | — | 780,696 | (1,826) | 778,870 | — | 809,266 | (1,747) | 807,519 |
| Used vehicles | — | 246,531 | (782) | 245,749 | — | 211,244 | (598) | 210,646 |
| Products, service and other | — | 271,471 | (7,045) | 264,426 | — | 258,434 | (8,075) | 250,359 |
| Finance and insurance, net | — | 131,498 | (3,273) | 128,225 | — | 123,588 | (3,383) | 120,205 |
| Good Sam Club | — | 12,383 | — | 12,383 | — | 10,410 | — | 10,410 |
| Total consolidated revenue | $ 44,991 | $ 1,442,579 | $ (13,223) | $ 1,474,347 | $ 42,712 | $ 1,412,942 | $ (14,177) | $ 1,441,477 |

| | Six Months Ended June 30, 2019 | | | | Six Months Ended June 30, 2018 | | | |
|---|---|---|---|---|---|---|---|---|
| ($ in thousands) | Good Sam Services and Plans (1) | RV and Outdoor Retail (1) | Intersegment Eliminations | Total | Consumer Services and Plans (1)(2) | RV and Outdoor Retail (1)(2) | Intersegment Eliminations | Total |
| **Revenue:** | | | | | | | | |
| Good Sam services and plans | $ 93,289 | $ — | $ (1,629) | $ 91,660 | $ 88,890 | $ — | $ (1,727) | $ 87,163 |
| New vehicles | — | 1,311,445 | (2,998) | 1,308,447 | — | 1,389,940 | (2,911) | 1,387,029 |
| Used vehicles | — | 427,136 | (1,379) | 425,757 | — | 383,827 | (1,090) | 382,737 |
| Products, service and other | — | 481,669 | (12,367) | 469,302 | — | 427,402 | (12,891) | 414,511 |
| Finance and insurance, net | — | 225,778 | (5,662) | 220,116 | — | 215,207 | (5,902) | 209,305 |
| Good Sam Club | — | 23,834 | — | 23,834 | — | 19,393 | — | 19,393 |
| Total consolidated revenue | $ 93,289 | $ 2,469,862 | $ (24,035) | $ 2,539,116 | $ 88,890 | $ 2,435,769 | $ (24,521) | $ 2,500,138 |

(1) Segment revenue includes intersegment revenue.

(2) The Company has adjusted certain prior period amounts for the immaterial correction of errors. See Note 1 – Summary of Significant Accounting Policies – Revisions for Correction of Immaterial Errors.

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| ($ in thousands) | June 30, 2019 | June 30, 2018 | June 30, 2019 | June 30, 2018 |
| **Segment income: (1)** | | | | |
| Good Sam Services and Plans (2) | $ 21,208 | $ 20,721 | $ 43,622 | $ 42,438 |
| RV and Outdoor Retail (2) | 75,687 | 99,845 | 75,312 | 124,364 |
| Total segment income | 96,895 | 120,566 | 118,934 | 166,802 |
| Corporate & other | (3,914) | (1,479) | (7,087) | (2,963) |
| Depreciation and amortization | (13,946) | (11,628) | (27,540) | (21,028) |
| Other interest expense, net | (18,211) | (16,107) | (35,854) | (28,946) |
| Tax Receivable Agreement liability adjustment | — | — | 8,477 | — |
| Loss and expense on debt restructure | — | 44 | — | (2,056) |
| Other expense, net | — | (2) | — | (2) |
| Income before income taxes | $ 60,824 | $ 91,394 | $ 56,930 | $ 111,807 |

(1) Segment income is defined as income from operations before depreciation and amortization plus floor plan interest expense.

(2) The Company has adjusted certain prior period amounts for the immaterial correction of errors. See Note 1 – Summary of Significant Accounting Policies – Revisions for Correction of Immaterial Errors.

| ($ in thousands) | Three Months Ended June 30, 2019 | Three Months Ended June 30, 2018 | Six Months Ended June 30, 2019 | Six Months Ended June 30, 2018 |
|---|---|---|---|---|
| **Depreciation and amortization:** | | | | |
| Good Sam Services and Plans | $ 836 | $ 774 | $ 1,688 | 1,505 |
| RV and Outdoor Retail | 13,110 | 10,854 | 25,852 | 19,523 |
| Subtotal | 13,946 | 11,628 | 27,540 | 21,028 |
| Corporate & other | — | — | — | — |
| Total depreciation and amortization | $ 13,946 | $ 11,628 | $ 27,540 | $ 21,028 |

| ($ in thousands) | Three Months Ended June 30, 2019 | Three Months Ended June 30, 2018 | Six Months Ended June 30, 2019 | Six Months Ended June 30, 2018 |
|---|---|---|---|---|
| **Other interest expense, net:** | | | | |
| Good Sam Services and Plans | $ (1) | $ (1) | $ (1) | $ (2) |
| RV and Outdoor Retail | 2,265 | 1,004 | 4,413 | 2,823 |
| Subtotal | 2,264 | 1,003 | 4,412 | 2,821 |
| Corporate & other | 15,947 | 15,104 | 31,442 | 26,125 |
| Total interest expense | $ 18,211 | $ 16,107 | $ 35,854 | $ 28,946 |

| ($ in thousands) | June 30, 2019 | December 31, 2018 |
|---|---|---|
| **Assets:** | | |
| Good Sam Services and Plans | $ 89,553 | $ 174,623 |
| RV and Outdoor Retail | 3,396,682 | 2,438,908 |
| Subtotal | 3,486,235 | 2,613,531 |
| Corporate & other | 186,278 | 193,156 |
| Total assets | $ 3,672,513 | $ 2,806,687 |

## Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

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

*The following discussion and analysis of our financial condition and results of operations should be read together with our financial statements and related notes included in Part I, Item 1 of this Form 10-Q, as well as our Annual Report and reflects the effects of the immaterial correction of errors discussed in Note 1 – Summary of Significant Accounting Policies – Revisions for Correction of Immaterial Errors in of this Form 10-Q. This discussion contains forward-looking statements based upon current plans, expectations and beliefs involving risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various important factors, including those set forth under "Risk Factors" included in Part I, Item 1A of our Annual Report, the "Cautionary Note Regarding Forward-Looking Statements" in this Form 10-Q and in other parts of this Form 10-Q. Except to the extent that differences among reportable segments are material to an understanding of our business taken as a whole, we present the discussion in Management's Discussion and Analysis of Financial Condition and Results of Operations on a consolidated basis.*

*For purposes of this Form 10-Q, we define an "Active Customer" as a customer who has transacted with us in any of the eight most recently completed fiscal quarters prior to the date of measurement. Unless otherwise indicated, the date of measurement is June 30, 2019, our most recently completed fiscal quarter. Additionally, references herein to the approximately 10 million U.S. households that own a recreational vehicle ("RV") are based on data from the RV Industry Association.*

### Overview

We are a leading outdoor and camping retailer, offering an extensive assortment of recreational vehicles for sale, RV and camping gear, RV maintenance and repair, other outdoor and active sports products, and the industry's broadest and deepest range of services, protection plans, products and resources.

To best serve the estimated 10 million U.S. households that own an RV and our base of 5.3 million Active Customers, we offer a comprehensive portfolio of services, protection plans, products and resources for RV and outdoor enthusiasts through our national network of retail locations and our direct marketing business. The table below summarizes our store location activity for the twelve months ended June 30, 2019:

| | Co-habited RV and Outdoor Retail locations | Stand-alone RV locations | Stand-alone Outdoor Retail locations | Total |
|---|---|---|---|---|
| Store locations as of June 30, 2018 | 117 | 15 | 91 | 223 |
| Opened | 11 | 5 | 9 | 25 |
| Closed | (6) | (4) | (11) | (21) |
| Converted | 13 | — | (13) | — |
| Store locations as of June 30, 2019 | 135 | 16 | 76 | 227 |

After several years of strong growth, the overall RV industry experienced decelerating demand for new vehicles in 2018, and wholesale shipments of new RV vehicles declined 4.1% for the full year of 2018 and 20.3% for the first half of 2019 on a period-over-period comparable period basis. As a result, we have faced increased competition from other businesses with similar product and service offerings during recent periods. For example, our competitors have listed RVs at or below cost and we have had little visibility into our competitors or manufacturers' inventories. As a result, we have responded by establishing pricing, marketing and other programs to remain competitive in the marketplace and attempt to maintain our market share that have adversely impacted our gross margin, operating margin and selling, general and administrative expenses. We expect these trends to continue through at least the end of the year ending December 31, 2019.

**Segments**

As discussed in Note 17 – Segments Information to our consolidated financial statements included in Part I, Item 1 of this Form 10-Q, our reportable segments changed during the three months ended March 31, 2019. The segment reporting for prior periods has been reclassified to conform to the current period presentation.

We identify our reporting segments based on the organizational units used by management to monitor performance and make operating decisions The Company previously had three reportable segments: (i) Consumer Services and Plans; (ii) Dealership, and (iii) Retail. Following the realignment, the Company now has the following two reportable segments: (i) Good Sam Services and Plans, and (ii) RV and Outdoor Retail. In conjunction with the first quarter 2019 realignment of our reporting structure, the Company combined our prior Dealership and Retail segments into the RV and Outdoor Retail segment. The Company has also reclassified a portion of the former Consumer Services and Plans segment, the Good Sam Club and co-branded credit card operations, to the RV and Outdoor Retail segment, which reflects the synergies of those two programs with the RV and Outdoor Retail locations. Within the Good Sam Services and Plans segment, the Company primarily derives revenue from the sale of the following offerings: emergency roadside assistance; property and casualty insurance programs; travel assist programs; extended vehicle service contracts; vehicle financing and refinancing; shows and events; and publications and directories. Within the RV and Outdoor Retail segment, the Company primarily derives revenue from the sale of new and used RVs; sale of RV products and services, including the sale of parts, accessories, supplies and service for RVs, and equipment, gear and supplies for camping, hunting, fishing, skiing, snowboarding, bicycling, skateboarding, marine and watersport and other outdoor activities; commissions on the finance and insurance contracts related to the sale of RVs; and Good Sam Club memberships and co-branded credit cards. See Note 17 — Segment Information to our unaudited condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q.

**Balance Sheet**

As discussed in Note 1 – Summary of Significant Accounting Policies – Recently Adopted Accounting Pronouncements and Note 6 – Leases to our consolidated financial statements included in Part I, Item 1 of this Form 10-Q, we have adopted Accounting Standards Update ("ASU") No. 2016-02 Leases (Topic 842) ("ASU 2016-02" or "ASC 842") as of January 1, 2019. As of June 30, 2019, we had \$821.0 million, \$55.8 million, and \$822.0 million of operating lease assets, current portion of operating lease liabilities, and noncurrent portion of operating lease liabilities, respectively, as a result of the adoption of ASC 842.

## Results of Operations

***Three Months Ended June 30, 2019 Compared to Three Months Ended June 30, 2018***

The following table sets forth information comparing the components of net income for the three months ended June 30, 2019 and 2018:

| | Three Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | June 30, 2019 | | June 30, 2018 | | Favorable/ (Unfavorable) | |
| ($ in thousands) | Amount | Percent of Revenue | Amount | Percent of Revenue | $ | % |
| Revenue: | | | | | | |
| Good Sam Services and Plans | $ 44,694 | 3.0% | $ 42,338 | 2.9% | $ 2,356 | 5.6% |
| RV and Outdoor Retail: | | | | | | |
| New vehicles | 778,870 | 52.8% | 807,519 | 56.0% | (28,649) | (3.5%) |
| Used vehicles | 245,749 | 16.7% | 210,646 | 14.6% | 35,103 | 16.7% |
| Products, service and other | 264,426 | 17.9% | 250,359 | 17.4% | 14,067 | 5.6% |
| Finance and insurance, net | 128,225 | 8.7% | 120,205 | 8.3% | 8,020 | 6.7% |
| Good Sam Club | 12,383 | 0.8% | 10,410 | 0.7% | 1,973 | 19.0% |
| Subtotal | 1,429,653 | 97.0% | 1,399,139 | 97.1% | 30,514 | 2.2% |
| Total revenue | 1,474,347 | 100.0% | 1,441,477 | 100.0% | 32,870 | 2.3% |
| Gross profit (exclusive of depreciation and amortization shown separately below): | | | | | | |
| Good Sam Services and Plans | 25,948 | 1.8% | 24,677 | 1.7% | 1,271 | 5.2% |
| RV and Outdoor Retail: | | | | | | |
| New vehicles | 97,471 | 6.6% | 109,825 | 7.6% | (12,354) | (11.2%) |
| Used vehicles | 53,068 | 3.6% | 48,140 | 3.3% | 4,928 | 10.2% |
| Products, service and other | 95,819 | 6.5% | 102,293 | 7.1% | (6,474) | (6.3%) |
| Finance and insurance, net | 128,225 | 8.7% | 120,205 | 8.3% | 8,020 | 6.7% |
| Good Sam Club | 9,459 | 0.6% | 7,303 | 0.5% | 2,156 | 29.5% |
| Subtotal | 384,042 | 26.0% | 387,766 | 26.9% | (3,724) | (1.0%) |
| Total gross profit | 409,990 | 27.8% | 412,443 | 28.6% | (2,453) | (0.6%) |
| Operating expenses: | | | | | | |
| Selling, general and administrative expenses | 303,366 | 20.6% | 283,095 | 19.6% | (20,271) | (7.2%) |
| Debt restructure expense | — | 0.0% | (44) | 0.0% | (44) | (100.0%) |
| Depreciation and amortization | 13,946 | 0.9% | 11,628 | 0.8% | (2,318) | (19.9%) |
| Loss on disposal of assets | 2,374 | 0.2% | 59 | 0.0% | (2,315) | (3,923.7%) |
| Income from operations | 90,304 | 6.1% | 117,705 | 8.2% | (27,401) | (23.3%) |
| Other income (expense): | | | | | | |
| Floor plan interest expense | (11,269) | -0.8% | (10,202) | -0.7% | (1,067) | (10.5%) |
| Other interest expense, net | (18,211) | -1.2% | (16,107) | -1.1% | (2,104) | (13.1%) |
| Other expense, net | — | 0.0% | (2) | 0.0% | 2 | 100.0% |
| Total other income (expense) | (29,480) | -2.0% | (26,311) | -1.8% | (3,169) | (12.0%) |
| Income before income taxes | 60,824 | 4.1% | 91,394 | 6.3% | (30,570) | (33.4%) |
| Income tax expense | (8,201) | -0.6% | (14,262) | -1.0% | 6,061 | 42.5% |
| Net income | 52,623 | 3.6% | 77,132 | 5.4% | (24,509) | (31.8%) |
| Less: net income attributable to non-controlling interests | (34,606) | -2.3% | (52,350) | -3.6% | 17,744 | (33.9%) |
| Net income attributable to Camping World Holdings, Inc. | $ 18,017 | 1.2% | $ 24,782 | 1.7% | $ (6,765) | (27.3%) |

Total Revenue

Total revenue increased 2.3%, or $32.9 million, to $1.5 billion in the three months ended June 30, 2019 from $1.4 billion in the three months ended June 30, 2018. The increase was driven by a 16.7% increase in used vehicles revenue to $245.7 million, a 5.6% increase in products, service and other revenue to $264.4 million, a 6.7% increase in finance and insurance revenue to $128.2 million, a 5.6% increase in Good Sam Services and Plans revenue to $44.7 million, and a 19.0% increase in Good Sam Club revenue to $12.4 million, partially offset by a 3.5% decrease in new vehicles revenue to $778.9 million. Aggregate same store revenue in the RV and Outdoor Retail segment decreased 6.3% to $1.2 billion for the three months ended June 30, 2019 as compared to the three months ended June 30, 2018. Aggregate same store revenue measures the performance of RV and Outdoor Retail locations during the current reporting period against the performance of the same locations in the corresponding period of the previous year. Same store sales calculations for a given period include only those stores that were open both at the end of the corresponding period and at the beginning of the preceding fiscal year.

