Our panelists today

* Vicky Yu, NMMA
* Peter Houseworth, Info-Link
* Noel Lais, Spader Business Management
2016 Market Data Book

Available at BoatingIndustry.com/market-data/digital-downloads
State of the Industry

August 17, 2016
NMMA INDUSTRY UPDATE

Vicky Yu
Director, Statistics and Research
TRADITIONAL POWERBOAT RETAIL UNIT SALES

1980s Recession
Desert Storm
Asian Financial Crisis
911
Iraq War
Great Recession

Source: NMMA, SSI
RETAIL UNIT SALES

Source: NMMA, SSI
TRADITIONAL POWERBOAT SALES

Source: NMMA, Info-Link
BOAT INVENTORY

Source: MRAA, Baird, NMMA
PERCENT OF PEAK

source: NMMA, SSI
CONSUMER CONFIDENCE INDEX

Average duration from peak to valley: 33 mo.
Average duration from valley to peak: 57 mo.

Source: The Conference Board, NMMA
UNIT SALES GROWTH IN 2016

Source: InfoLink, NMMA
2015 NEW BOAT SPENDING

Top 10 States

- Florida
- Texas
- Michigan
- Minnesota
- New York
- North Carolina
- Wisconsin
- California
- Louisiana
- Alabama

YOY Change

-5% 0% 5% 10% 15%

source: NMMA
BUSINESS AND CONSUMER SENTIMENT

Source: Conference Board, MRAA, Baird, NMMA
REAL DISPOSABLE INCOME

Source: BEA, NMMA
WHOLESALE FORECASTS

Boat Building Production Index
Rates-of-Change

PHASE
Phase C
Decelerating Growth

QUARTERLY GROWTH
(3/12)

13.5%

ANNUAL GROWTH
(12/12)

10.0%

NEXT 12/12 LOW

3Q16

NEXT 12/12 HIGH

1Q18

Source: ITR Economics, NMMA
U.S. CITY RETAIL GAS PRICES

Source: EIA, NMMA
Data presented today can be found in the following publications.

**NMMA 2015 Recreational Boating Statistical Abstract**

**NMMA Data Dashboard**

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

August 17, 2016
A quick retrospective on 2015
Results were fairly consistent across the country
Small boats continue to lag in growth

### All Powerboats (Excluding PWCs)

#### National Powerboat Summary
12 Month Rolling Through December

<table>
<thead>
<tr>
<th>Length Range</th>
<th>2011 Units</th>
<th>2011 % Chg YOY</th>
<th>2012 Units</th>
<th>2012 % Chg YOY</th>
<th>2013 Units</th>
<th>2013 % Chg YOY</th>
<th>2014 Units</th>
<th>2014 % Chg YOY</th>
<th>2015 Units</th>
<th>2015 % Chg YOY</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 15'</td>
<td>13,500</td>
<td>-8.6%</td>
<td>12,784</td>
<td>-5.3%</td>
<td>12,609</td>
<td>-1.4%</td>
<td>13,170</td>
<td>6.0%</td>
<td>13,485</td>
<td>0.9%</td>
</tr>
<tr>
<td>15' - 19'</td>
<td>55,935</td>
<td>1.0%</td>
<td>59,778</td>
<td>6.9%</td>
<td>60,968</td>
<td>2.0%</td>
<td>62,448</td>
<td>3.1%</td>
<td>66,242</td>
<td>5.4%</td>
</tr>
<tr>
<td>20' - 24'</td>
<td>53,416</td>
<td>5.1%</td>
<td>61,430</td>
<td>15.0%</td>
<td>67,089</td>
<td>9.2%</td>
<td>72,903</td>
<td>8.7%</td>
<td>78,931</td>
<td>8.1%</td>
</tr>
<tr>
<td>25' - 29'</td>
<td>7,580</td>
<td>-1.6%</td>
<td>9,210</td>
<td>21.5%</td>
<td>10,666</td>
<td>15.8%</td>
<td>12,043</td>
<td>12.9%</td>
<td>13,444</td>
<td>13.3%</td>
</tr>
<tr>
<td>30+</td>
<td>3,428</td>
<td>-13.8%</td>
<td>3,332</td>
<td>-2.8%</td>
<td>3,738</td>
<td>12.2%</td>
<td>3,993</td>
<td>6.8%</td>
<td>4,522</td>
<td>13.2%</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>133,859</strong></td>
<td><strong>0.9%</strong></td>
<td><strong>146,534</strong></td>
<td><strong>9.5%</strong></td>
<td><strong>155,070</strong></td>
<td><strong>5.8%</strong></td>
<td><strong>165,157</strong></td>
<td><strong>6.5%</strong></td>
<td><strong>176,723</strong></td>
<td><strong>7.0%</strong></td>
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</table>
The lag continues even in growth categories

