State of the Industry 2015

Nov. 15-18 in Orlando

Visit marinedealerconference.com for more information.
Our panelists today

* Vicky Yu, NMMA
* Peter Houseworth, Info-Link
* Noel Lais, Spader Business Management
2015 Market Data Book

Available at BoatingIndustry.com
NMMA INDUSTRY UPDATE

Vicky Yu
Director, Industry Statistics and Research
TODAY’S TALKING POINTS

State of the Industry

Headwinds

Opportunity
TRADITIONAL POWERBOAT RETAIL UNIT SALES

Source: NMMA, SSI
2014 UNIT SALES GROWTH SINCE RECESSION

source: SSI
## GROWTH IN 2015

<table>
<thead>
<tr>
<th>Category</th>
<th>YOY Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jet Boat</td>
<td>20.5%</td>
</tr>
<tr>
<td>PWC</td>
<td>11.3%</td>
</tr>
<tr>
<td>Inboard Boats, Ski Boats</td>
<td>10.9%</td>
</tr>
<tr>
<td>Fiberglass Outboards</td>
<td>10.2%</td>
</tr>
<tr>
<td>Aluminum Outboards</td>
<td>5.4%</td>
</tr>
<tr>
<td>Inboard Boats, Cruiser</td>
<td>3.2%</td>
</tr>
<tr>
<td>Sailboat</td>
<td>-5.4%</td>
</tr>
<tr>
<td>Aluminum Sterndrives</td>
<td>-6.2%</td>
</tr>
<tr>
<td>Fiberglass Sterndrives</td>
<td>-10.2%</td>
</tr>
</tbody>
</table>

*Source: SSI*

![State of the Industry](image-url)
2014 NEW BOAT SPENDING

YOY Change

0% 10% 20%

FL
TX
MI
MN
NY
NC
WI
CA
LA
AL

Top 10 States

source: NMMA
U.S. HOUSING STARTS V. BOAT SALES

Source: U.S. Census Bureau, SSI

[Graph showing housing starts and retail powerboat sales over time]
MONTHLY CHANGES IN EMPLOYMENT

Source: BLS

State of the Industry
CONSUMER SPENDING

Source: U.S. Census Bureau

State of the Industry

4.5%
OUTBOARD ENGINE RETAIL SALES

Source: NMMA
GLOBAL ECONOMY

JPMorgan Global Manufacturing PMI

Source: JP Morgan
STRONG DOLLAR

USD BUYING POWER YOY GROWTH

0% 10% 20% 30% 40% 50% 60%

Canada
Mexico
Australia
Europe
Japan
Columbia
China
Brazil
New Zealand

Top Boat Export Markets

Source: USITC, XE
AGING BOATER

% of All Boat Owners

Age

1997  2013

Source: Info-Link
STAGNANT MIDDLE CLASS

*Low wage is 10th percentile, middle wage is 50th percentile, very high wage is 95th percentile.*

Source: EPI
RISING STUDENT DEBT

Source: NY Fed Consumer Credit Panel/Equifax
GROWTH DRIVERS

- Diversify Targets
- Product Innovation
- Low gas prices
- Job Growth

Opportunity
All data presented today can be found in the following publications.

**NMMA 2014 Recreational Boating Statistical Abstract**

**NMMA Data Dashboard**

Vicky Yu - vyu@nmma.org - 312.946.6261
State of the Industry

August 20, 2015
New boat sales growth in the mid to high single digits in line with expectations
Seeing continued weakness in the 15’ – 19’ category
Weakness is more pronounced among small fiberglass boats

The Difference Between Guessing and KNOWING
The Difference Between Guessing and KNOWING

Entry Level Value Buyers

Entry Level Buyers and Prior Boat Ownership

- Value Buyer
  - No: 40%
  - Yes: 38%

- All Buyers
  - No: 40%
  - Yes: 38%

Prior Purchase Type among Prior Owners

- Value Buyer
  - PRE-OWNED: 58%
  - NEW: 42%

- All Buyers
  - PRE-OWNED: 55%
  - NEW: 45%
Value Buyers Prior Boat Ownership and Propulsion

Prior Boat Ownership by Propulsion Type

- **Inboard**
- **Jet**
- **Outboard**
- **PWC**
- **Sail**
- **Stern**

<table>
<thead>
<tr>
<th>Propulsion Type</th>
<th>Value Buyer</th>
<th>All Buyers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inboard</td>
<td>5%</td>
<td>10%</td>
</tr>
<tr>
<td>Jet</td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td>Outboard</td>
<td>45%</td>
<td>35%</td>
</tr>
<tr>
<td>PWC</td>
<td>15%</td>
<td>10%</td>
</tr>
<tr>
<td>Sail</td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td>Stern</td>
<td>30%</td>
<td>25%</td>
</tr>
</tbody>
</table>
Continued strength in Saltwater Fishing boats

The Difference Between Guessing and KNOWING
After years of driving growth, Pontoon boats sales appear to be slowing somewhat.
While still up YOY in most states, growth has moderated in a number of key states and a few states have shown small declines.
The Pontoon distribution channel is clear for the time being
State of the Marine Industry

Noel Lais, Vice President of Operations
Used Boat Sales

- 2004: $978,771
- 2005: $940,650
- 2006: $1,073,788
- 2007: $1,293,138
- 2008: $983,094
- 2009: $1,064,742
- 2010: $1,036,604
- 2011: $1,240,581
- 2012: $1,304,070
- 2013: $1,343,139
- 2014: $1,432,928
# Marine Dealership Trends  
## YTD Averages

<table>
<thead>
<tr>
<th></th>
<th>May 2015 compared to May 2014</th>
<th>July 2015 compared to July 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Boat Sales</td>
<td>+15.1%</td>
<td>+16.4%</td>
</tr>
<tr>
<td>Used Boat Sales</td>
<td>+13.9%</td>
<td>+0.7%</td>
</tr>
<tr>
<td>New Boat Inventory</td>
<td>+17.9%</td>
<td>+16.9%</td>
</tr>
<tr>
<td>Used Boat Inventory</td>
<td>-0.5%</td>
<td>-8.5%</td>
</tr>
<tr>
<td>Total Spending</td>
<td>+7.7%</td>
<td>+11.1%</td>
</tr>
<tr>
<td>Net Profit</td>
<td>+45.7%</td>
<td>+25.8%</td>
</tr>
</tbody>
</table>
Net Profit % of Sales

- 2004: 3.5
- 2005: 3.7
- 2006: 2.7
- 2007: 2.5
- 2008: 1.7
- 2009: 1.5
- 2010: 1.7
- 2011: 2.4
- 2012: 4.1
- 2013: 3.3
- 2014: 3.3
New Boat Gross Margin

Year:
- 2004: 18.3%
- 2005: 18.9%
- 2006: 18%
- 2007: 18.1%
- 2008: 16.6%
- 2009: 15%
- 2010: 17.2%
- 2011: 17.8%
- 2012: 18.1%
- 2013: 17.4%
- 2014: 17.3%
Thank you

800.772.3377
www.spader.com
info@spader.com
Questions?

BoatingIndustry.com/Webinars