Good Sam Services and Plans

Good Sam Services and Plans revenue increased 5.6%, or $2.4 million, to $44.7 million in the three months ended June 30, 2019, from $42.3 million in the three months ended June 30, 2018. The increase was primarily attributable to a $1.4 million increase in our roadside assistance programs primarily resulting from price increases, a $0.3 million increase in our vehicle insurance products, a $0.2 million increase in our extended vehicle programs, and a $0.5 million increase in various policies and programs.

Good Sam Services and Plans gross profit increased 5.2%, or $1.3 million, to $25.9 million in the three months ended June 30, 2019, from $24.7 million in the three months ended June 30, 2018 and gross margin decreased to 58.1% from 58.3% in the same respective periods. The increase in gross profit was primarily attributable to a $2.0 million increase from price increases and lower program costs in our roadside assistance programs, and an $0.8 million increase from our vehicle insurance programs, partially offset by $0.8 million of additional marketing support expenses, and a $0.7 million decrease in our extended vehicle warranty programs.

New Vehicles

| ($ in thousands, except per vehicle data) | Three Months Ended June 30, 2019 Amount | June 30, 2019 Percent of Revenue | June 30, 2018 Amount | June 30, 2018 Percent of Revenue | Favorable/ (Unfavorable) $ | Favorable/ (Unfavorable) % |
|---|---|---|---|---|---|---|
| Revenue | $ 778,870 | 100.0% | $ 807,519 | 100.0% | $ (28,649) | (3.5%) |
| Gross profit | $ 97,471 | 12.5% | $ 109,825 | 13.6% | $ (12,354) | (11.2%) |
| Vehicles sold | 22,906 | | 24,442 | | (1,536) | (6.3%) |
| Average selling price per vehicle sold | $ 34,003 | | $ 33,038 | | $ 965 | 2.9% |
| Average gross profit per vehicle sold | $ 4,255 | | $ 4,493 | | $ (238) | (5.3%) |
| Same store data: | | | | | | |
| Revenue | $ 683,466 | | $ 770,541 | | $ (87,075) | (11.3%) |
| Vehicles sold | 19,753 | | 23,237 | | (3,484) | (15.0%) |
| Average selling price per vehicle sold | $ 34,601 | | $ 33,160 | | $ 1,441 | 4.3% |

New vehicle revenue decreased 3.5%, or $28.6 million, to $778.9 million in the three months ended June 30, 2019 from $807.5 million in the three months ended June 30, 2018. The decrease was primarily due to a 6.3% reduction in vehicles sold, partially offset by a 2.9% increase in average selling price. On a same store basis, new vehicle revenue decreased 11.3% to $683.5 million, primarily driven by a 15.0% decrease in vehicles sold to 19,753 vehicles in the three months ended June 30, 2019.

New vehicle gross profit decreased 11.2%, or $12.4 million, to $97.5 million in the three months ended June 30, 2019 from $109.8 million in the three months ended June 30, 2018 and gross margin decreased to 12.5% from 13.6% in the same respective periods. The decrease in gross profit was primarily due to reduced vehicle sales and a 5.3% decrease in average gross profit per vehicle sold resulting from our inventory reduction and optimization programs, and from a product mix shift towards towable vehicles.

Used Vehicles

| ($ in thousands, except per vehicle data) | Three Months Ended June 30, 2019 Amount | June 30, 2019 Percent of Revenue | June 30, 2018 Amount | June 30, 2018 Percent of Revenue | Favorable/ (Unfavorable) $ | Favorable/ (Unfavorable) % |
|---|---|---|---|---|---|---|
| Revenue | $ 245,749 | 100.0% | $ 210,646 | 100.0% | $ 35,103 | 16.7% |
| Gross profit | $ 53,068 | 21.6% | $ 48,140 | 22.9% | $ 4,928 | 10.2% |
| Vehicles sold | 10,809 | | 9,195 | | 1,614 | 17.6% |

| | | | | |
|---|---|---|---|---|
| Average selling price per vehicle sold | $ 22,736 | $ 22,909 | $ (173) | (0.8%) |
| Average gross profit per vehicle sold | $ 4,910 | $ 5,235 | $ (326) | (6.2%) |
| Same store data: | | | | |
| Revenue | $ 226,197 | $ 200,185 | $ 26,012 | 13.0% |
| Vehicles sold | 9,673 | 8,666 | 1,007 | 11.6% |
| Average selling price per vehicle sold | $ 23,384 | $ 23,100 | $ 284 | 1.2% |

Used vehicle revenue increased 16.7%, or $35.1 million, to $245.7 million in the three months ended June 30, 2019 from $210.6 million in the three months ended June 30, 2018. The increase was primarily due to a 17.6% increase in vehicles sold. On a same store basis, used vehicle revenue increased 13.0% to $226.2 million, primarily driven by a 11.6% increase in vehicles sold in the three months ended June 30, 2019 in addition to a 1.2% increase in average price per vehicle.

Used vehicle gross profit increased 10.2%, or $4.9 million, to $53.1 million in the three months ended June 30, 2019 from $48.1 million in the three months ended June 30, 2018. The increase was primarily from a 17.6% increase in vehicles sold, partially offset by a 6.2% decrease in average gross profit per vehicle resulting from a shift in the product mix towards travel trailers and higher vehicle acquisition and refurbishment costs. Used vehicle gross margin decreased to 21.6% in the three months ended June 30, 2019 from 22.9% in the three months ended June 30, 2018.

Products, service and other

| | Three Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | June 30, 2019 | | June 30, 2018 | | Favorable/ (Unfavorable) | |
| ($ in thousands) | Amount | Percent of Revenue | Amount | Percent of Revenue | $ | % |
| Revenue | $ 264,426 | 100.0% | $ 250,359 | 100.0% | $ 14,067 | 5.6% |
| Gross profit | 95,819 | 36.2% | 102,293 | 40.9% | (6,474) | (6.3%) |
| Same store revenue | 144,932 | | 162,432 | | (17,500) | (10.8%) |

Products, service and other revenue increased 5.6%, or $14.1 million, to $264.4 million in the three months ended June 30, 2019 from $250.4 million in the three months ended June 30, 2018. The increase was primarily attributable to an increase in product revenue related to the new stores opened in 2018. On a same store basis, products, service and other revenue decreased 10.8% to $144.9 million for the three months ended June 30, 2019 from $162.4 million in the three months ended June 30, 2018 primarily due to a decrease in warranty-related service and an increase in service fee installation promotions.

Products, service and other gross profit decreased 6.3%, or $6.5 million, to $95.8 million in the three months ended June 30, 2019 from $102.3 million in the three months ended June 30, 2018. The decrease was primarily due to lower service revenue and lower gross margins on promotional sales of outdoor retail and service products. Products, service and other gross margin decreased to 36.2% in the three months ended June 30, 2019 from 40.9% in the three months ended June 30, 2018 primarily due to promotional sales and to a greater mix of revenue from outdoor-related products, which typically carry a lower gross margin than services-related revenue.

Finance and Insurance, net

| | Three Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | June 30, 2019 | | June 30, 2018 | | Favorable/ (Unfavorable) | |
| ($ in thousands) | Amount | Percent of Revenue | Amount | Percent of Revenue | $ | % |
| Revenue | $ 128,225 | 100.0% | $ 120,205 | 100.0% | $ 8,020 | 6.7% |
| Gross profit | 128,225 | 100.0% | 120,205 | 100.0% | 8,020 | 6.7% |
| Same store revenue | 114,015 | | 114,023 | | (8) | (0.0%) |

Finance and insurance, net revenue and gross profit each increased 6.7%, or $8.0 million, to $128.2 million in the three months ended June 30, 2019 from $120.2 million in the three months ended June 30, 2018. The increase was primarily due to an increase in our finance and insurance sales penetration rate to 12.5% of total new and used vehicle revenue in the three months ended June 30, 2019 from 11.8% in the

three months ended June 30, 2018. On a same store basis, finance and insurance, net revenue and gross profit were unchanged versus the three months ended June 30, 2018.

Good Sam Club

| | Three months ended | | | | | |
|---|---|---|---|---|---|---|
| | June 30, 2019 | | June 30, 2018 | | Favorable/ (Unfavorable) | |
| ($ in thousands) | Amount | Percent of Revenue | Amount | Percent of Revenue | $ | % |
| Revenue | $ 12,383 | 100.0% | $ 10,410 | 100.0% | $ 1,973 | 19.0% |
| Gross profit | 9,459 | 76.4% | 7,303 | 70.2% | 2,156 | 29.5% |
| Memberships | 2,177,743 | | 1,920,348 | | 257,395 | 13.4% |

Good Sam Club revenue increased 19.0%, or $2.0 million, to $12.4 million in the three months ended June 30, 2019 from $10.4 million in the three months ended June 30, 2018. The increase primarily resulted from a 13.4% increase in club memberships.

Good Sam Club gross profit increased 29.5%, or $2.2 million, to $9.5 million in the three months ended June 30, 2019 from $7.3 million in the three months ended June 30, 2018. The increase was primarily due to the increase in club memberships driven by an increase in retail locations. Good Sam Club gross margin increased to 76.4% in the three months ended June 30, 2019 from 70.2% in the three months ended June 30, 2018 primarily due to increased average revenue per club member.

Selling, general and administrative expenses

Selling, general and administrative expenses increased 7.2%, or $20.3 million, to $303.4 million in the three months ended June 30, 2019 from $283.1 million in the three months ended June 30, 2018. The increase was primarily due to increases of $11.4 million of variable selling expense related to increased revenue and inventory reduction programs, $3.9 million of real property expenses related to new stores, $1.7 million of additional occupancy expenses, $1.2 million of additional personal property expenses, and $2.1 million of other store and corporate overhead expenses. Selling, general and administrative expenses as a percentage of total gross profit increased to 74.0% in the three months ended June 30, 2019, from 68.6% in the three months ended June 30, 2018.

Depreciation and amortization

Depreciation and amortization increased 19.9%, or $2.3 million, to $13.9 million in the three months ended June 30, 2019 from $11.6 million in the three months ended June 30, 2018 primarily due to the new RV and outdoor retail store locations.

Floor plan interest expense

Floor plan interest expense increased 10.5%, or $1.1 million, to $11.3 million in the three months ended June 30, 2019 from $10.2 million in the three months ended June 30, 2018. The increase was primarily due to a 67 basis point increase in the average floor plan borrowing rate, partially offset by a 4.6% decrease in average floor plan borrowings primarily from lower average inventory levels.

Other interest expense, net

Other interest expense increased 13.1%, or $2.1 million, to $18.2 million in the three months ended June 30, 2019 from $16.1 million in the three months ended June 30, 2018. The increase was primarily due to a 64 basis point increase in the average interest rate.

Income tax expense

Income tax expense decreased 42.5%, or $6.1 million to $8.2 million in the three months ended June 30, 2019 from $14.3 million in the three months ended June 30, 2018. The decrease was primarily due to the revaluation of certain deferred tax assets and related changes in valuation allowance pertaining to a transfer of assets to a wholly-owned subsidiary, partially offset by operating losses recorded by our RV and Outdoor Retail segment for which no tax benefit can be recognized, and an increased ownership percentage of CWGS, LLC for which we are subject to U.S. federal and state taxes on our allocable share of income of CWGS, LLC.

Net income

Net income decreased 31.8%, or $24.5 million, to $52.6 million for the three months ended June 30, 2019 from $77.1 million in the three months ended June 30, 2018 primarily due to the items mentioned above.

Segment results

The following tables sets forth a reconciliation of total segment income to consolidated income before income taxes for each of our segments for the periods presented:

| | Three Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | June 30, 2019 | | June 30, 2018 | | Favorable/ (Unfavorable) | |
| ($ in thousands) | Amount | Percent of Revenue | Amount | Percent of Revenue | $ | % |
| Revenue: | | | | | | |
| Good Sam Services and Plans | $ 44,991 | 3.1% | $ 42,712 | 3.0% | $ 2,279 | 5.3% |
| RV and Outdoor Retail | 1,442,579 | 97.8% | 1,412,942 | 98.0% | 29,637 | 2.1% |
| Elimination of intersegment revenue | (13,223) | -0.9% | (14,177) | -1.0% | 954 | 6.7% |
| Total consolidated revenue | 1,474,347 | 100.0% | 1,441,477 | 100.0% | 32,870 | 2.3% |
| Segment income: (1) | | | | | | |
| Good Sam Services and Plans | 21,208 | 1.4% | 20,721 | 1.4% | 487 | 2.4% |
| RV and Outdoor Retail | 75,687 | 5.1% | 99,845 | 6.9% | (24,158) | (24.2%) |
| Total segment income | 96,895 | 6.6% | 120,566 | 8.4% | (23,671) | (19.6%) |
| Corporate & other | (3,914) | -0.3% | (1,479) | -0.1% | (2,435) | (164.6%) |
| Depreciation and amortization | (13,946) | -0.9% | (11,628) | -0.8% | (2,318) | (19.9%) |
| Other interest expense, net | (18,211) | -1.2% | (16,107) | -1.1% | (2,104) | (13.1%) |
| Loss and expense on debt restructure | — | 0.0% | 44 | 0.0% | (44) | (100.0%) |
| Other non-operating expense, net | — | 0.0% | (2) | 0.0% | 2 | 100.0% |
| Income before income taxes | $ 60,824 | 4.1% | $ 91,394 | 6.3% | $ (30,570) | (33.4%) |
| Same store sales- RV and Outdoor Retail (2) | $ 1,168,610 | | $ 1,247,180 | | $ (78,570) | (6.3%) |

(1) Segment income represents income for each of our reportable segments and is defined as income from operations before depreciation and amortization, plus floor plan interest expense.
(2) Same store sales definition not applicable to the Good Sam Services and Plans segment.

Good Sam Services and Plans

Good Sam Services and Plans segment revenue increased 5.3%, or $2.3 million, to $45.0 million in the three months ended June 30, 2019, from $42.7 million in the three months ended June 30, 2018. The increase was primarily attributable to increased revenue of $1.4 million from our roadside assistance programs primarily resulting from price increases, $0.3 million from additional policies in force from our vehicle insurance products, $0.2 million from the extended vehicle warranty programs and $0.4 million of various other increases.

Good Sam Services and Plans segment income increased 2.4%, or $0.5 million, to $21.2 million in the three months ended June 30, 2019, from $20.7 million in the three months ended June 30, 2018. The increase was primarily attributable to increased gross profit of $1.3 million, consisting mostly of price increases and lower claims costs from our roadside assistance programs, partially offset by an $0.8 million increase in selling, general and administrative expenses. Good Sam Services and Plans segment income margin decreased 149 basis points to 47.5% in the three months ended June 30, 2019 from 48.9% in the three months ended June 30, 2018.

RV and Outdoor Retail

RV and Outdoor Retail segment revenue increased 2.1%, or $29.6 million, to $1.4 billion in the three months ended June 30, 2019 from $1.4 billion in the three months ended June 30, 2018. The increase was primarily driven by a $35.3 million, or 16.7%, increase in used vehicle revenue, a $13.0 million, or 5.0%, increase in products, service and other revenue, a $7.9 million, or 6.4%, increase in finance and insurance revenue, and a $2.0 million, or 19.0%, increase in Good Sam Club revenue, partially offset by a $28.6 million, or 3.5%, decrease in new vehicle revenue.

RV and Outdoor Retail segment income decreased 24.2%, or $24.2 million, to $75.7 million in the three months ended June 30, 2019 from $99.8 million of segment income in the three months ended June 30, 2018. The decrease was primarily related to reduced gross profit of $3.7 million primarily due to fewer new vehicles sold, partially offset by increased finance and insurance, net gross profit; $17.1 million of additional selling, general and administrative expenses; $2.3 million of increased loss on asset disposal; and $1.1 million of increased floor plan interest expense. RV and Outdoor Retail segment income margin decreased 184 basis points to 5.3% from 7.1% in the comparable prior year period.

Corporate and other expenses

Corporate and other expenses increased 164.6%, or $2.4 million, to $3.9 million in the three months ended June 30, 2019 from $1.5 million in the three months ended June 30, 2018 primarily from increased professional fees.