### Saltwater Fish Boats

<table>
<thead>
<tr>
<th>Length Range</th>
<th>2011</th>
<th>Units</th>
<th>% Chg YOY</th>
<th>2012</th>
<th>Units</th>
<th>% Chg YOY</th>
<th>2013</th>
<th>Units</th>
<th>% Chg YOY</th>
<th>2014</th>
<th>Units</th>
<th>% Chg YOY</th>
<th>2015</th>
<th>Units</th>
<th>% Chg YOY</th>
</tr>
</thead>
<tbody>
<tr>
<td>15' - 19'</td>
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</tr>
<tr>
<td></td>
<td>5,557</td>
<td>6,083</td>
<td>9.5%</td>
<td>6,179</td>
<td>6,140</td>
<td>-0.6%</td>
<td>6,411</td>
<td>4.4%</td>
<td></td>
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<td>20' - 24'</td>
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<tr>
<td></td>
<td>7,325</td>
<td>8,982</td>
<td>22.6%</td>
<td>10,543</td>
<td>12,668</td>
<td>20.4%</td>
<td>13,709</td>
<td>8.0%</td>
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<td>25' - 29'</td>
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<tr>
<td></td>
<td>1,429</td>
<td>1,638</td>
<td>14.6%</td>
<td>2,193</td>
<td>2,799</td>
<td>24.9%</td>
<td>3,429</td>
<td>25.2%</td>
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<td>30' +</td>
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<tr>
<td></td>
<td>1,006</td>
<td>983</td>
<td>-2.3%</td>
<td>1,238</td>
<td>1,433</td>
<td>15.8%</td>
<td>1,735</td>
<td>21.1%</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Grand Total</td>
<td>15,317</td>
<td>17,686</td>
<td>15.5%</td>
<td>20,153</td>
<td>23,010</td>
<td>14.2%</td>
<td>25,284</td>
<td>9.9%</td>
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</table>

### Freshwater Fish Boats

<table>
<thead>
<tr>
<th>Length Range</th>
<th>2011</th>
<th>Units</th>
<th>% Chg YOY</th>
<th>2012</th>
<th>Units</th>
<th>% Chg YOY</th>
<th>2013</th>
<th>Units</th>
<th>% Chg YOY</th>
<th>2014</th>
<th>Units</th>
<th>% Chg YOY</th>
<th>2015</th>
<th>Units</th>
<th>% Chg YOY</th>
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</thead>
<tbody>
<tr>
<td>15' - 19'</td>
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</tr>
<tr>
<td></td>
<td>26,421</td>
<td>30,866</td>
<td>8.6%</td>
<td>32,899</td>
<td>35,563</td>
<td>8.1%</td>
<td>37,960</td>
<td>6.7%</td>
<td></td>
<td></td>
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<tr>
<td>20' - 24'</td>
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</tr>
<tr>
<td></td>
<td>6,466</td>
<td>7,057</td>
<td>9.1%</td>
<td>7,898</td>
<td>8,627</td>
<td>9.2%</td>
<td>9,538</td>
<td>10.6%</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>25' - 29'</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>89</td>
<td>72</td>
<td>-19.1%</td>
<td>111</td>
<td>164</td>
<td>47.7%</td>
<td>208</td>
<td>26.9%</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Grand Total</td>
<td>34,976</td>
<td>37,995</td>
<td>8.6%</td>
<td>40,908</td>
<td>44,354</td>
<td>8.4%</td>
<td>47,706</td>
<td>7.6%</td>
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</tbody>
</table>
The lag continues even in growth categories

