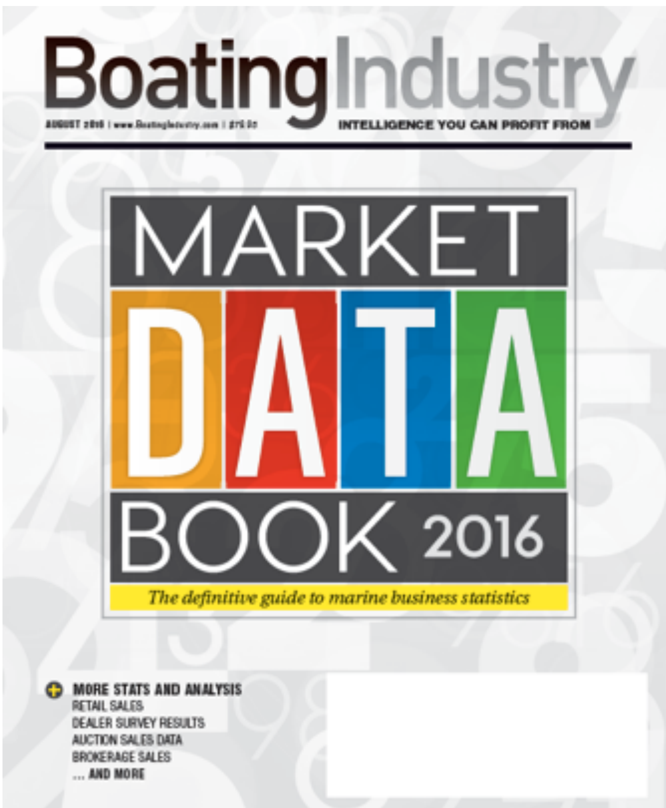
State of the Industry 2016

Boating Industry
WEBINAR

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

BoatingIndustry

State of the Industry