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***Six Months Ended June 30, 2019 Compared to Six Months Ended June 30, 2018***

The following table sets forth information comparing the components of net income for the six months ended June 30, 2019 and 2018:

| | Six Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | June 30, 2019 | | June 30, 2018 | | Favorable/ (Unfavorable) | |
| ($ in thousands) | Amount | Percent of Revenue | Amount | Percent of Revenue | $ | % |
| Revenue: | | | | | | |
| Good Sam Services and Plans | $ 91,660 | 3.6% | $ 87,163 | 3.5% | $ 4,497 | 5.2% |
| RV and Outdoor Retail: | | | | | | |
| New vehicles | 1,308,447 | 51.5% | 1,387,029 | 55.5% | (78,582) | (5.7%) |
| Used vehicles | 425,757 | 16.8% | 382,737 | 15.3% | 43,020 | 11.2% |
| Products, service and other | 469,302 | 18.5% | 414,511 | 16.6% | 54,791 | 13.2% |
| Finance and insurance, net | 220,116 | 8.7% | 209,305 | 8.4% | 10,811 | 5.2% |
| Good Sam Club | 23,834 | 0.9% | 19,393 | 0.8% | 4,441 | 22.9% |
| Subtotal | 2,447,456 | 96.4% | 2,412,975 | 96.5% | 34,481 | 1.4% |
| Total revenue | 2,539,116 | 100.0% | 2,500,138 | 100.0% | 38,978 | 1.6% |
| Gross profit (exclusive of depreciation and amortization shown separately below): | | | | | | |
| Good Sam Services and Plans | 52,183 | 2.1% | 49,042 | 2.0% | 3,141 | 6.4% |
| RV and Outdoor Retail: | | | | | | |
| New vehicles | 164,004 | 6.5% | 185,451 | 7.4% | (21,447) | (11.6%) |
| Used vehicles | 90,230 | 3.6% | 85,938 | 3.4% | 4,292 | 5.0% |
| Products, service and other | 164,591 | 6.5% | 170,643 | 6.8% | (6,052) | (3.5%) |
| Finance and insurance, net | 220,116 | 8.7% | 209,305 | 8.4% | 10,811 | 5.2% |
| Good Sam Club | 17,193 | 0.7% | 13,957 | 0.6% | 3,236 | 23.2% |
| Subtotal | 656,134 | 25.8% | 665,294 | 26.6% | (9,160) | (1.4%) |
| Total gross profit | 708,317 | 27.9% | 714,336 | 28.6% | (6,019) | (0.8%) |
| Operating expenses: | | | | | | |
| Selling, general and administrative expenses | 571,431 | 22.5% | 529,408 | 21.2% | (42,023) | (7.9%) |
| Debt restructure expense | — | 0.0% | 380 | 0.0% | 380 | 100.0% |
| Depreciation and amortization | 27,540 | 1.1% | 21,028 | 0.8% | (6,512) | (31.0%) |
| Loss on disposal of assets | 2,160 | 0.1% | 144 | 0.0% | (2,016) | (1,400.0%) |
| Income from operations | 107,186 | 4.2% | 163,376 | 6.5% | (56,190) | (34.4%) |
| Other income (expense): | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Floor plan interest expense | (22,879) | -0.9% | (20,945) | -0.8% | (1,934) | (9.2%) |
| Other interest expense, net | (35,854) | -1.4% | (28,946) | -1.2% | (6,908) | (23.9%) |
| Loss on debt restructure | — | 0.0% | (1,676) | -0.1% | 1,676 | 100.0% |
| Tax Receivable Agreement liability adjustment | 8,477 | 0.3% | — | 0.0% | 8,477 | 100.0% |
| Other expense, net | — | 0.0% | (2) | 0.0% | 2 | 100.0% |
| Total other income (expense) | (50,256) | -2.0% | (51,569) | -2.1% | 1,313 | 2.5% |
| Income before income taxes | 56,930 | 2.2% | 111,807 | 4.5% | (54,877) | (49.1%) |
| Income tax expense | (31,114) | -1.2% | (21,127) | -0.8% | (9,987) | (47.3%) |
| Net income | 25,816 | 1.0% | 90,680 | 3.6% | (64,864) | (71.5%) |
| Less: net income attributable to non-controlling interests | (27,194) | -1.1% | (64,077) | -2.6% | 36,883 | 57.6% |
| Net income attributable to Camping World Holdings, Inc. | $ (1,378) | -0.1% | $ 26,603 | 1.1% | $ (27,981) | (105.2%) |

Total Revenue

Total revenue increased 1.6%, or $39.0 million, to $2.5 billion in the six months ended June 30, 2019 from $2.5 billion in the six months ended June 30, 2018. The increase was driven by a 13.2% increase in products, service and other revenue to $469.3 million, an 11.2% increase in used vehicles revenue to $425.8 million, a 5.2% increase in finance and insurance revenue to $220.1 million, a 5.2% increase in Good Sam Services and Plans revenue to $91.7 million, and a 22.9% increase in Good Sam Club revenue to $23.8 million, partially offset by a 5.7% decrease in new vehicles revenue to $1.3 billion. Aggregate same store sales decreased 8.3% to $2.0 billion for the six months ended June 30, 2019 as compared to the six months ended June 30, 2018.

Good Sam Services and Plans

Good Sam Services and Plans revenue increased 5.2%, or $4.5 million, to $91.7 million in the six months ended June 30, 2019, from $87.2 million in the six months ended June 30, 2018. The increase was primarily attributable to a $3.1 million increase in our roadside assistance programs primarily resulting from price increases, $0.6 million from additional policies in force for our vehicle insurance products and $0.8 million of various other increases.

Good Sam Services and Plans gross profit increased 6.4%, or $3.1 million, to $52.2 million in the six months ended June 30, 2019, from $49.0 million in the six months ended June 30, 2018 and gross margin increased to 56.9% from 56.3% in the same respective periods. The increased gross profit was primarily attributable to $3.9 million from price increases and lower claims costs in our roadside assistance programs, $1.6 million from increased policies in force from our vehicle insurance programs, and $0.2 million of other increases, partially offset by $1.6 million of increased marketing support expense and $1.0 million of reduced gross profit from the extended vehicle warranty programs.

New Vehicles

| ($ in thousands, except per vehicle data) | Six Months Ended June 30, 2019 Amount | Percent of Revenue | Six Months Ended June 30, 2018 Amount | Percent of Revenue | Favorable/ (Unfavorable) $ | % |
|---|---|---|---|---|---|---|
| Revenue | $ 1,308,447 | 100.0% | $ 1,387,029 | 100.0% | $ (78,582) | (5.7%) |
| Gross profit | $ 164,004 | 12.5% | $ 185,451 | 13.4% | $ (21,447) | (11.6%) |
| Vehicles sold | 37,922 | | 40,738 | | (2,816) | (6.9%) |
| Average selling price per vehicle sold | $ 34,504 | | $ 34,048 | | $ 456 | 1.3% |
| Average gross profit per vehicle sold | $ 4,325 | | $ 4,552 | | $ (228) | (5.0%) |
| Same store data: | | | | | | |
| Revenue | $ 1,162,279 | | $ 1,336,121 | | $ (173,842) | (13.0%) |
| Vehicles sold | 33,149 | | 39,056 | | (5,907) | (15.1%) |
| Average selling price per vehicle sold | $ 35,062 | | $ 34,210 | | $ 852 | 2.5% |

New vehicle revenue decreased 5.7%, or $78.6 million, to $1.3 billion in the six months ended June 30, 2019 from $1.4 billion in the six months ended June 30, 2018. The decrease was primarily due to a 6.9% reduction in vehicles sold resulting from reduced demand across nearly all product types. On a same store basis, new vehicle revenue decreased 13.0% to $1.2 billion, driven by a 15.1% decrease in vehicles sold to 33,149 vehicles in the six months ended June 30, 2018.

New vehicle gross profit decreased 11.6%, or $21.4 million, to $164.0 million in the six months ended June 30, 2019 from $185.5 million in the six months ended June 30, 2018 and gross margin decreased to 12.5% from 13.4% in the same respective periods. The decrease in gross profit was primarily due to reduced vehicle sales and a decrease in the average gross profit per vehicle sold resulting from our inventory reduction and optimization programs, and from a shift in the vehicle mix towards towable vehicles.

Used Vehicles

| ($ in thousands, except per vehicle data) | Six Months Ended June 30, 2019 Amount | Percent of Revenue | Six Months Ended June 30, 2018 Amount | Percent of Revenue | Favorable/ (Unfavorable) $ | % |
|---|---|---|---|---|---|---|
| Revenue | $ 425,757 | 100.0% | $ 382,737 | 100.0% | $ 43,020 | 11.2% |
| Gross profit | $ 90,230 | 21.2% | $ 85,938 | 22.5% | $ 4,292 | 5.0% |
| Vehicles sold | 18,986 | | 17,446 | | 1,540 | 8.8% |
| Average selling price per vehicle sold | $ 22,425 | | $ 21,938 | | $ 486 | 2.2% |
| Average gross profit per vehicle sold | $ 4,752 | | $ 4,926 | | $ (173) | (3.5%) |

| Same store data: | | | | |
|---|---|---|---|---|
| Revenue | $ 393,583 | $ 368,756 | $ 24,827 | 6.7% |
| Vehicles sold | 17,227 | 16,651 | 576 | 3.5% |
| Average selling price per vehicle sold | $ 22,847 | $ 22,146 | $ 701 | 3.2% |

Used vehicle revenue increased 11.2%, or $43.0 million, to $425.8 million in the six months ended June 30, 2019 from $382.7 million in the six months ended June 30, 2018. The increase was primarily due to an 8.8% increase in used vehicles sold. On a same store basis, used vehicle revenue increased 6.7% to $393.6 million, driven by a 3.5% increase in vehicles sold to 17,227 compared to vehicles sold of 16,651 vehicles sold in the six months ended June 30, 2018, and a 3.2% increase in the average selling price per vehicle.

Used vehicle gross profit increased 5.0%, or $4.3 million, to $90.2 million in the six months ended June 30, 2019 from $85.9 million in the six months ended June 30, 2018. The increase was primarily from an 8.8% increase in vehicles sold resulting from a shift in the product mix towards travel trailers, and higher vehicle acquisition and refurbishment costs, partially offset by a 3.5% reduction in average gross profit per vehicle sold. Used vehicle gross margin decreased to 21.2% in the six months ended June 30, 2019 from 22.5% in the six months ended June 30, 2018.

Products, service and other

| | Six Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | June 30, 2019 | | June 30, 2018 | | Favorable/ (Unfavorable) | |
| ($ in thousands) | Amount | Percent of Revenue | Amount | Percent of Revenue | $ | % |
| Revenue | $ 469,302 | 100.0% | $ 414,511 | 100.0% | $ 54,791 | 13.2% |
| Gross profit | 164,591 | 35.1% | 170,643 | 41.2% | (6,052) | (3.5%) |
| Same store sales | 256,779 | | 286,068 | | (29,289) | (10.2%) |

Products, service and other revenue increased 13.2%, or $54.8 million, to $469.3 million in the six months ended June 30, 2019 from $414.5 million in the six months ended June 30, 2018. The increase was primarily attributable to an increase in product revenue related to the new stores opened over the last eighteen months. On a same store basis, products, service and other revenue decreased 10.2% to $256.8 million for the six months ended June 30, 2019 from $286.1 million in the six months ended June 30, 2018 primarily due to a decrease in warranty-related service and service fee installation promotions.

Products, service and other gross profit decreased 3.5%, or $6.1 million, to $164.6 million in the six months ended June 30, 2019 from $170.6 million in the six months ended June 30, 2018. The decrease was primarily due to lower service revenue and lower promotional outdoor retail and service gross margins. Products, service and other gross margin decreased to 35.1% in the six months ended June 30, 2019 from 41.2% in the six months ended June 30, 2018 primarily due to promotional sales and to a higher mix of revenue from outdoor-related products, which typically carry a lower gross margin than services-related revenue.

Finance and Insurance, net

| | Six Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | June 30, 2019 | | June 30, 2018 | | Favorable/ (Unfavorable) | |
| ($ in thousands) | Amount | Percent of Revenue | Amount | Percent of Revenue | $ | % |
| Revenue | $ 220,116 | 100.0% | $ 209,305 | 100.0% | $ 10,811 | 5.2% |
| Gross profit | 220,116 | 100.0% | 209,305 | 100.0% | 10,811 | 5.2% |
| Same store sales | 197,994 | | 200,900 | | (2,906) | (1.4%) |

Finance and insurance, net revenue and gross profit each increased 5.2%, or $10.8 million, to $220.1 million in the six months ended June 30, 2019 from $209.3 million in the six months ended June 30, 2018. The increase was due to an increase in our finance and insurance gross profit per contract, which overcame the net decrease in total new and used vehicles sold. On a same store basis, finance and insurance net revenue decreased 1.4% to $198.0 million in the six months ended June 30, 2019 from $200.9 million in the comparable period in 2018. This decrease was due to lower total new and used vehicle sales, which was partially offset by higher gross profit per finance and insurance contract.

Good Sam Club

| | Six Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | June 30, 2019 | | June 30, 2018 | | Favorable/ (Unfavorable) | |
| ($ in thousands) | Amount | Percent of Revenue | Amount | Percent of Revenue | $ | % |
| Revenue | $ 23,834 | 100.0% | $ 19,393 | 100.0% | $ 4,441 | 22.9% |
| Gross profit | 17,193 | 72.1% | 13,957 | 72.0% | 3,236 | 23.2% |
| Memberships | 2,177,743 | | 1,920,348 | | 257,395 | 13.4% |

Good Sam Club revenue increased 22.9%, or $4.4 million, to $23.8 million in the six months ended June 30, 2019 from $19.4 million in the six months ended June 30, 2018. The increase primarily resulted from a 13.4% increase in club memberships driven by an increase in retail locations, and to a lesser extent, an increase in membership price.

Good Sam Club gross profit increased 23.2%, or $3.2 million, to $17.2 million in the six months ended June 30, 2019 from $14.0 million in the six months ended June 30, 2018. The increase was primarily due to the increase in club memberships. Good Sam Club gross margin increased to 72.1% in the six months ended June 30, 2019 from 72.0% in the six months ended June 30, 2018 primarily due to increased primarily due to increased membership prices.

Selling, general and administrative expenses

Selling, general and administrative expenses increased 7.9%, or $42.0 million, to $571.4 million in the six months ended June 30, 2019 from $529.4 million in the six months ended June 30, 2018. The increase was primarily due to increases of $19.9 million of variable selling expense, $11.3 million of real property expenses related to new stores, $4.0 million of occupancy expenses, $4.0 million of services expenses, and $1.9 million of other store and corporate overhead expenses. Selling, general and administrative expenses as a percentage of total gross profit increased to 80.7% in the six months ended June 30, 2019, from 74.1% in the six months ended June 30, 2018.

Debt restructure expense

Debt restructure expense was $0.4 million in the six months ended June 30, 2018 and was related to the Third Amendment to the Credit Agreement entered into on March 28, 2018. There was no debt restructure expense during the six months ended June 30, 2019.

Depreciation and amortization

Depreciation and amortization increased 31.0%, or $6.5 million, to $27.5 million in the six months ended June 30, 2019 from $21.0 million in the six months ended June 30, 2018 primarily due to the new RV and outdoor retail store locations.

Floor plan interest expense

Floor plan interest expense increased 9.2%, or $1.9 million, to $22.9 million in the six months ended June 30, 2019 from $20.9 million in the six months ended June 30, 2018. The increase was primarily due to a 79 basis point increase in the average floor plan borrowing rate, partially offset by an 8.5% decrease in average floor plan borrowings primarily from lower average inventory levels.

Other interest expense, net

Other interest expense increased 23.9%, or $6.9 million, to $35.9 million in the six months ended June 30, 2019 from $28.9 million in the six months ended June 30, 2018. The increase was primarily due to increased average debt outstanding primarily due to financing the rollout of RV and Outdoor Retail store openings in 2018 and a 62 basis point increase in the average interest rate.