Pontoon Boats

<table>
<thead>
<tr>
<th>Length Range</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Units</td>
<td>% Chg YOY</td>
<td>Units</td>
<td>% Chg YOY</td>
<td>Units</td>
</tr>
<tr>
<td>&lt; 15'</td>
<td>221</td>
<td>14.5%</td>
<td>214</td>
<td>-3.2%</td>
<td>184</td>
</tr>
<tr>
<td>15' - 19'</td>
<td>2,658</td>
<td>-9.9%</td>
<td>2,765</td>
<td>4.0%</td>
<td>3,443</td>
</tr>
<tr>
<td>20' - 24'</td>
<td>22,924</td>
<td>15.3%</td>
<td>27,680</td>
<td>20.7%</td>
<td>30,992</td>
</tr>
<tr>
<td>25' - 29'</td>
<td>2,861</td>
<td>14.3%</td>
<td>4,061</td>
<td>41.9%</td>
<td>4,662</td>
</tr>
<tr>
<td>30' +</td>
<td>62</td>
<td>-33.3%</td>
<td>62</td>
<td>0.0%</td>
<td>67</td>
</tr>
<tr>
<td>Grand Total</td>
<td>28,726</td>
<td>12.1%</td>
<td>34,782</td>
<td>21.1%</td>
<td>39,348</td>
</tr>
</tbody>
</table>
Results through June 2016

National Powerboat Summary
12 Month Rolling Through June

<table>
<thead>
<tr>
<th>Propulsion</th>
<th>2012</th>
<th>% Chg YOY</th>
<th>2013</th>
<th>% Chg YOY</th>
<th>2014</th>
<th>% Chg YOY</th>
<th>2015</th>
<th>% Chg YOY</th>
<th>2016</th>
<th>% Chg YOY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outboard</td>
<td>115,569</td>
<td>9.0%</td>
<td>121,877</td>
<td>5.5%</td>
<td>135,256</td>
<td>11.0%</td>
<td>146,540</td>
<td>8.3%</td>
<td>159,005</td>
<td>8.5%</td>
</tr>
<tr>
<td>PWC</td>
<td>37,369</td>
<td>2.4%</td>
<td>36,378</td>
<td>-2.6%</td>
<td>45,614</td>
<td>25.9%</td>
<td>49,976</td>
<td>9.1%</td>
<td>58,165</td>
<td>16.4%</td>
</tr>
<tr>
<td>Stern</td>
<td>16,588</td>
<td>-4.7%</td>
<td>14,902</td>
<td>-9.7%</td>
<td>14,232</td>
<td>-5.1%</td>
<td>12,820</td>
<td>-9.9%</td>
<td>12,811</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Inboard</td>
<td>6,849</td>
<td>3.3%</td>
<td>7,229</td>
<td>5.5%</td>
<td>8,495</td>
<td>17.5%</td>
<td>9,805</td>
<td>9.5%</td>
<td>10,337</td>
<td>11.1%</td>
</tr>
<tr>
<td>Jet</td>
<td>4,362</td>
<td>12.8%</td>
<td>3,642</td>
<td>-15.3%</td>
<td>3,605</td>
<td>-1.0%</td>
<td>4,126</td>
<td>14.5%</td>
<td>4,549</td>
<td>17.5%</td>
</tr>
<tr>
<td>Grand Total</td>
<td>180,637</td>
<td>6.1%</td>
<td>184,138</td>
<td>1.9%</td>
<td>207,402</td>
<td>12.6%</td>
<td>222,769</td>
<td>7.4%</td>
<td>245,167</td>
<td>10.1%</td>
</tr>
</tbody>
</table>