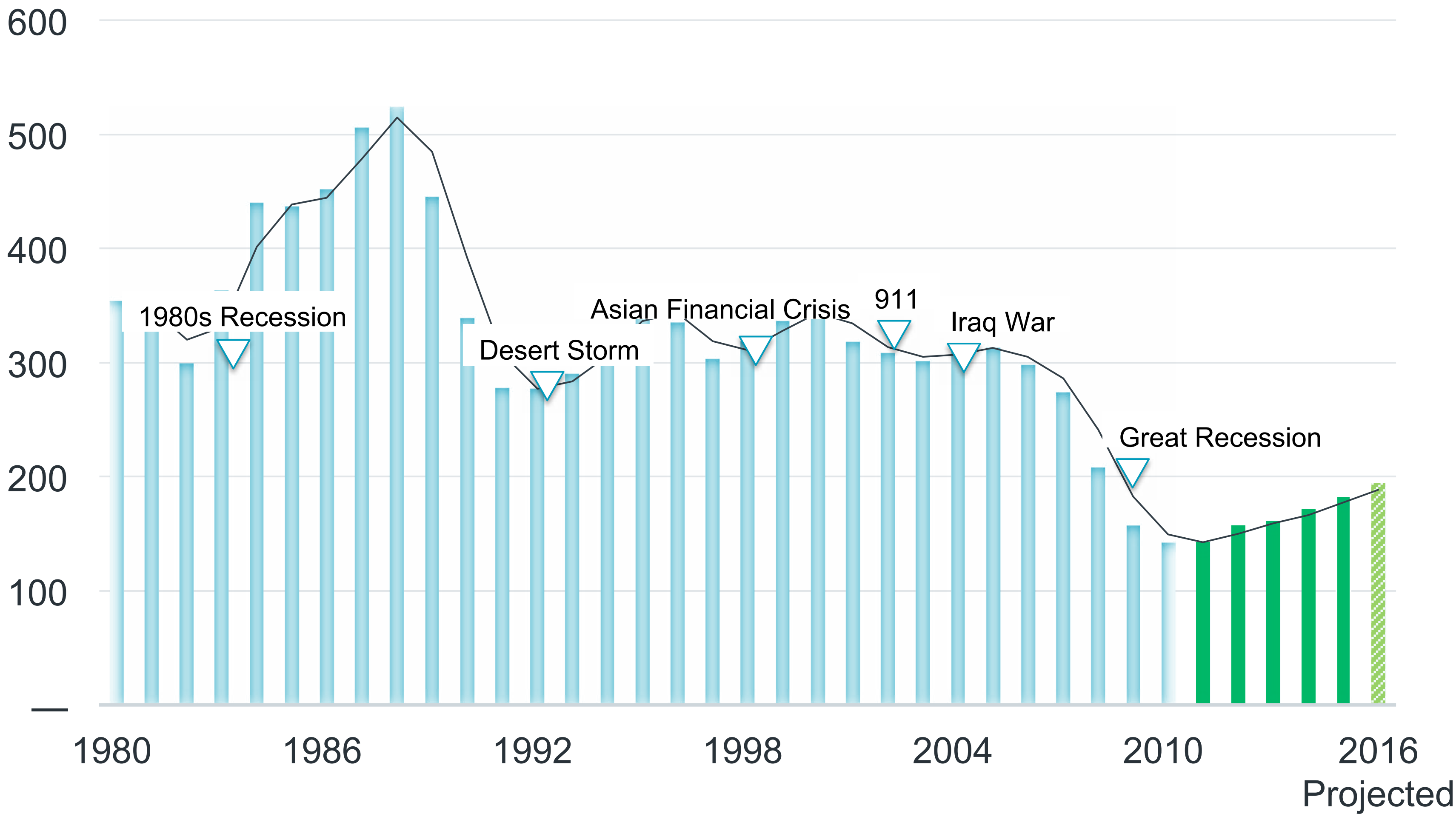
August 17, 2016

NMMA INDUSTRY UPDATE

Vicky Yu
Director, Statistics and Research

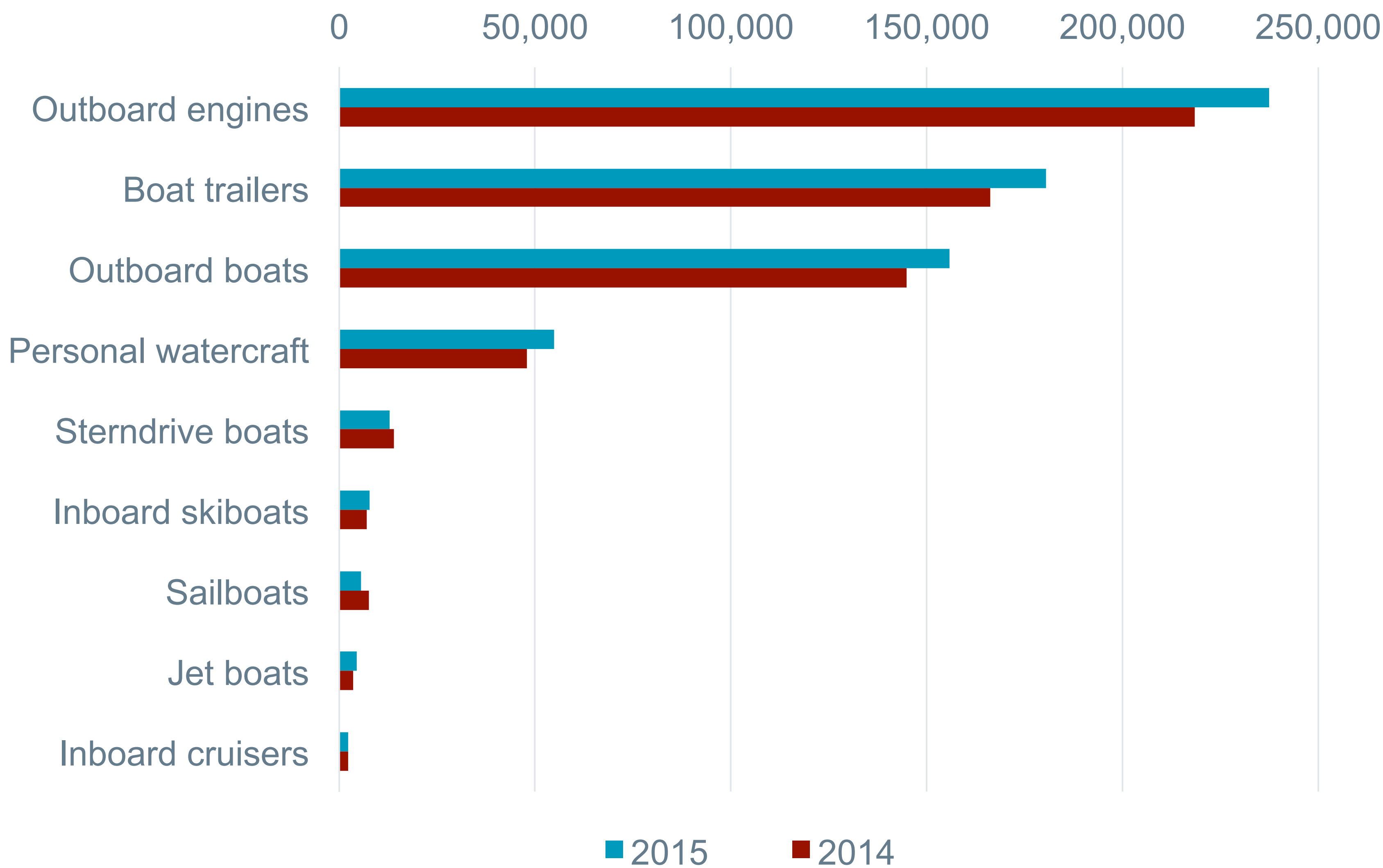
National Marine
Manufacturers Association