Income tax expense

Income tax expense increased 47.3%, or $10.0 million to $31.1 million in the six months ended June 30, 2019 from $21.1 million in the six months ended June 30, 2018. The increase was primarily due to the revaluation of certain deferred tax assets and related changes in valuation allowance pertaining to a transfer of assets to a wholly owned corporate subsidiary, operating losses recorded by our RV and Outdoor Retail segment for which no tax benefit can be recognized, and an increased ownership percentage of CWGS, LLC for which we are subject to U.S. federal and state taxes on our allocable share of income of CWGS, LLC.

Net income

Net income decreased 71.5%, or $64.9 million, to $25.8 million for the six months ended June 30, 2019 from a net income of $90.7 million in the six months ended June 30, 2018 primarily due to the items mentioned above.

Segment results

The following tables sets forth a reconciliation of total segment income to consolidated income before income taxes for each of our segments for the periods presented:

| | Six Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | June 30, 2019 | | June 30, 2018 | | Favorable/ (Unfavorable) | |
| ($ in thousands) | Amount | Percent of Revenue | Amount | Percent of Revenue | $ | % |
| Revenue: | | | | | | |
| Good Sam Services and Plans | $ 93,289 | 3.7% | $ 88,890 | 3.6% | $ 4,399 | 4.9% |
| RV and Outdoor Retail | 2,469,862 | 97.3% | 2,435,769 | 97.4% | 34,093 | 1.4% |
| Elimination of intersegment revenue | (24,035) | -0.9% | (24,521) | -1.0% | 486 | -2.0% |
| Total consolidated revenue | 2,539,116 | 100.0% | 2,500,138 | 100.0% | 38,978 | 1.6% |
| Segment income: (1) | | | | | | |
| Good Sam Services and Plans | 43,622 | 1.7% | 42,438 | 1.7% | 1,184 | 2.8% |
| RV and Outdoor Retail | 75,312 | 3.0% | 124,364 | 5.0% | (49,052) | -39.4% |
| Total segment income | 118,934 | 4.7% | 166,802 | 6.7% | (47,868) | -28.7% |
| Corporate & other | (7,087) | -0.3% | (2,963) | -0.1% | (4,124) | -139.2% |
| Depreciation and amortization | (27,540) | -1.1% | (21,028) | -0.8% | (6,512) | -31.0% |
| Tax Receivable Agreement liability adjustment | 8,477 | 0.3% | — | 0.0% | 8,477 | 100.0% |
| Other interest expense, net | (35,854) | -1.4% | (28,946) | -1.2% | (6,908) | -23.9% |
| Loss and expense on debt restructure | — | 0.0% | (2,056) | -0.1% | 2,056 | 100.0% |
| Other income (expense) | — | 0.0% | (2) | 0.0% | 2 | 100.0% |
| Income before income taxes | $ 56,930 | 2.2% | $ 111,807 | 4.5% | $ (54,877) | -49.1% |
| Same store sales- RV and Outdoor Retail (2) | $ 2,010,634 | | $ 2,191,845 | | $ (181,211) | -8.3% |

(1) Segment income represents income for each of our reportable segments and is defined as income from operations before depreciation and amortization, plus floor plan interest expense.

(2) Same store sales definition not applicable to the Good Sam Services and Plans segment.

Good Sam Services and Plans

Good Sam Services and Plans segment revenue increased 4.9%, or $4.4 million, to $93.3 million in the six months ended June 30, 2019, from $88.9 million in the six months ended June 30, 2018. The increase was primarily attributable to a $3.1 million increase in our roadside assistance programs primarily resulting from price increases, $0.6 million from additional policies in force for our vehicle insurance products and $0.7 million of various other increases.

Good Sam Services and Plans segment income increased 2.8%, or $1.2 million, to $43.6 million in the six months ended June 30, 2019, from $42.4 million in the six months ended June 30, 2018. The increase was primarily attributable to increased gross profit of $3.1 million, primarily attributable to price increases and lower claims costs from our roadside assistance programs and additional gross profit from the vehicle insurance products, partially offset by reduced gross profit from the extended vehicle warranty programs and additional marketing support expense; partially offset by a $1.9 million increase in selling, general and administrative expenses. Good Sam Services and Plans segment income margin decreased 110 basis points to 47.6% in the six months ended June 30, 2019 from 48.7% in the six months ended June 30, 2018.

RV and Outdoor Retail

RV and Outdoor Retail segment revenue increased 1.4%, or $34.1 million, to $2.5 billion in the six months ended June 30, 2019 from $2.4 billion in the six months ended June 30, 2018. The increase was primarily driven by a $54.3 million, or 12.7%, increase in products, service and other revenue, a $43.3 million, or 11.3%, increase in used vehicle revenue, a $10.6 million, or 4.9%, increase in finance and insurance revenue, and a $4.4 million or 22.9% increase in Good Sam Club revenue, partially offset by a $78.5 million, or 5.6%, decrease in new vehicle revenue.

RV and Outdoor Retail segment income decreased 39.4%, or $49.1 million, to $75.3 million in the six months ended June 30, 2019 from $124.4 million of segment income in the six months ended June 30, 2018. The decrease was primarily related to a gross profit reduction of $9.2 million primarily due to reduced new vehicles sold and increased finance and insurance, net gross profit; $36.0 million of additional selling, general and administrative expenses, $2.0 million of additional loss on disposal of assets, and $1.9 million of additional floor plan interest. RV and Outdoor Retail segment income margin decreased 208 basis points to 3.1% from 5.2% in the comparable prior year period.

Corporate and other expenses

Corporate and other expenses increased 139.2%, or $4.1 million, to $7.1 million in the six months ended June 30, 2019 from $3.0 million in the six months ended June 30, 2018 primarily from increased professional fees.

**Non-GAAP Financial Measures**

To supplement our consolidated financial statements, which are prepared and presented in accordance with accounting principles generally accepted in the United States (“GAAP”), we use the following non-GAAP financial measures: EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income Attributable to Camping World Holdings, Inc. – Basic, Adjusted Net Income Attributable to Camping World Holdings, Inc. – Diluted, Adjusted Earnings Per Share – Basic, and Adjusted Earnings Per Share – Diluted (collectively the "Non-GAAP Financial Measures"). We believe that these Non-GAAP Financial Measures, when used in conjunction with GAAP financial measures, provide useful information about operating results, enhance the overall understanding of past financial performance and future prospects, and allow for greater transparency with respect to the key metrics we use in our financial and operational decision making. These Non-GAAP Financial Measures are also frequently used by analysts, investors and other interested parties to evaluate companies in the Company’s industry. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP, and they should not be construed as an inference that the Company’s future results will be unaffected by any items adjusted for in these non-GAAP measures. In evaluating these non-GAAP measures, you should be aware that in the future the Company may incur expenses that are the same as or similar to some of those adjusted in this presentation. The Non-GAAP Financial Measures that we use are not necessarily comparable to similarly titled measures used by other companies due to different methods of calculation.

*EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin*

We define “EBITDA” as net income before other interest expense, net (excluding floor plan interest expense), provision for income tax expense and depreciation and amortization. We define “Adjusted EBITDA” as EBITDA further adjusted for the impact of certain non-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include, among other things, loss and expense on debt restructure, loss on disposal of assets, equity-based compensation, Tax Receivable Agreement liability adjustment, Gander Outdoors pre-opening costs, and other unusual or one-time items. We define “Adjusted EBITDA Margin” as Adjusted EBITDA as a percentage of total revenue. We caution investors that amounts presented in accordance with our definitions of EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin may not be comparable to similar measures disclosed by our competitors, because not all companies and analysts calculate EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin in the same manner. We present EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin because we consider them to be important supplemental measures of our performance and believe they are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. Management believes that investors’ understanding of our performance is enhanced by including these Non-GAAP Financial Measures as a reasonable basis for comparing our ongoing results of operations.

The following table reconciles EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin to the most directly comparable GAAP financial performance measures, which are net income, net income, and net income margin, respectively:

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| ($ in thousands) | June 30, 2019 | June 30, 2018 | June 30, 2019 | June 30, 2018 |
| **EBITDA:** | | | | |
| Net income | $ 52,623 | $ 77,132 | $ 25,816 | $ 90,680 |
| Other interest expense, net | 18,211 | 16,107 | 35,854 | 28,946 |
| Depreciation and amortization | 13,946 | 11,628 | 27,540 | 21,028 |
| Income tax expense | 8,201 | 14,262 | 31,114 | 21,127 |
| Subtotal EBITDA | 92,981 | 119,129 | 120,324 | 161,781 |
| Loss and expense on debt restructure (a) | — | (44) | — | 2,056 |
| Loss on disposal of assets and other expense, net (b) | 2,374 | 61 | 2,160 | 146 |
| Equity-based compensation (c) | 3,863 | 3,129 | 6,579 | 6,347 |
| Tax Receivable Agreement liability adjustment (d) | — | — | (8,477) | — |
| Gander Outdoors pre-opening costs (e) | — | 15,355 | — | 35,006 |
| Adjusted EBITDA | $ 99,218 | $ 137,630 | $ 120,586 | $ 205,336 |

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| (as percentage of total revenue) | June 30, 2019 | June 30, 2018 | June 30, 2019 | June 30, 2018 |
| **EBITDA margin:** | | | | |
| Net income margin | 3.6% | 5.4% | 1.0% | 3.6% |
| Other interest expense, net | 1.2% | 1.1% | 1.4% | 1.2% |
| Depreciation and amortization | 0.9% | 0.8% | 1.1% | 0.8% |
| Income tax expense | 0.6% | 1.0% | 1.2% | 0.8% |
| Subtotal EBITDA margin | 6.3% | 8.3% | 4.7% | 6.5% |
| Loss and expense on debt restructure (a) | — | (0.0%) | — | 0.1% |
| Loss on disposal of assets and other expense, net (b) | 0.2% | 0.0% | 0.1% | 0.0% |
| Equity-based compensation (c) | 0.3% | 0.2% | 0.3% | 0.3% |
| Tax Receivable Agreement liability adjustment (d) | — | — | (0.3%) | — |
| Gander Outdoors pre-opening costs (e) | — | 1.1% | — | 1.4% |
| Adjusted EBITDA margin | 6.7% | 9.5% | 4.7% | 8.2% |

(a) Represents the loss and expense incurred on debt restructure and financing expense incurred from the Third Amendment to the Credit Agreement in 2018.

(b) Represents an adjustment to eliminate the losses and gains on disposal and sales of various assets and other expense, net.

(c) Represents non-cash equity-based compensation expense relating to employees and directors of the Company.

(d) Represents an adjustment to eliminate the loss on remeasurement of the Tax Receivable Agreement primarily due to changes in our effective income tax rate and the transfer of certain assets from GSS to CWI. See Note 11 — Income Taxes to our unaudited condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q.

(e) Represents pre-opening store costs associated with the Gander Outdoors store openings in 2018, which is comprised of 1) Gander Outdoors-specific corporate and retail overhead, 2) distribution center expenses, and 3) store-level startup expenses. Based on the nature of the acquisition through a bankruptcy auction and the large quantity of retail locations opened in 2018 in a very compressed timeframe, the Company does not deem the pre-opening store costs for the initial rollout of Gander Outdoors locations to be normal, recurring charges. The Company does not intend to adjust for pre-opening store costs other than for the initial rollout of Gander Outdoors.

*Adjusted Net Income Attributable to Camping World Holdings, Inc. and Adjusted Earnings Per Share*

We define “Adjusted Net Income Attributable to Camping World Holdings, Inc. – Basic” as net income attributable to Camping World Holdings, Inc. adjusted for the impact of certain non-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include, among other things, loss and expense on debt restructure, loss on disposal of assets, equity-based compensation, Tax Receivable Agreement liability adjustment, Gander Outdoors pre-opening costs, other unusual or one-time items, the income tax expense effect of these adjustments, and the effect of net income attributable to non-controlling interests from these adjustments.

We define “Adjusted Net Income Attributable to Camping World Holdings, Inc. – Diluted” as Adjusted Net Income Attributable to Camping World Holdings, Inc. – Basic adjusted for the reallocation of net income attributable to non-controlling interests from stock options and restricted stock units, if dilutive, or the assumed exchange, if dilutive, of all outstanding common units in CWGS, LLC for shares of newly-issued Class A common stock of Camping World Holdings, Inc.

We define “Adjusted Earnings Per Share – Basic” as Adjusted Net Income Attributable to Camping World Holdings, Inc. - Basic divided by the weighted-average shares of Class A common stock outstanding. We define “Adjusted Earnings Per Share – Diluted” as Adjusted Net Income Attributable to Camping World Holdings, Inc. – Diluted divided by the weighted-average shares of Class A common stock outstanding, assuming (i) the exchange of all outstanding common units in CWGS, LLC for newly-issued shares of Class A common stock of Camping World Holdings, Inc., if dilutive, and (ii) the dilutive effect of stock options and restricted stock units, if any. We present Adjusted Net Income Attributable to Camping World Holdings, Inc. – Basic, Adjusted Net Income Attributable to Camping World Holdings, Inc. – Diluted, Adjusted Earnings Per Share – Basic, and Adjusted Earnings Per Share – Diluted because we consider them to be important supplemental measures of our performance and we believe that investors’ understanding of our performance is enhanced by including these Non GAAP financial measures as a reasonable basis for comparing our ongoing results of operations.

The following table reconciles Adjusted Net Income Attributable to Camping World Holdings, Inc. – Basic, Adjusted Net Income Attributable to Camping World Holdings, Inc. – Diluted, Adjusted Earnings Per Share – Basic, and Adjusted Earnings Per Share – Diluted to the most directly comparable GAAP financial performance measure, which is net income attributable to Camping World Holdings, Inc., in the case of the Adjusted Net Income non-GAAP financial measures, and weighted-average shares of Class A common stock outstanding – basic, in the case of the Adjusted Earnings Per Share non-GAAP financial measures:

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| (In thousands except per share amounts) | June 30, 2019 | June 30, 2018 | June 30, 2019 | June 30, 2018 |
| **Numerator:** | | | | |
| Net income (loss) attributable to Camping World Holdings, Inc. | $ 18,017 | $ 24,782 | $ (1,378) | $ 26,603 |
| Adjustments related to basic calculation: | | | | |
| Loss and expense on debt restructure (a): | | | | |
| Gross adjustment | — | (44) | — | 2,056 |
| Income tax (expense) benefit for above adjustment (b) | — | 5 | — | (217) |
| Loss on disposal of assets and other expense, net (c): | | | | |
| Gross adjustment | 2,374 | 61 | 2,160 | 146 |
| Income tax (expense) benefit for above adjustment (b) | (3) | (1) | 6 | (1) |
| Equity-based compensation (d): | | | | |
| Gross adjustment | 3,863 | 3,129 | 6,579 | 6,347 |
| Income tax expense for above adjustment (b) | (348) | (283) | (569) | (549) |
| Tax Receivable Agreement liability adjustment (e): | | | | |
| Gross adjustment | — | — | (8,477) | — |
| Income tax benefit for above adjustment (b) | — | — | 2,143 | — |
| Gander Outdoors pre-opening costs (f): | | | | |
| Gross adjustment | — | 15,355 | — | 35,006 |
| Income tax benefit for above adjustment (b) | — | — | — | — |
| Adjustment to net (loss) income attributable to non-controlling interests resulting from the above adjustments (g) | (3,624) | (10,772) | (5,077) | (25,438) |
| Adjusted net (loss) income attributable to Camping World Holdings, Inc. – basic | 20,279 | 32,232 | (4,613) | 43,953 |
| Adjustments related to diluted calculation: | | | | |
| Reallocation of net income attributable to non-controlling interests from the dilutive effect of stock options and restricted stock units (h) | 7 | 59 | — | 209 |
| Income tax on reallocation of net income attributable to non-controlling interests from the dilutive effect of stock options and restricted stock units (i) | (2) | (16) | — | (73) |
| Adjusted net (loss) income attributable to Camping World Holdings, Inc. – diluted | $ 20,284 | $ 32,275 | $ (4,613) | $ 44,089 |
| **Denominator:** | | | | |
| Weighted-average Class A common shares outstanding – basic | 37,239 | 36,964 | 37,217 | 36,890 |
| Adjustments related to diluted calculation: | | | | |
| Dilutive options to purchase Class A common stock (j) | — | — | — | 157 |
| Dilutive restricted stock units (j) | 17 | 83 | — | 136 |
| Adjusted weighted average Class A common shares outstanding – diluted | 37,256 | 37,047 | 37,217 | 37,183 |

| | | | | |
|---|---|---|---|---|
| Adjusted earnings (loss) per share - basic | $ 0.54 | $ 0.87 | $ (0.12) | $ 1.19 |
| Adjusted earnings (loss) per share - diluted | $ 0.54 | $ 0.87 | $ (0.12) | $ 1.19 |
| **Anti-dilutive amounts (k):** | | | | |
| **Numerator:** | | | | |
| Reallocation of net income attributable to non-controlling interests from the anti-dilutive exchange of common units in CWGS, LLC (h) | $ 38,223 | $ 63,063 | $ 32,271 | $ 89,305 |
| Income tax on reallocation of net income attributable to non-controlling interests from the anti-dilutive exchange of common units in CWGS, LLC (i) | $ (12,524) | $ (17,654) | $ (17,089) | $ (27,445) |
| Assumed income tax benefit of combining C-corporations with full valuation allowances with the income of other consolidated entities after the anti-dilutive exchange of common units in CWGS, LLC (l) | $ 5,457 | $ 3,605 | $ 16,024 | $ 9,130 |
| **Denominator:** | | | | |
| Anti-dilutive exchange of common units in CWGS, LLC for shares of Class A common stock (j) | 51,669 | 51,717 | 51,671 | 51,773 |
| Anti-dilutive restricted stock units (j) | — | — | 12 | — |

(a) Represents the loss and expense incurred on debt restructure and financing expense incurred from the Third Amendment to the Credit Agreement in 2018.