Unit Sales by Propulsion
12 Month Rolling Through June

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Buyer age continues to be an issue

**Avg Age New Boat Buyers**
- Freshwater and Saltwater Boats
- General Recreation Boats
- Specialty Recreation Boats

The Difference Between Guessing and KNOWING
The fleet continues to age

**Avg Age**

**Freshwater and Saltwater Boats**

- 2005 AGE
- 2010 AGE
- 2015 AGE
- FW FISH
- SW FISH
- ALL

**Avg Age**

**General Recreation Boats**

- 2005 AGE
- 2010 AGE
- 2015 AGE
- RUNABOUT
- CRUISER
- YACHT
- PONTOON
- ALL

**Avg Age**

**Specialty Boats**

- 2005 AGE
- 2010 AGE
- 2015 AGE
- PWC
- SAIL
- SKI
- ALL

The Difference Between Guessing and KNOWING
State of the Marine Industry

Noel Lais, Vice President of Operations
New Boat Sales

109% Growth

$7,024,196

105% Growth

$6,169,453

New Boat Inventory


$3,292,806

$4,784,331

$5,957,401

$7,024,196

$3,099,241

$2,183,749

$2,487,014

$2,941,836

$3,222,847

$3,739,888

$3,664,910

$3,494,610

$3,775,811

$4,000,000

$3,500,000

$3,000,000

$2,500,000

$2,000,000

$1,500,000

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# Used Boat Gross Margins

<table>
<thead>
<tr>
<th>Company Sales Volume</th>
<th>Average</th>
<th>Top 20% Most Profitable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $6 million</td>
<td>19.4%</td>
<td>22.2%</td>
</tr>
<tr>
<td>$6 to $10 million</td>
<td>16.3%</td>
<td>23.3%</td>
</tr>
<tr>
<td>Over $10 million</td>
<td>17.1%</td>
<td>17.9%</td>
</tr>
</tbody>
</table>
Personnel Expense Ratio

Top 20% Most Profitable Dealers
# Average A.I. (Gross Profit) per Employee

<table>
<thead>
<tr>
<th>Year</th>
<th>Average A.I. per Employee</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-2014</td>
<td>$126,468</td>
<td></td>
</tr>
<tr>
<td>2014-2015</td>
<td>$134,635</td>
<td>+6.5%</td>
</tr>
<tr>
<td>2015-2016</td>
<td>$143,186</td>
<td>+6.4%</td>
</tr>
</tbody>
</table>
Fixed Expense Ratio

Year | Expense Ratio
--- | ---
2005 | 18
2006 | 18.6
2007 | 18.5
2008 | 22.8
2009 | 22.6
2010 | 22.7
2011 | 20.6
2012 | 19.7
2013 | 19.6
2014 | 18.7
2015 | 16.8

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NEW BOAT SALES
New boat sales are more than 35% higher than they were at this time last year

USED BOAT SALES
Used boat sales are up 35% at the end of May 2016

P& A SALES
Parts & accessories sales are up 22% over last year

SERVICE SALES
Service revenues are up by 17%. For many dealers service revenue growth is limited by available technicians

Source: Spader Business Management
# Marine YTD Averages: Change from 2015

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>New Boat Sales</td>
<td>+37%</td>
<td>+16%</td>
</tr>
<tr>
<td>Used Boat Sales</td>
<td>+36%</td>
<td>+14%</td>
</tr>
<tr>
<td>Service Sales</td>
<td>+17%</td>
<td>+11%</td>
</tr>
<tr>
<td>P&amp;A Sales</td>
<td>+23%</td>
<td>+6%</td>
</tr>
</tbody>
</table>
Thank you

800.772.3377
www.spader.com
info@spader.com