TRADITIONAL POWERBOAT RETAIL UNIT SALES



Source: NMMA, SSI

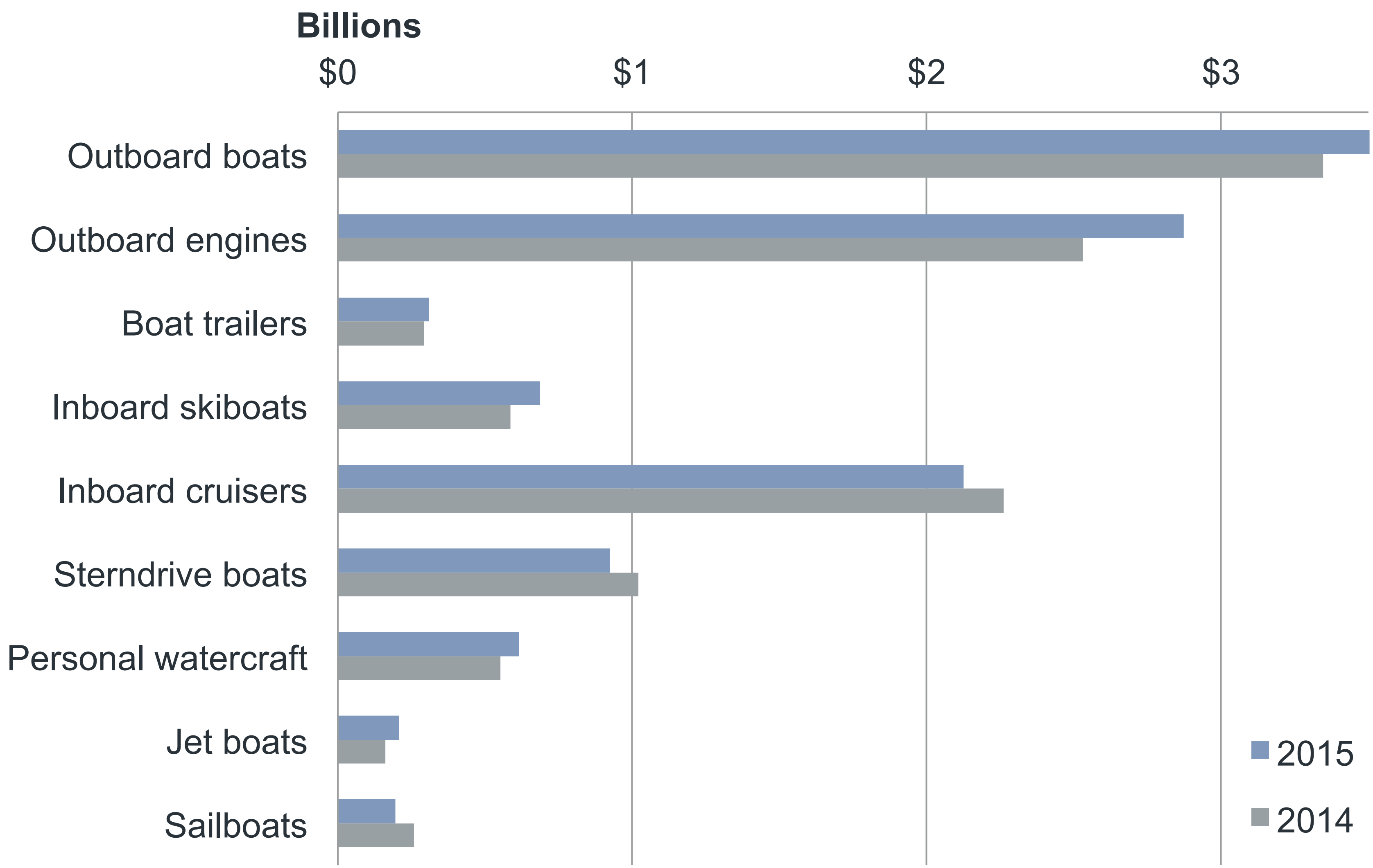