(b) Represents the current and deferred income tax expense effect of the above adjustments, many of which are related to entities with full valuation allowances for which no tax benefit can be currently recognized. This assumption uses effective tax rate of 25.3% for the adjustments for 2019 and 2018, which represents the estimated tax rate that would apply had the above adjustments been included in the determination of our non-GAAP metric.

(c) Represents an adjustment to eliminate the losses and gains on disposals and sales of various assets and other expense, net.

(d) Represents non-cash equity-based compensation expense relating to employees and directors of the Company.

(e) Represents an adjustment to eliminate the loss on remeasurement of the Tax Receivable Agreement primarily due to changes in our effective income tax rate and the transfer of certain assets from GSS to CWI. See Note 11 — Income Taxes to our unaudited condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q.

(f) Represents pre-opening store costs associated with the Gander Outdoors store openings, which is comprised of 1) Gander Outdoors-specific corporate and retail overhead, 2) distribution center expenses, and 3) store-level startup expenses. The Company incurred significant costs related to the initial rollout of Gander Outdoors locations, which was substantially complete by December 31, 2018. Based on the nature of the acquisition through a bankruptcy auction and the large quantity of retail locations opened and to be opened in a very compressed timeframe, the Company does not deem the pre-opening store costs for the initial rollout of Gander Outdoors locations to be normal, recurring charges. The Company does not intend to adjust for pre-opening store costs other than for the initial rollout of Gander Outdoors.

(g) Represents the adjustment to net income attributable to non-controlling interests resulting from the above adjustments that impact the net income of CWGS, LLC. This adjustment uses the non-controlling interest's weighted average ownership of CWGS, LLC of 58.1% and 58.3% for the three months ended June 30, 2019 and 2018, respectively, and 58.1% and 58.4% for the six months ended June 30, 2019 and 2018, respectively.

(h) Represents the reallocation of net income attributable to non-controlling interests from the impact of the assumed change in ownership of CWGS, LLC from stock options, restricted stock units, and/or common units of CWGS, LLC.

(i) Represents the income tax expense effect of the above adjustment for reallocation of net income attributable to non-controlling interests. This assumption uses effective tax rate of 25.3% for the adjustments for 2019 and 2018.

(j) Represents the impact to the denominator for stock options, restricted stock units, and/or common units of CWGS, LLC.

(k) The below amounts have not been considered in our adjusted earnings per share – diluted amounts as the effect of these items are anti-dilutive.

(l) Represents adjustments to reflect the income tax benefit of losses of consolidated C-corporations that under the Company's current equity structure cannot be used against the income of other consolidated subsidiaries of CWGS, LLC. Subsequent to the exchange of all common units in CWGS, LLC, the Company believes certain actions could be taken such that the C-corporations' losses could offset income of other consolidated subsidiaries. The adjustment reflects the income tax benefit assuming effective tax rate of 25.3% during 2019 and 2018, for the losses experienced by the consolidated C-corporations for which valuation allowances have been recorded. No assumed release of valuation allowance established for previous periods are included in these amounts.

*Uses and Limitations of Non-GAAP Financial Measures*

Management and our board of directors use the Non-GAAP Financial Measures:

- as a measurement of operating performance because they assist us in comparing the operating performance of our business on a consistent basis, as they remove the impact of items not directly resulting from our core operations;
- for planning purposes, including the preparation of our internal annual operating budget and financial projections;
- to evaluate the performance and effectiveness of our operational strategies; and
- to evaluate our capacity to fund capital expenditures and expand our business.

By providing these Non-GAAP Financial Measures, together with reconciliations, we believe we are enhancing investors' understanding of our business and our results of operations, as well as assisting investors in evaluating how well we are executing our strategic initiatives. In addition, our Senior Secured Credit Facilities use EBITDA to measure our compliance with covenants such as consolidated leverage ratio. The Non-GAAP Financial Measures have limitations as analytical tools, and should not be considered in isolation, or as an alternative to, or a substitute for net income or other financial statement data presented in our consolidated financial statements included elsewhere in this Form 10-Q as indicators of financial performance. Some of the limitations are:

- such measures do not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;

- such measures do not reflect changes in, or cash requirements for, our working capital needs;
- some of such measures do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments on our debt;
- some of such measures do not reflect our tax expense or the cash requirements to pay our taxes;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future and such measures do not reflect any cash requirements for such replacements; and
- other companies in our industry may calculate such measures differently than we do, limiting their usefulness as comparative measures.

Due to these limitations, the Non-GAAP Financial Measures should not be considered as measures of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using these Non-GAAP Financial Measures only supplementally. As noted in the tables above, certain of the Non-GAAP Financial Measures include adjustments for loss and expense on debt restructure, loss on disposal of assets, equity-based compensation, Tax Receivable Agreement liability, an adjustment to rent on right to use assets, Gander Outdoors pre-opening costs, other unusual or one-time items, and the income tax expense effect described above, as applicable. It is reasonable to expect that certain of these items will occur in future periods. However, we believe these adjustments are appropriate because the amounts recognized can vary significantly from period to period, do not directly relate to the ongoing operations of our business and complicate comparisons of our internal operating results and operating results of other companies over time. Each of the normal recurring adjustments and other adjustments described in this paragraph and in the reconciliation tables above help management with a measure of our core operating performance over time by removing items that are not related to day-to-day operations.

**Liquidity and Capital Resources**

***General***

Our primary requirements for liquidity and capital have been working capital, inventory management, acquiring and building new retail locations, the improvement and expansion of existing retail locations, debt service, distributions to holders of equity interests in CWGS, LLC and our Class A common stock, and general corporate needs. These cash requirements have been met through cash provided by operating activities, cash and cash equivalents, proceeds from our IPO, May 2017 public equity offering and October 2017 public equity offering, borrowings under our Senior Secured Credit Facilities (as defined below) or our previous senior secured credit facilities, borrowings under our Floor Plan Facility (as defined below) and borrowings under our Real Estate Facility (as defined below).

As a public company, our additional liquidity needs include public company costs, payment of regular and special cash dividends, any exercise of the redemption right by the Continuing Equity Owners from time to time (should we elect to exchange common units for a cash payment), payments under the Tax Receivable Agreement, and state and federal taxes to the extent not reduced as a result of the Tax Receivable Agreement. The Continuing Equity Owners may exercise such redemption right for as long as their common units remain outstanding. Although the actual timing and amount of any payments that may be made under the Tax Receivable Agreement will vary, we expect that the payments that we will be required to make to the Continuing Equity Owners and Crestview Partners II GP, L.P. will be significant. Any payments made by us to Continuing Equity Owners and Crestview Partners II GP, L.P. under the Tax Receivable Agreement will generally reduce the amount of overall cash flow that might have otherwise been available to us or to CWGS, LLC and, to the extent that we are unable to make payments under the Tax Receivable Agreement for any reason, the unpaid amounts generally will be deferred and will accrue interest until paid by us; provided, however, that nonpayment for a specified period may constitute a material breach of a material obligation under the Tax Receivable Agreement and therefore may accelerate payments due under the Tax Receivable

Agreement. For a discussion of the Tax Receivable Agreement, see Note 11 — Income Taxes to our unaudited consolidated financial statements included in Part I, Item 1 of this Form 10-Q.

CWGS, LLC intends to make a regular quarterly cash distribution to its common unit holders, including us, of approximately $0.08 per common unit and we intend to use all of the proceeds from such distribution on our common units to pay a regular quarterly cash dividend of approximately $0.08 per share on our Class A common stock, subject to our discretion as the sole managing member of CWGS, LLC and the discretion of our board of directors. During the three months ended June 30, 2019, we paid one regular quarterly cash dividend of $0.08 per share of our Class A common stock. CWGS, LLC is required to make cash distributions in accordance with the CWGS LLC Agreement in an amount sufficient for us to pay any expenses incurred by us in connection with the regular quarterly cash dividend, along with any of our other operating expenses and other obligations. In addition, we currently intend to pay a special cash dividend of all or a portion of the Excess Tax Distribution (as defined under "Dividend Policy" included in Part II, Item 5 of our Annual Report) to the holders of our Class A common stock from time to time subject to the discretion of our board of directors as described under "Dividend Policy" in our Annual Report. During the three months ended June 30, 2019, we paid one special cash dividend of $0.0732 per share of our Class A common stock.

Notwithstanding our obligations under the Tax Receivable Agreement, we believe that our sources of liquidity and capital, including potentially incurring additional borrowings under our Floor Plan Facility, borrowings under our Real Estate Facility and proceeds from real estate sale leaseback transactions in the fourth quarter of 2018, will be sufficient to finance our continued operations, growth strategy, including the anticipated opening of additional RV and outdoor retail locations, regular quarterly cash dividends (as described above) and additional expenses we expect to incur for at least the next twelve months. However, we cannot assure you that our cash provided by operating activities, cash and cash equivalents or cash available under our Revolving Credit Facility or our Floor Plan Facility, including the potential additional borrowings noted above, will be sufficient to meet our future needs. If we are unable to generate sufficient cash flows from operations in the future, and if availability under our Revolving Credit Facility or our Floor Plan Facility is not sufficient, we may have to obtain additional financing. If we obtain additional capital by issuing equity, the interests of our existing stockholders will be diluted. If we incur additional indebtedness, that indebtedness may impose significant financial and other covenants that may significantly restrict our operations. We cannot assure you that we could obtain refinancing or additional financing on favorable terms or at all, including the expected additional borrowings noted above. See "Risk Factors — Risks Related to our Business — Our ability to operate and expand our business and to respond to changing business and economic conditions will depend on the availability of adequate capital" included in Part I, Item 1A of our Annual Report.

As of June 30, 2019 and December 31, 2018, we had working capital of $498.9 million and $583.0 million, respectively, including $101.3 million and $138.6 million, respectively, of cash and cash equivalents. Our working capital reflects the cash provided by deferred revenue and gains reported under current liabilities of $84.2 million and $88.1 million as of June 30, 2019 and December 31, 2018, respectively, which reduces working capital. Deferred revenue primarily consists of cash collected for club memberships in advance of services to be provided, which is deferred and recognized as revenue over the life of the membership. We use net proceeds from this deferred membership revenue to lower our long-term borrowings and finance our working capital needs.

***Seasonality***

We have experienced, and expect to continue to experience, variability in revenue, net income, and cash flows as a result of annual seasonality in our business. Because RVs are used primarily by vacationers and campers, demand for services, protection plans, products, and resources generally declines during the winter season, while sales and profits are generally highest during the spring and summer months. In addition, unusually severe weather conditions in some geographic areas may impact demand.

We generate a disproportionately higher amount of our annual revenue in our second and third fiscal quarters, which include the spring and summer months. We incur additional expenses in the second and third fiscal quarters due to higher purchase volumes, increased staffing in our retail locations and program costs. If, for any reason, we miscalculate the demand for our products or our product mix during the second and third fiscal quarters, our sales in these quarters could decline, resulting in higher labor costs as a percentage of sales, lower margins and excess inventory, which could cause our annual results of operations to suffer and our stock price to decline.

Additionally, SG&A expenses as a percentage of gross profit tend to be higher in the first and fourth quarters due to the timing of acquisitions and the seasonality of our business. We prefer to acquire new retail locations in the first and fourth quarters of each year in order to provide time for the location to be re-modeled and to ramp up operations ahead of the spring and summer months. The timing of our acquisitions in the first and fourth quarters, coupled with generally lower revenue in these quarters has historically resulted in SG&A expenses as a percentage of gross profit being higher in these quarters.

***Cash Flow***

The following table shows summary cash flows information for the six months ended June 30, 2019 and 2018:

| (In thousands) | Six Months Ended June 30, 2019 | Six Months Ended June 30, 2018 |
|---|---|---|
| Net cash provided by operating activities | $ 100,179 | $ 109,120 |
| Net cash used in investing activities | (80,522) | (244,588) |
| Net cash (used in) provided by financing activities | (56,954) | 123,748 |
| Net decrease in cash and cash equivalents | $ (37,297) | $ (11,720) |

*Operating activities.* Our cash flows from operating activities are primarily collections from contracts in transit and customers following the sale of new and used vehicles, as well as from the sale of retail products and services and Good Sam services and plans. Contracts in transit represent amounts due from third-party lenders from whom pre-arranged agreements have been determined, and to whom the retail installment sales contracts have been assigned. Our primary uses of cash from operating activities, are repayments of vehicle floor plan payables, payments to retail product suppliers, personnel-related expenditures, payments related to leased property, advertising, and various services and program costs as well as pre-opening costs for Gander Outdoors locations during the six months ended June 30, 2018.

Net cash provided by operating activities was $100.2 million in the six months ended June 30, 2019, a decrease of $8.9 million from $109.1 million net cash provided by operating activities in the six months ended June 30, 2018. The decrease was primarily due to a $64.9 million decrease in net income and $5.5 million of other decreases, partially offset by reduced inventory purchases of $61.5 million.

*Investing activities.* Our investment in business activities primarily consists of expanding our operations through organic growth and the acquisition of retail locations. Substantially all of our new retail locations and capital expenditures have been financed using cash provided by operating activities and borrowings under our Senior Secured Credit Facilities.

The table below summarizes our capital expenditures for the six months ended June 30, 2019 and 2018:

| (In thousands) | Six Months Ended June 30, 2019 | Six Months Ended June 30, 2018 |
|---|---|---|
| IT hardware and software | $ 4,372 | $ 6,100 |
| Greenfield and acquired retail locations | 18,103 | 65,980 |
| Existing retail locations | 4,472 | 9,639 |
| Corporate and other | | |

| | | |
|---|---|---|
| | 901 | 1,966 |
| Total capital expenditures | $ 27,848 | $ 83,685 |

Our capital expenditures consist primarily of investing in acquired and greenfield retail and RV dealership locations, existing retail locations, information technology, hardware, and software. There were no material commitments for capital expenditures as of June 30, 2019.

Net cash used in investing activities was $80.5 million for the six months ended June 30, 2019. The $80.5 million of cash used in investing activities was comprised of $38.6 million for the acquisition of RV dealerships, $27.8 million of capital expenditures related to retail locations, and $25.1 million for the purchase of real property, partially offset by proceeds of $10.1 million from the sale of real property and $0.9 million of proceeds from the sale of property and equipment. See Note 10 – Acquisitions to our unaudited consolidated financial statements included in Part 1, Item 1 of this Form 10-Q.

Net cash used in investing activities was $244.6 million for the six months ended June 30, 2018. The $244.6 million of cash used in investing activities included $83.7 million of capital expenditures primarily for the build-out of Gander Outdoors locations, $81.3 million for the purchase of real property, and $80.2 million for the acquisition of eight RV dealership locations and four Erehwon Mountain Outfitters locations (see Note 10 – Acquisitions to our unaudited condensed consolidated financial statements include in Part 1, Item 1 of this Form 10-Q), partially offset by proceeds of $0.6 million from the sale of property and equipment.

*Financing activities.*
Our financing activities primarily consist of proceeds from the issuance of debt and the repayment of principal and debt issuance costs **.**

Our net cash used in financing activities was $ 57.0 million for the six months ended June 30, 2019. The $ 57.0 million of cash used in financing activities was primarily due to $38.1 million of non-controlling member distributions, $ 29.4 million of net payments under the Floor Plan Facility , $11.4 million of dividends paid on Class A common stock and $3.8 million of other financing uses, partially offset by $14.0 million of net proceeds under the Revolving Credit Facility, and $11.7 million of proceeds received from the Real Estate Facility.

Our net cash provided by financing activities was $ 123.7 million for the six months ended June 30, 2018. The $ 123.7 million of cash provided by financing activities was primarily due to $ 243.2 million of net proceeds from long-term debt, and $24.4 million of proceeds from our Revolving Credit Facility, partially offset by $ 68.0 million of payments under the Floor Plan Facility , $ 61.5 million of non-controlling interest member distributions, $ 11.3 million of dividends paid on Class A common stock, other financing uses of $ 3.1 million du ring the six months ended June 30, 2018.

***Description of Senior Secured Credit Facilities, Floor Plan Facility and Real Estate Facility***

As of June 30, 2019 and December 31, 2018, we had outstanding debt in the form of our Senior Secured Credit Facilities, our Floor Plan Facility, and our Real Estate Facility. We may from time to time seek to refinance, retire or exchange our outstanding debt. Such refinancings, repayments or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material. In the past, we have used interest rate swap derivatives to diversify our debt portfolio between fixed and variable rate instruments. For additional information regarding our interest rate risk and interest rate hedging instruments, see “Quantitative and Qualitative Disclosures About Market Risk” in Part I, Item 3 of this Form 10-Q.

*Senior Secured Credit Facilities*

As of June 30, 2019 and December 31, 2018, CWGS Group, LLC (the “Borrower”), an indirect subsidiary of the Company, was party to a credit agreement (as amended from time to time, the “Credit Agreement”) for a senior secured credit facility (the “Senior Secured Credit Facilities”). The Senior Secured Credit Facilities consist of a term loan facility (the “Term Loan Facility”) and a $35.0 million revolving credit facility (the “Revolving Credit Facility”).

The Credit Agreement for our Senior Secured Credit Facilities requires the CWGS Group, LLC (the "Borrower"), an indirect subsidiary of the Company, and its subsidiaries to comply on a quarterly basis with a maximum Total Leverage Ratio (as defined in the Credit Agreement), which covenant is in effect only if, as of the end of each calendar quarter, the aggregate amount of borrowings under the revolving credit facility (including swingline loans), letters of credit and unreimbursed letter of credit disbursements outstanding at such time (minus the lesser of (a) $5.0 million and (b) letters of credit outstanding) is greater than 30% of the aggregate amount of the Revolving Lenders' Revolving Commitments (minus the lesser of (a) $5.0 million and (b) letters of credit outstanding), as defined in the Credit Agreement. As of June 30, 2019, we were not subject to this covenant as borrowings under the Revolving Credit Facility did not exceed the 30% threshold. At June 30, 2019, we would not have met this covenant if we had exceeded the 30% threshold. As such, our borrowing capacity under the Revolving Credit Facility at June 30, 2019 was limited to $9.4 million of additional borrowings. We were in compliance with all applicable debt covenants at June 30, 2019 and December 31, 2018.

The following table details the outstanding amounts and available borrowings under our Senior Secured Credit Facilities as of June 30, 2019 and December 31, 2018 (in thousands):

| | June 30, 2019 | December 31, 2018 |
|---|---|---|
| Senior Secured Credit Facilities: | | |
| Term Loan Facility: | | |
| Principal amount of borrowings | $ 1,195,000 | $ 1,195,000 |
| Less: cumulative principal payments | (22,905) | (19,907) |
| Less: unamortized original issue discount | (4,826) | (5,358) |
| Less: finance costs | (12,028) | (13,390) |
| | 1,155,241 | 1,156,345 |
| Less: current portion | (11,991) | (11,991) |
| Long-term debt, net of current portion | $ 1,143,250 | $ 1,144,354 |
| Revolving Credit Facility: | | |
| Total commitment | $ 35,000 | $ 35,000 |
| Less: outstanding letters of credit | (3,689) | (3,689) |
| Less: availability reduction due to Total Leverage Ratio | (21,918) | — |
| Additional borrowing capacity | $ 9,393 | $ 31,311 |

See our Annual Report and Note 5 – Long-term Debt to our consolidated financial statements included in Part I, Item 1 of this Form 10-Q for a further discussion of the terms of the Senior Secured Credit Facilities.

*Floor Plan Facility*

As of June 30, 2019 and December 31, 2018, one of our indirect subsidiaries maintained floor plan financing through the Seventh Amended and Restated Credit Agreement ("Floor Plan Facility") with a maturity date of December 12, 2020 and an applicable borrowing rate margin on LIBOR and base rate loans ranging from 2.05% to 2.50% and 0.55% and 1.00%, respectively, based on the consolidated current ratio at FR. The Floor Plan Facility allows FR to borrow (a) up to $1.415 billion under a floor plan facility, (b) up to $15.0 million under a letter of credit facility and (c) up to a maximum amount outstanding of $60.0 million under the revolving line of credit, which maximum amount outstanding will decrease by $3.0 million on the last day of each fiscal quarter, commencing with the fiscal quarter ending March 31, 2020.

The credit agreement governing the Floor Plan Facility contains certain financial covenants which we were in compliance with at June 30, 2019 and December 31, 2018.

The following table details the outstanding amounts and available borrowings under our Floor Plan Facility as of June 30, 2019 and December 31, 2018 (in thousands):

| | June 30, 2019 | December 31, 2018 |
|---|---|---|
| Floor Plan Facility: | | |
| Notes payable — floor plan: | | |
| Total commitment | $ 1,415,000 | $ 1,415,000 |
| Less: borrowings, net | (813,635) | (885,980) |
| Less: flooring line aggregate interest reduction account | (161,564) | (97,757) |
| Additional borrowing capacity | 439,801 | 431,263 |
| Less: accounts payable for sold inventory | (76,847) | (33,928) |
| Less: purchase commitments | (19,574) | (22,530) |
| Unencumbered borrowing capacity | $ 343,380 | $ 374,805 |
| | | |
| Revolving line of credit | $ 60,000 | $ 60,000 |
| Less borrowings | (52,768) | (38,739) |
| Additional borrowing capacity | $ 7,232 | $ 21,261 |
| | | |
| Letters of credit: | | |
| Total commitment | $ 15,000 | $ 15,000 |
| Less: outstanding letters of credit | (10,330) | (10,380) |
| Additional letters of credit capacity | $ 4,670 | $ 4,620 |

See our Annual Report and Note 3 – Inventories and Floor Plan Payable to our consolidated financial statements included in Part I, Item 1 of this Form 10-Q for a further discussion of the terms of the Floor Plan Facility.

*Real Estate Facility*

As of June 30, 2019 and December 31, 2018, Camping World Property, Inc. (the ‘‘Real Estate Borrower’’), an indirect wholly-owned subsidiary of CWGS, LLC, and CIBC Bank USA (“Lender”), was party to a loan and security agreement for a real estate credit facility with an aggregate maximum principal amount of $21.5 million (“Real Estate Facility”).

The Real Estate Facility is subject to certain cross default provisions, a debt service coverage ratio, and other customary covenants which we were in compliance with at June 30, 2019 and December 31, 2018.

The outstanding principal of the Real Estate Facility was $20.9 million and $9.7 million as of June 30, 2019 and December 31, 2018.

See our Annual Report and Note 5 – Long-term Debt to our consolidated financial statements included in Part I, Item 1 of this Form 10-Q for a further discussion of the terms of the Real Estate Facility.

***Sale/Leaseback Arrangements***

We have in the past and may in the future enter into sale-leaseback transactions to finance certain property acquisitions and capital expenditures, pursuant to which we sell property and/or leasehold improvements to third parties and agree to lease those assets back for a certain period of time. Such sales generate proceeds which vary from period to period.

***Deferred Revenue***

Deferred revenue consists of our sales for products not yet recognized as revenue at the end of a given period. Our deferred revenue as of June 30, 2019 was $145.7 million.

**Off-Balance Sheet Arrangements**

As of June 30, 2019, we did not have any off-balance sheet arrangements, except for operating leases entered into in the normal course of business.

**Critical Accounting Policies and Estimates**

We prepare our condensed consolidated financial statements in accordance with GAAP, and in doing so, we have to make estimates, assumptions and judgments affecting the reported amounts of assets, liabilities, revenues and expenses, as well as the related disclosure of contingent assets and liabilities. We base our estimates, assumptions and judgments on historical experience and on various other factors we believe to be reasonable under the circumstances. Different assumptions and judgments would change estimates used in the preparation of our condensed consolidated financial statements, which, in turn, could change our results from those reported. We evaluate our critical accounting estimates, assumptions and judgments on an ongoing basis.

There has been no material change in our critical accounting policies from those previously reported and disclosed in our Annual Report.

**Recent Accounting Pronouncements**

See Note 1 – Summary of Significant Accounting Policies to our unaudited condensed consolidated financial statements in Item 1, Part I of this Form 10-Q.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

For a discussion of the Company's quantitative and qualitative disclosures about market risks, see Item 7A. Quantitative and Qualitative Disclosures About Market Risks, in our Annual Report on Form 10-K for the year ended December 31, 2018. As of June 30, 2019, there have been no material changes in this information.

**Item 4. Controls and Procedures**

*Limitations on Effectiveness of Controls and Procedures*

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

*Evaluation of Disclosure Controls and Procedures*

Our management, with the participation of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of June 30, 2019. Based on this evaluation, our CEO and CFO concluded that our disclosure controls and procedures were not effective at the reasonable assurance level as of June 30, 2019 as a result of the material weaknesses described in our Annual Report on Form 10-K and below.

In connection with the preparation of our consolidated financial statements for the year ended December 31, 2018, we identified the following material weaknesses in internal control over financial reporting:

- the Company identified the necessity to adjust the manner in which reserves related to certain dealership finance and insurance product cancellation provisions are calculated, resulting from a deficiency in the design and operation of the review of such reserves, which we determined to be a material weakness;

- deficiencies related to areas such as (1) the review of asset activity and valuations, (2) the appropriate assignment of resources for the review of certain accounting analyses and associated journal entries, and (3) the financial statement presentation and disclosure review process that collectively represent a material weakness; and

- the previously reported material weaknesses in internal controls related to our management review control process to ensure appropriate accounting for income taxes, including the calculation and realization of deferred tax assets.

*Management's Remediation Efforts*

We have identified and begun to implement several steps, as further described below, designed to remediate the material weaknesses described in this Item 4 and to enhance our overall control environment. We will not consider the material weaknesses remediated until our enhanced controls are operational for a sufficient period of time and tested, enabling management to conclude that the enhanced controls are operating effectively.

Our remediation activity has included, but is not limited to, the following measures:

- We adjusted the manner in which our reserves related to certain dealership finance and insurance product cancellation provisions are calculated, using third-party analytics to assist in determining the estimated cancellation rate to be used in the reserve.

- We assessed our accounting resource requirements across the Company and as a result have hired, or are in the process of hiring, additional experienced accounting personnel, and taken steps to improve the overall efficiency of our accounting and reporting processes. We will continue to regularly monitor accounting resource sufficiency, and may undertake additional measures as deemed necessary to fully remediate the control deficiencies. We expect that the additional resources and process improvements will: enable the proper and timely review of asset activity, valuations, and reserves; allow us to appropriately assign resources for review of accounting analyses and associated journal entries; and provide additional review over the financial statement presentation and disclosure review process.

- We improved the design of our existing tax controls to include additional review of the analysis to determine the amount of our income tax liabilities and related deferred income tax balances, and the ability to realize deferred tax assets, including additional review over the computation processes for the determination of the allocation of basis between the Continuing Equity Owners and the Company. We have employed specialized resources for the review of the basis allocations and the related computations surrounding our income tax liabilities and related deferred income tax balances. As part of our remediation efforts in this area, we will continue to improve the process as needed until we can conclude that the process is designed and is operating effectively.

While the foregoing measures are intended to effectively remediate the material weaknesses described in this Item 4, it is possible that additional remediation steps will be necessary. As such, as we continue to evaluate and implement our plan to remediate the material weaknesses, our management may decide to take additional measures to address the material weaknesses or modify the remediation steps described above. Until these material weaknesses are remediated, we plan to continue to perform additional analyses and other procedures to help ensure that our consolidated financial statements are prepared in accordance with GAAP.

*Changes in Internal Control over Financial Reporting*

We are taking actions to remediate the material weaknesses relating to our internal controls over financial reporting, as described above. Except as discussed above, there have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) that occurred during the three months ended June 30, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## Part II. Other Information

### Item 1. Legal Proceedings

On October 19, 2018, a purported stockholder of the Company filed a putative class action lawsuit, captioned Ronge v. Camping World Holdings, Inc. et al., in the United States District Court for the Northern District of Illinois against us, certain of our officers and directors, and Crestview Partners II GP, L.P. and Crestview Advisors, L.L.C. (the “Ronge Complaint”). On October 25, 2018, a different purported stockholder of the Company filed a putative class action lawsuit, captioned Strougo v. Camping World Holdings, Inc. et al., in the United States District Court for the Northern District of Illinois against us, certain of our officers and directors, and Crestview Partners II GP, L.P. and Crestview Advisors, L.L.C. (the “Strougo Complaint”).

The Ronge and Strougo Complaints were consolidated and lead plaintiffs appointed by the court. On February 27, 2019, lead plaintiffs filed a consolidated complaint against us, certain of our officers and directors, Crestview Partners II GP, L.P. and Crestview Advisors, L.L.C., and the underwriters of the May and October 2017 secondary offerings of our Class A common stock. The consolidated complaint alleges violations of Sections 11 and 12(a)(2) of the Securities Act of 1933, as well as Section 10(b) of the Securities Exchange Act of 1934, as amended, and rule 10b-5 thereunder, based on allegedly materially misleading statements or omissions of material facts necessary to make certain statements not misleading related to the business, operations, and management of the Company. Additionally, it alleges that certain of our officers and directors, Crestview Partners II GP, L.P., and Crestview Advisors, L.L.C. violated Section 15 of the Securities Act of 1933 and Section 20(a) of the Securities Exchange Act of 1934, as amended, by allegedly acting as controlling persons of the Company. The lawsuit brings claims on behalf of a putative class of purchasers of our Class A common stock between March 8, 2017 and August 7, 2018, and seeks compensatory damages, rescission, attorneys’ fees and costs, and any equitable or injunctive relief the court deems just and proper. On May 17, 2019, the Company, along with the other defendants, moved to dismiss the complaint.

On December 12, 2018, a putative class action complaint styled International Union of Operating Engineers Benefit Funds of Eastern Pennsylvania and Delaware v. Camping World Holdings Inc., et al. was filed in the Supreme Court of the State of New York, New York County, on behalf of all purchasers of Camping World Class A common stock issued pursuant and/or traceable to a secondary offering of such securities in October 2017 (“IUOE Complaint”). The IUOE Complaint names as defendants the Company, and certain of its officers and directors, among others, and alleges violations of Sections 11, 12(a), and 15 of the Securities Act of 1933 based on allegedly materially misleading statements or omissions of material facts necessary to make certain statements not misleading and seeks compensatory damages, including prejudgment and post-judgment interest, attorneys’ fees and costs, and any equitable or injunctive relief the court deems just and proper, including rescission. On February 28, 2019, we, along with the other defendants, moved to dismiss this action. The parties are scheduled to argue the merits of defendants’ motion to dismiss before the Supreme Court of the State of New York, Commercial Division, on August 22, 2019.