RETAIL UNIT SALES



Source: NMMA, SSI

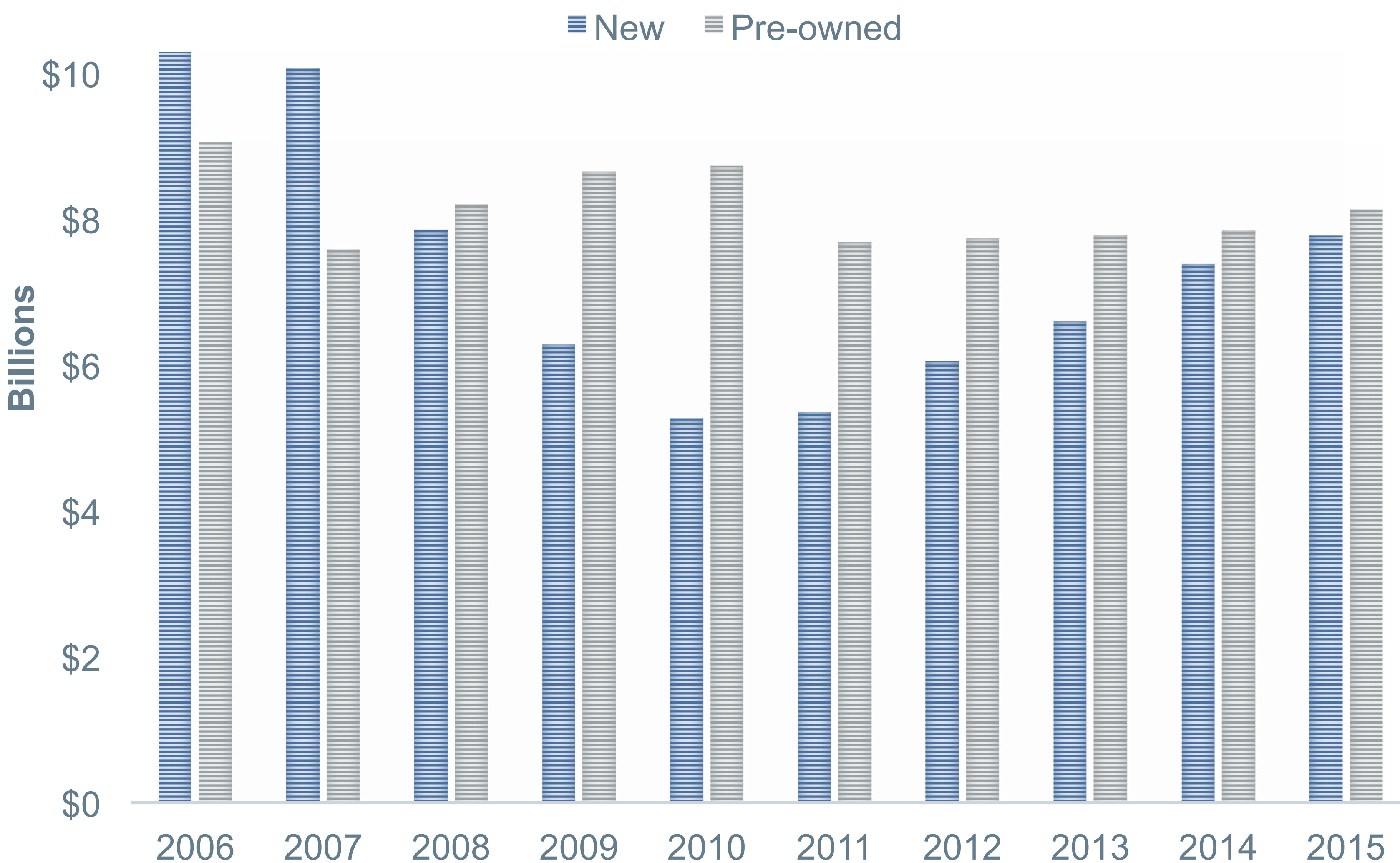
National Marine Manufacturers Association