On February 22, 2019, a putative class action complaint styled Daniel Geis v. Camping World Holdings, Inc., et al. was filed in the Circuit Court of Cook County, Illinois, Chancery Division, on behalf of all purchasers of Camping World Class A common stock in and/or traceable to the Company’s initial public offering on October 6, 2016 (“Geis Complaint”). The Geis Complaint names as defendants the Company, certain of its officers and directors, and the underwriters of the offering, and alleges violations of Sections 11, 12(a)(2), and 15 of the Securities Act of 1933 based on allegedly materially misleading statements or omissions of material facts necessary to make certain statements not misleading. The Geis Complaint seeks compensatory damages, prejudgment and post-judgment interest, attorneys’ fees and costs, and any other and further relief the court deems just and proper. On April 19, 2019, we, along with the other defendants, moved to dismiss this action. The parties are scheduled to argue the merits of defendants' motion to dismiss before the Circuit Court of Cook County, Illinois, Chancery Division on August 20, 2019.

On March 5, 2019, a shareholder derivative suit captioned Hunnewell v. Camping World Holdings, Inc., et al., was filed in the Court of Chancery of the State of Delaware, alleging breaches of fiduciary duty for alleged failure to implement effective disclosure controls and internal controls over financial reporting and to properly oversee certain acquisitions and for alleged insider trading (the "Hunnewell Complaint"). The Hunnewell Complaint names the Company as nominal defendant, and names certain of its officers and directors, among others, as defendants and seeks restitutionary and/or compensatory damages, disgorgement of all management fees, advisory fees, expenses and other fees paid by us during the period in question, disgorgement of profits pursuant to the alleged insider trading, attorneys' fees and costs, and any other and further relief the court deems just and proper.

On April 17, 2019, a shareholder derivative suit captioned Lincolnshire Police Pension Fund v. Camping World Holdings, Inc., et al., was filed in the Court of Chancery of the State of Delaware, alleging breaches of fiduciary duty for alleged failure to implement effective disclosure controls and internal controls over financial reporting and to properly oversee certain acquisitions and for alleged insider trading and unjust enrichment for compensation received during that time (the "LPPF Complaint"). The LPPF Complaint names us as nominal defendant, and names certain of our officers and directors, among others, as defendants and seeks compensatory damages, extraordinary equitable and/or injunctive relief, restitution and disgorgement, attorneys' fees and costs, and any other and further relief the court deems just and proper. On May 30, 2019, the Court granted the parties' joint motion to consolidate the Hunnewell and LPPF Complaints (as well as any future filed actions relating to the subject matter) and stay the newly consolidated action pending the resolution of defendants' motion to dismiss the putative class action (Ronge) pending in the United States District Court for the Northern District of Illinois.

On August 6, 2019, two shareholder derivative suits, styled Janssen v. Camping World Holdings, Inc., et al., and Sandler v. Camping World Holdings, Inc. et al., were filed in the U.S. District Court of Delaware. Both actions name us as a nominal defendant, and name certain of our officers and directors, Crestview Partners II GP, L.P. and Crestview Advisors, L.L.C. as defendants, and allege: (i) violations of Section 14(a) of the Securities Exchange Act for issuing proxy statements that allegedly omitted material information and allegedly included materially false and misleading financial statements; (ii) violations of Section 10(b) and 20(a) of the Securities Exchange Act of 1934, seeking contribution for causing us to issue allegedly false and misleading statements and/or allegedly omit material information in public statements and/or filings concerning our financial performance, the effectiveness of internal controls to ensure accurate financial reporting, and the success and profitability of the integration and rollout of Gander Outdoors stores; (iii) breaches of fiduciary duty, unjust enrichment, abuse of control, and gross mismanagement for allegedly causing or allowing us to disseminate to our shareholders materially misleading and inaccurate information through our SEC filings; and (iv) breach of fiduciary duties for alleged insider selling and misappropriation of information (together, the "Janssen and Sandler Complaints"). The Janssen and Sandler Complaints seek restitutionary and/or compensatory damages, injunctive relief, disgorgement of all profits, benefits, and other compensation obtained by the certain of our officers and directors, attorneys' fees and costs, and any other and further relief the court deems just and proper. We are only a nominal defendant in the Janssen and Sandler Complaints.

We are also engaged in various other legal actions, claims and proceedings arising in the ordinary course of business, including claims related to employment-related matters, breach of contracts, products liabilities, consumer protection and intellectual property matters resulting from our business activities. We do not believe that the ultimate resolution of such matters will have a material adverse effect on our business, financial condition or results of operations. However, litigation is subject to many uncertainties, and the outcome of certain of such individual litigated matters may not be reasonably predictable and any related damages may not be estimable. Certain of these litigation matters could result in an adverse outcome to us, and any such adverse outcome could have a material adverse effect on our business, financial condition and results of operations.

**Item 1A. Risk Factors**

Other than as described below, there have been no material changes to our risk factors as previously disclosed in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2018 filed with the Securities and Exchange Commission on March 15, 2019.

***Our business model is impacted by general economic conditions in our markets, and ongoing economic and financial uncertainties has caused a decline in consumer spending that has adversely affected our business, financial condition and results of operations.***

As a business that relies on consumer discretionary spending, we have in the past and may in the future be adversely affected if our customers reduce, delay or forego their purchases of our services, protection plans, products and resources as a result of:

- job losses;
- bankruptcies;
- higher consumer debt and interest rates;
- reduced access to credit;
- higher energy and fuel costs;
- relative or perceived cost, availability and comfort of RV use versus other modes of travel, such as air travel and rail;
- falling home prices;
- lower consumer confidence;
- uncertainty or changes in tax policies and tax rates; or
- uncertainty due to national or international security concerns.

We also rely on our retail locations to attract and retain customers and to build our customer database. If we close retail locations, are unable to open or acquire new retail locations due to general economic conditions or otherwise, or experience declines in customer transactions in our existing retail locations due to general economic conditions or otherwise, our ability to maintain and grow our customer database and our Active Customers will be limited, which could have a material adverse effect on our business, financial condition and results of operation.

Decreases in Active Customers, average spend per customer, or retention and renewal rates for our consumer services and plans would negatively affect our financial performance, and a prolonged period of depressed consumer spending could have a material adverse effect on our business. Promotional activities and decreased demand for consumer products have also affected our profitability and margins, particularly in recent quarters, and this negative impact could continue or worsen in future periods. In addition, adverse economic conditions may result in an increase in our operating expenses due to, among other things, higher costs of labor, energy, equipment and facilities, as well as higher tariffs. Due to fluctuations in the U.S. economy, our sales, operating and financial results for a particular period are difficult to predict, making it difficult to forecast results for future periods. Additionally, we are subject to economic fluctuations in local markets that may not reflect the economic conditions of the U.S. economy. Any of the foregoing factors could have a material adverse effect on our business, financial condition and results of operations.

In addition, the success of our recurring Good Sam consumer services and plans depends, in part, on our customers' use of certain RV sites and/or the purchase of services, protection plans, products and resources through participating merchants, as well as the health of the RV industry generally. If general economic conditions worsen, our customers may perceive that they have less disposable income for leisure activities or they may not be able to obtain credit for discretionary purchases. As a result, they may travel less frequently, spend less when they travel and purchase and utilize our services, protection plans, products and resources less often, if at all, which could have a material adverse effect on our business, financial condition and results of operations.

In addition, we have faced increased competition from other businesses with similar product and service offerings during recent periods. For example, our competitors have listed RVs at or below cost and we have had little visibility into our competitors or manufacturers' inventories. As a result, we have responded and may need to further respond by establishing pricing, marketing and other programs or by seeking out additional strategic alliances or acquisitions that may be less favorable to us than we could otherwise establish or obtain in more favorable economic environments. Such programs have adversely impacted our gross margin, operating margin and selling, general and administrative expenses. In addition, declines in the national economy could cause merchants who participate in our programs to go out of business. It is likely that, should the number of merchants entering bankruptcy rise, the number of uncollectible accounts would also rise. These factors could have a material adverse effect on our business, financial condition and results of operations.

***Changes in consumer preferences for our products or our failure to gauge those preferences could lead to reduced sales and have increased our cost of sales and selling, general and administrative expenses.***

We cannot be certain that historical consumer preferences for RVs in general, and any related products, will remain unchanged. RVs 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. Over the past several years, we have seen a shift in our overall sales mix towards new travel trailer vehicles, which has led to declines in our average selling price of a new vehicle unit. From 2015 to 2018, new vehicle travel trailer units increased from 62% of total new vehicle unit sales to more than 68% of total new vehicle unit sales and the average selling price of a new vehicle unit has declined from $39,853 to $35,221. The increased popularity of new travel trailer vehicles and the lower price points of these units compared to other new vehicle classes, such as motorhomes and fifth wheels, could continue to lower our average selling price of a new vehicle unit and impact our ability to grow same store sales. However, after several years of strong growth, the overall RV industry experienced decelerating demand for new vehicles in 2018 and wholesale shipments of new RV vehicles declined 4.1% for the full year of 2018 and 20.3% for the first half of 2019 on a period-over-period comparable period basis. Decelerating industry trends in 2018 and 2019 have also negatively impacted our same store sales trends during those periods. These factors have negatively impacted our results of operations and may continue to negatively impact our results of operations in the future, which could have a material adverse effect on our business, financial condition and results of operations.

***Our failure to successfully order and manage our inventory to reflect consumer demand in a volatile market and anticipate changing consumer preferences and buying trends has and may continue to have an adverse effect on our business, financial condition and results of operations.***

Our success depends upon our ability to successfully manage our inventory and to anticipate and respond to merchandise trends and consumer demands in a timely manner. Our products appeal to consumers who are, or could become, RV owners and/or outdoor and active sports enthusiasts across North America. The preferences of these consumers cannot be predicted with certainty and are subject to change. Further, the retail consumer industry, by its nature, is volatile and sensitive to numerous economic factors, including consumer preferences, competition, market conditions, general economic conditions and other factors outside of our control. We cannot predict consumer preferences with certainty, and consumer preferences often change over time. We typically order merchandise well in advance of the following selling season. The extended lead times for many of our purchases may make it difficult for us to respond rapidly to new or changing product trends, increases or decreases in consumer demand or changes in prices. If we misjudge either the market for our merchandise or our consumers' purchasing habits in the future, our revenues may decline significantly, and we may not have sufficient quantities of merchandise to satisfy consumer demand or sales orders, or we may be required to discount excess inventory, either of which could have a material adverse effect on our business, financial condition and results of operations. For example, in recent periods we have implemented discounting programs to reduce our excess RV inventory. In addition, we have exited or are exiting certain non-RV retail categories because we felt those categories did not have sufficient demand or sales margins to justify our inventory levels. These activities have negatively impacted our gross margin, operating margin and selling, general and administrative expenses.

***Because certain of the products that we sell are manufactured abroad, we may face delays, new or increased tariffs, increased cost or quality control deficiencies in the importation of these products, which could reduce our net sales and profitability.***

Like many other outdoor and active sports-oriented retailers, a portion of the products that we purchase for resale, including those purchased from domestic suppliers, is manufactured abroad in China and other countries. In addition, we believe most of our private label merchandise is manufactured abroad. Trade tensions between the U.S. and China, as well as those between the U.S. and Canada, Mexico and other countries have been escalating in recent months. Most notably, three rounds of U.S. tariffs were placed on Chinese goods being exported to the U.S., with such tariffs taking effect in July, August and September 2018. Each of these U.S. tariff impositions against Chinese exports were followed by a round of retaliatory Chinese tariffs on U.S. exports to China. The competing tariff regimes imposed by the U.S. and Chinese administrations have continued to escalate in recent months, including new tariffs by the U.S. administration set to go into effect in September 2019 and threats of retaliation by the Chinese administration.

As a result, our foreign imports, in particular imports from China, subject us to the risks of changes in, or the imposition of new import tariffs, duties or quotas, new restrictions on imports, loss of “most favored nation” status with the United States for a particular foreign country, antidumping or countervailing duty orders, retaliatory actions in response to illegal trade practices, work stoppages, delays in shipment, freight expense increases, product cost increases due to foreign currency fluctuations or revaluations and economic uncertainties. If any of these or other factors were to cause a disruption of trade from the countries in which the suppliers of our vendors are located or impose additional costs in connection with the purchase of our products, we may be unable to obtain sufficient quantities of products to satisfy our requirements and our results of operations could be adversely affected.

To the extent that any foreign manufacturers which supply products to us directly or indirectly utilize quality control standards, labor practices or other practices that vary from those legally mandated or commonly accepted in the United States, we could be hurt by any resulting negative publicity or, in some cases, face potential liability.

In addition, instability in the political and economic environments of the countries in which our vendors or we obtain our products, or general international instability, could have an adverse effect on our operations. In the event of disruptions or delays in supply due to economic or political conditions in foreign countries, such disruptions or delays could adversely affect our results of operations unless and until alternative supply arrangements could be made. In addition, merchandise purchased from alternative sources may be of lesser quality or more expensive than the merchandise we currently purchase abroad.

***We have been named in litigation, which has resulted in substantial costs and may result in reputational harm and divert management’s attention and resources.***

We face legal risks in our business, including claims from disputes with our employees and our former employees and claims associated with general commercial disputes, product liability and other matters. Risks associated with legal liability often are difficult to assess or quantify and their existence and magnitude can remain unknown for significant periods of time.

We have been named in the past, are currently named and may be named in the future as defendants of class action lawsuits. For example, we were named as a defendant in a class action lawsuit by Camp Coast to Coast club members, which alleged certain violations of California’s Unfair Competition Law at Business and Professions Code and other laws, relating to our sale of trip points and certain advertising and marketing materials. In addition, we were also named as a defendant in a putative class action lawsuit filed by former employees in the State of California, which alleged various wage and hour claims under the California Labor Code. We have since settled both actions.

We are currently subject to securities class action litigation and may be subject to similar or other litigation in the future. For example, on October 19, 2018, a purported stockholder of the Company filed a putative class action lawsuit, captioned *Ronge v. Camping World Holdings, Inc. et al.* , in the United States District Court for the Northern District of Illinois against us, certain of our officers and directors, and Crestview Partners II GP, L.P. and Crestview Advisors, L.L.C. (the "Ronge Complaint"). On October 25, 2018, a different purported stockholder of the Company filed a putative class action lawsuit, captioned *Strougo v. Camping World Holdings, Inc. et al.* , in the United States District Court for the Northern District of Illinois against us, certain of our officers and directors, and Crestview Partners II GP, L.P. and Crestview Advisors, L.L.C. (the "Strougo Complaint").

The Ronge and Strougo Complaints were consolidated and lead plaintiffs appointed by the court. On February 27, 2019, lead plaintiffs filed a consolidated complaint against us, certain of our officers and directors, Crestview Partners II GP, L.P. and Crestview Advisors, L.L.C., and the underwriters of the May and October 2017 secondary offerings of our Class A common stock. The consolidated complaint alleges violations of Sections 11 and 12(a)(2) of the Securities Act of 1933, as well as Section 10(b) of the Securities Exchange Act of 1934, as amended, and rule 10b-5 thereunder, based on allegedly materially misleading statements or omissions of material facts necessary to make certain statements not misleading related to the business, operations, and management of the Company. Additionally, it alleges that certain of our officers and directors, Crestview Partners II GP, L.P., and Crestview Advisors, L.L.C. violated Section 15 of the Securities Act of 1933 and Section 20(a) of the Securities Exchange Act of 1934, as amended, by allegedly acting as controlling persons of the Company. The lawsuit brings claims on behalf of a putative class of purchasers of our Class A common stock between March 8, 2017 and August 7, 2018, and seeks compensatory damages, rescission, attorneys' fees and costs, and any equitable or injunctive relief the court deems just and proper. On May 17, 2019, the Company, along with the other defendants, moved to dismiss the complaint.

On December 12, 2018, a putative class action complaint styled *International Union of Operating Engineers Benefit Funds of Eastern Pennsylvania and Delaware v. Camping World Holdings Inc., et al.* was filed in the Supreme Court of the State of New York, New York County, on behalf of all purchasers of Camping World Class A common stock issued pursuant and/or traceable to a secondary offering of such securities in October 2017 ("IUOE Complaint"). The IUOE Complaint names as defendants Camping World, and certain of our officers and directors, among others, and alleges violations of Sections 11, 12(a), and 15 of the Securities Act of 1933 based on allegedly materially misleading statements or omissions of material facts necessary to make certain statements not misleading and seeks compensatory damages, including prejudgment and post-judgment interest, attorneys' fees and costs, and any equitable or injunctive relief the court deems just and proper, including rescission. On February 28, 2019, we, along with the other defendants, moved to dismiss this action. The parties are scheduled to argue the merits of defendants' motion to dismiss before the Supreme Court of the State of New York, Commercial Division, on August 22, 2019.

On February 22, 2019, a putative class action complaint styled *Daniel Geis v. Camping World Holdings, Inc., et al.* was filed in the Circuit Court of Cook County, Illinois, Chancery Division, on behalf of all purchasers of Camping World Class A common stock in and/or traceable to our initial public offering on October 6, 2016 ("Geis Complaint"). The Geis Complaint names as defendants Camping World, certain of our officers and directors, and the underwriters of the offering, and alleges violations of Sections 11, 12(a)(2), and 15 of the Securities Act of 1933 based on allegedly materially misleading statements or omissions of material facts necessary to make certain statements not misleading. The Geis Complaint seeks compensatory damages, prejudgment and post-judgment interest, attorneys' fees and costs, and any other and further relief the court deems just and proper. On April 19, 2019, we, along with the other defendants, moved to dismiss this action. The parties are scheduled to argue the merits of defendants' motion to dismiss before the Circuit Court of Cook County, Illinois, Chancery Division on August 20, 2019.

On March 5, 2019, a shareholder derivative suit captioned *Hunnewell v. Camping World Holdings, Inc., et al.* , was filed in the Court of Chancery of the State of Delaware, alleging breaches of fiduciary duty for alleged failure to implement effective disclosure controls and internal controls over financial reporting and to properly oversee certain acquisitions and for alleged insider trading (the "Hunnewell Complaint"). The Hunnewell Complaint names us as nominal defendant, and names certain of its officers and directors, among others, as defendants and seeks restitutionary and/or compensatory damages, disgorgement of all management fees, advisory fees, expenses and other fees paid by us during the period in question, disgorgement of profits pursuant to the alleged insider trading, attorneys' fees and costs, and any other and further relief the court deems just and proper.

On April 17, 2019, a shareholder derivative suit captioned *Lincolnshire Police Pension Fund v. Camping World Holdings, Inc., et al.* , was filed in the Court of Chancery of the State of Delaware, alleging breaches of fiduciary duty for alleged failure to implement effective disclosure controls and internal controls over financial reporting and to properly oversee certain acquisitions and for alleged insider trading and unjust enrichment for compensation received during that time (the "LPPF Complaint"). The LPPF Complaint names us as nominal defendant, and names certain of our officers and directors, among others, as defendants and seeks compensatory damages, extraordinary equitable and/or injunctive relief, restitution and disgorgement, attorneys' fees and costs, and any other and further relief the court deems just and proper. On May 30, 2019, the Court granted the parties' joint motion to consolidate the Hunnewell and LPPF Complaints (as well as any future filed actions relating to the subject matter) and stay the newly consolidated action pending the resolution of defendants' motion to dismiss the putative class action (Ronge) pending in the United States District Court for the Northern District of Illinois.

On August 6, 2019, two shareholder derivative suits, styled *Janssen v. Camping World Holdings, Inc., et al.* , and *Sandler v. Camping World Holdings, Inc. et al.* , were filed in the U.S. District Court of Delaware. Both actions name us as a nominal defendant, and name certain of our officers and directors, Crestview Partners II GP, L.P. and Crestview Advisors, L.L.C. as defendants, and allege: (i) violations of Section 14(a) of the Securities Exchange Act for issuing proxy statements that allegedly omitted material information and allegedly included materially false and misleading financial statements; (ii) violations of Section 10(b) and 20(a) of the Securities Exchange Act, seeking contribution for causing us to issue allegedly false and misleading statements and/or allegedly omit material information in public statements and/or filings concerning our financial performance, the effectiveness of internal controls to ensure accurate financial reporting, and the success and profitability of the integration and rollout of Gander Outdoors stores; (iii) breaches of fiduciary duty, unjust enrichment, abuse of control, and gross mismanagement for allegedly causing or allowing us to disseminate to our shareholders materially misleading and inaccurate information through our SEC filings; and (iv) breach of fiduciary duties for alleged insider selling and misappropriation of information (together, the "Janssen and Sandler Complaints"). The Janssen and Sandler Complaints seek restitutionary and/or compensatory damages, injunctive relief, disgorgement of all profits, benefits, and other compensation obtained by the certain of our officers and directors, attorneys' fees and costs, and any other and further relief the court deems just and proper.

The results of the securities class action lawsuits, shareholder derivative lawsuit, and any other future legal proceedings cannot be predicted with certainty. Regardless of their subject matter or merits, such legal proceedings have resulted in and are likely to continue to result in significant cost to us, which may not be covered by insurance, may divert the attention of management or may otherwise have an adverse effect on our business, financial condition and results of operations. Negative publicity from litigation, whether or not resulting in a substantial cost, could materially damage our reputation and could have a material adverse effect on our business, financial condition, results of operations, and the price of our Class A common stock. In addition, such legal proceedings may make it more difficult to finance our operations.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

**Item 3. Defaults Upon Senior Securities**

None.

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### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

None.

### Item 6. Exhibits

**Exhibits Index**

| | | Incorporated by Reference | | | | |
|---|---|---|---|---|---|---|
| Exhibit Number | Exhibit Description | Form | File No. | Exhibit | Filing Date | Filed/ Furnished Herewith |
| 3.1 | Amended and Restated Certificate of Incorporation of Camping World Holdings, Inc. | 10-Q | 001-37908 | 3.1 | 11/10/16 | |
| 3.2 | Amended and Restated Bylaws of Camping World Holdings, Inc. | 10-Q | 001-37908 | 3.2 | 11/10/16 | |
| 4.1 | Specimen Stock Certificate evidencing the shares of Class A common stock | S-1/A | 333-211977 | 4.1 | 9/13/16 | |
| 10.1 | Consulting Agreement, by and between the Company and Thomas F. Wolfe, dated July 2, 2019 | | | | | * |
| 31.1 | Rule 13a-14(a) / 15d-14(a) Certification of Chief Executive Officer | | | | | * |
| 31.2 | Rule 13a-14(a) / 15d-14(a) Certification of Chief Financial Officer | | | | | * |
| 32.1 | Section 1350 Certification of Chief Executive Officer | | | | | ** |
| 32.2 | Section 1350 Certification of Chief Financial Officer | | | | | ** |
| 101.INS | Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. | | | | | *** |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document | | | | | *** |

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| Exhibit Number | Exhibit Description | Incorporated by Reference Form | File No. | Exhibit | Filing Date | Filed/ Furnished Herewith |
|---|---|---|---|---|---|---|
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document | | | | | *** |
| 101.DEF | Inline XBRL Extension Definition Linkbase Document | | | | | *** |
| 101.LAB | Inline XBRL Taxonomy Label Linkbase Document | | | | | *** |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document | | | | | *** |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) | | | | | *** |

* Filed herewith

** Furnished herewith

*** Submitted electronically herewith

## SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 9, 2019

**Camping World Holdings, Inc** .
By: /s/ Melvin L. Flanigan
Melvin L. Flanigan
Chief Financial Officer and Secretary
(Authorized Officer and Principal Financial Officer)

**Exhibit 10.1**

# CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT (this "Agreement") is entered into as of July 2, 2019 by and between Thomas F. Wolfe ("Consultant"), CWGS Enterprises, LLC, a Delaware limited liability company ("CWGS") and Camping World Holdings, Inc., a Delaware corporation ("CWH" and together with CWGS, collectively, the "Company").

A. Consultant is currently employed by the Company pursuant to the terms of that certain Employment Agreement dated June 10, 2016 (the "Employment Agreement").

B. The Company and Consultant have mutually agreed to the termination of the Employment Agreement and Consultant's employment with the Company and all of its direct and indirect subsidiaries, effective as of August 1, 2019 (the "Termination Date").

C. The Company and Consultant desire that Consultant provide certain consulting services to the Company commencing on the Termination Date, pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Description of Services to be Performed. Consultant shall provide the services described on Schedule A attached hereto (the "Services") to the Company in accordance with the terms of this Agreement. In rendering the Services, Consultant shall report to the Company personnel listed on Schedule A for such specific direction and coordination as may be required.

2. Compensation, Billing and Records. As compensation for the Services, the Company shall pay Consultant in accordance with Schedule B ("Compensation"). In addition to the Compensation, the Company will reimburse Consultant for reasonable travel and other expenses performed in connection with this Agreement.

3. Terms of Agreement.

3.1 The term of this Agreement (the "Term") shall commence on the Termination Date and expire on August 1, 2022, unless earlier terminated as set forth herein.

3.2 Notwithstanding anything to the contrary contained herein, this Agreement may be terminated by the Company or Consultant for any or no reason at any time upon not less than sixty (60) days prior written notice.

3.3 This Agreement may be terminated immediately by either party upon breach of this Agreement by the other party.

4. Confidentiality.

4.1 Consultant acknowledges and agrees that it will be receiving both written and oral information from the Company which it deems confidential and which relates to its business and its prospects. Consultant agrees to hold all such confidential information in trust and confidence, and not to disclose any such confidential information to any third party without prior written consent. Furthermore, Consultant agrees to not use any such information for any purpose other than to perform the Services. Upon the Company's request, Consultant will immediately deliver to it all files, documents and other media (and all copies and reproductions of any of the foregoing in its possession or under its control) which contain or pertain to the confidential information.

4.2 The furnishing of any information by the Company shall not be construed as granting to Consultant any license or other right in or to any of the information. Unless otherwise agreed in writing, Consultant shall assign to the Company Consultant's entire right, title and interest in and to all inventions, discoveries and improvements, whether patented or unpatented, that are conceived or first reduced to practice by Consultant in connection with the performance of the Services, and all copyrightable material that Consultant may produce or compose in connection with the performance of the Services.

4.3 Unless otherwise agreed in writing, all computer programs, copyrightable materials, and other intellectual property, if any, produced by Consultant in connection with performance of the Services shall be deemed "works for hire" and shall belong, exclusively and without any implied license to Consultant, to the Company.

5. Miscellaneous.

5.1 Notices. Any communication permitted or required hereunder shall be in writing and shall be effective upon receipt or five days after deposit in the United States mail, return receipt requested, registered or certified, or one day or receipt after deposit with a recognized overnight courier service. Notice to (a) the Company shall be sent to CWGS Enterprises, LLC, 250 Parkway Drive, Suite 270, Lincolnshire, IL 60069, Attn: President or (b) Employee shall be sent to the address for Employee on the Company’s records as of the last day of employment. Addresses for notice may be changed by either party by providing notice of such change as set forth above.

5.2 Compliance with Laws. Consultant hereby represents, warrants and covenants that it shall obey and comply with all applicable laws, regulations and policies of federal, state and local laws, and shall further comply with all applicable general policies, rules and regulations of the Company as the same may be applicable from time to time to the performance of Consultant's duties under this Agreement.

5.3 Noncompetition. During the term of this Agreement, Consultant shall not without the Company's prior written consent, which may be withheld in the Company's sole discretion, (i) serve as an employee or consultant for any commercial enterprise with respect to services or products that are or may be produced or sold by the Company, or (ii) have any direct or indirect controlling financial interest in any commercial enterprise that produces or sells or contemplates producing or selling service or products in competition with services or products produced or sold by the Company.

5.4 Intentionally Omitted .

5.5 Status. Consultant shall be deemed an independent contractor and not an employee or agent of the Company. Consultant shall have no authority to act or to execute documents on behalf of the Company and shall make no representations that it possesses such authority.

5.6 Assignment. Consultant shall not assign this Agreement or any right or interest hereunder without the prior written consent of the Company.

5.7 No Finders, Payments. Consultant represents and warrants to the Company that Consultant has neither retained nor authorized the services of any broker, finder or other such third-party intermediary in connection with the introduction of the parties to this Agreement or the negotiation or execution hereof, and has made no payments to employees or agents of the Company to obtain this Agreement.

5.8 Facilities and Logistical Support. Consultant shall be responsible for furnishing its own facilities and necessary logistical support in connection with Consultant's performance of the Services.

5.9 Intentionally omitted .

5.10 Arbitration. All disputes arising under or relating to this Agreement shall be subject to binding arbitration in accordance with the rules of the American Arbitration Association.

5.11 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois applicable to agreements made and to be wholly performed in such state.

5.12 Counterparts. This Agreement may be executed in more than one counterpart, and each executed counterpart shall be considered as an original.

5.13 No Waiver. No waiver by either party of a breach or any provision of this Agreement shall be deemed to constitute a waiver of any preceding or succeeding breach of the same or any other provision hereof.

5.14 Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof, and may not be supplemented, amended, or varied except in a writing executed by the party to be bound.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

CONSULTANT

/s/ Thomas F. Wolfe
Thomas F. Wolfe

COMPANY:

CWGS Enterprises, LLC

By: /s/ Brent Moody
Brent Moody, President

Camping World Holdings, Inc.

By: /s/ Brent Moody
Brent Moody, President

## Schedule A

A. Description of Consultant's Services: Transition services and support and such other matters as may be required by the Company from time to time and agreed upon by the Consultant.

B. Specific Individuals to Perform Services: Brent Moody and such other persons as may be designated by the Company from time to time.

## Schedule B

A. Compensation: $10,000 per month. In the event this Agreement is terminated at any time prior to the expiration of the Term, the Company shall pay consultant an amount equal to the excess of $350,000 over total amount previously paid by the Company to the Consultant pursuant to this Agreement prior to the date of such termination.

B. Consultant shall maintain detailed accurate records of the work performed under this Agreement and of all reimbursable expenses incurred in connection therewith. Consultant shall afford the Company and its representatives access to and the right to examine and copy said records during the term of this Agreement and for a period of four (4) years after the termination or expiration thereof. Other than as explicitly set forth in this Agreement or otherwise authorized in writing by the Company, Consultant shall bear all expenses it may incur in the performance of the Services.

**Exhibit 31.1**

**CERTIFICATIONS**

I, Marcus A. Lemonis, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Camping World Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2019

By: /s/ Marcus A. Lemonis
Marcus A. Lemonis
Chairman and Chief Executive Officer
(Principal Executive Officer)

**Exhibit 31.2**

# CERTIFICATIONS

I, Melvin L. Flanigan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Camping World Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2019

By: /s/ Melvin L. Flanigan
Melvin L. Flanigan
Chief Financial Officer and Secretary
(Principal Financial Officer)

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO**

**18 U.S.C. SECTION 1350,**

**AS ADOPTED PURSUANT TO**

**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Camping World Holdings, Inc. (the “Company”) for the period ended June 30, 2019, as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Report”), I, Marcus A. Lemonis, Chairman and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 9, 2019

By: /s/ Marcus A. Lemonis
Marcus A. Lemonis
Chairman and Chief Executive Officer
(Principal Executive Officer)

**Exhibit 32.2**

**CERTIFICATION PURSUANT TO**

**18 U.S.C. SECTION 1350,**

**AS ADOPTED PURSUANT TO**

**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Camping World Holdings, Inc. (the “Company”) for the period ended June 30, 2019, as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Report”), I, Melvin L. Flanigan, Chief Financial Officer and Secretary of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

| | | |
|---|---|---|
| Date: August 9, 2019 | By: | /s/ Melvin L. Flanigan |
| | | Melvin L. Flanigan<br>Chief Financial Officer and Secretary<br>(Principal Financial Officer) |