RETAIL SALES



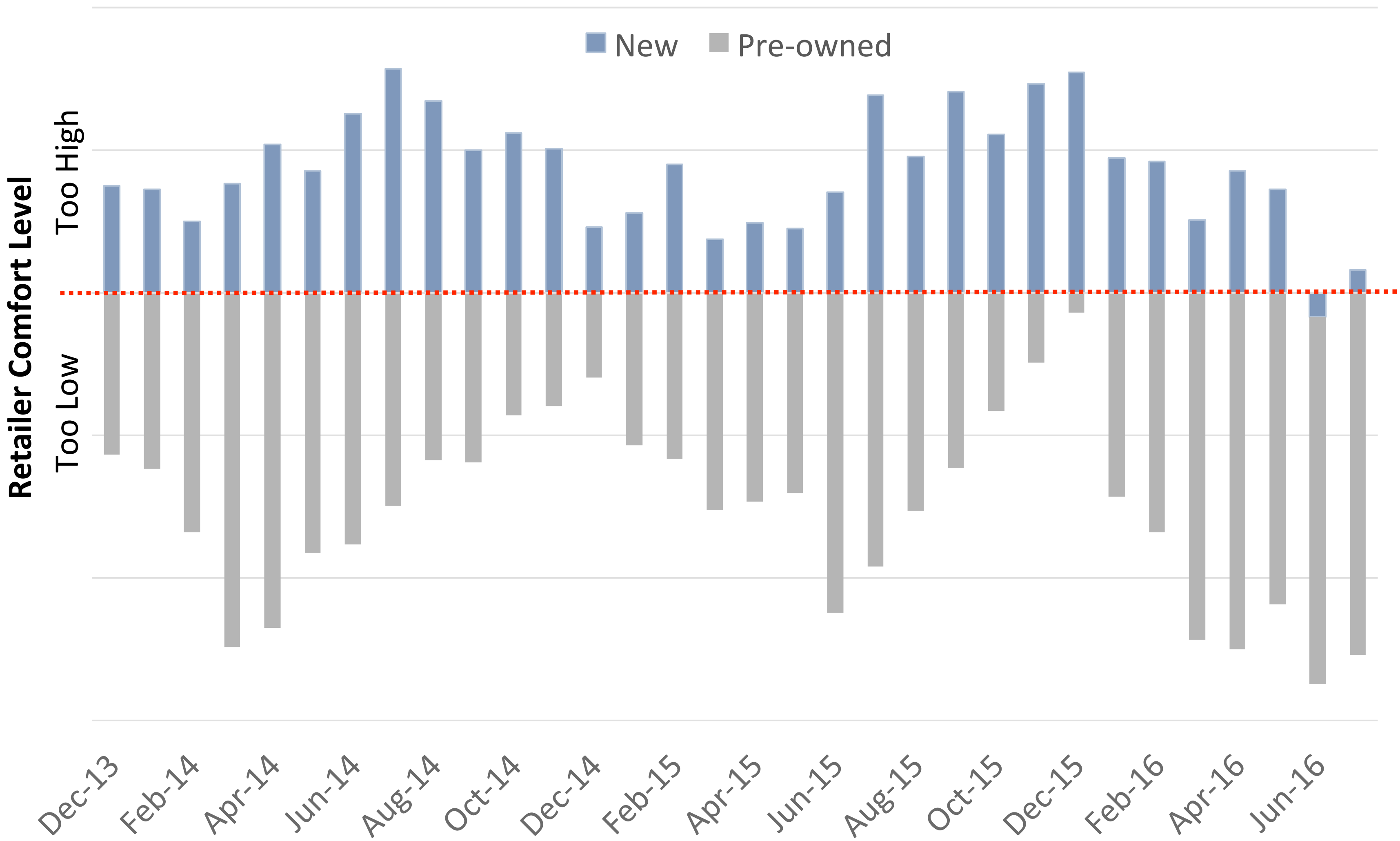
source: NMMA

TRADITIONAL POWERBOAT SALES



Source: NMMA, Info-Link

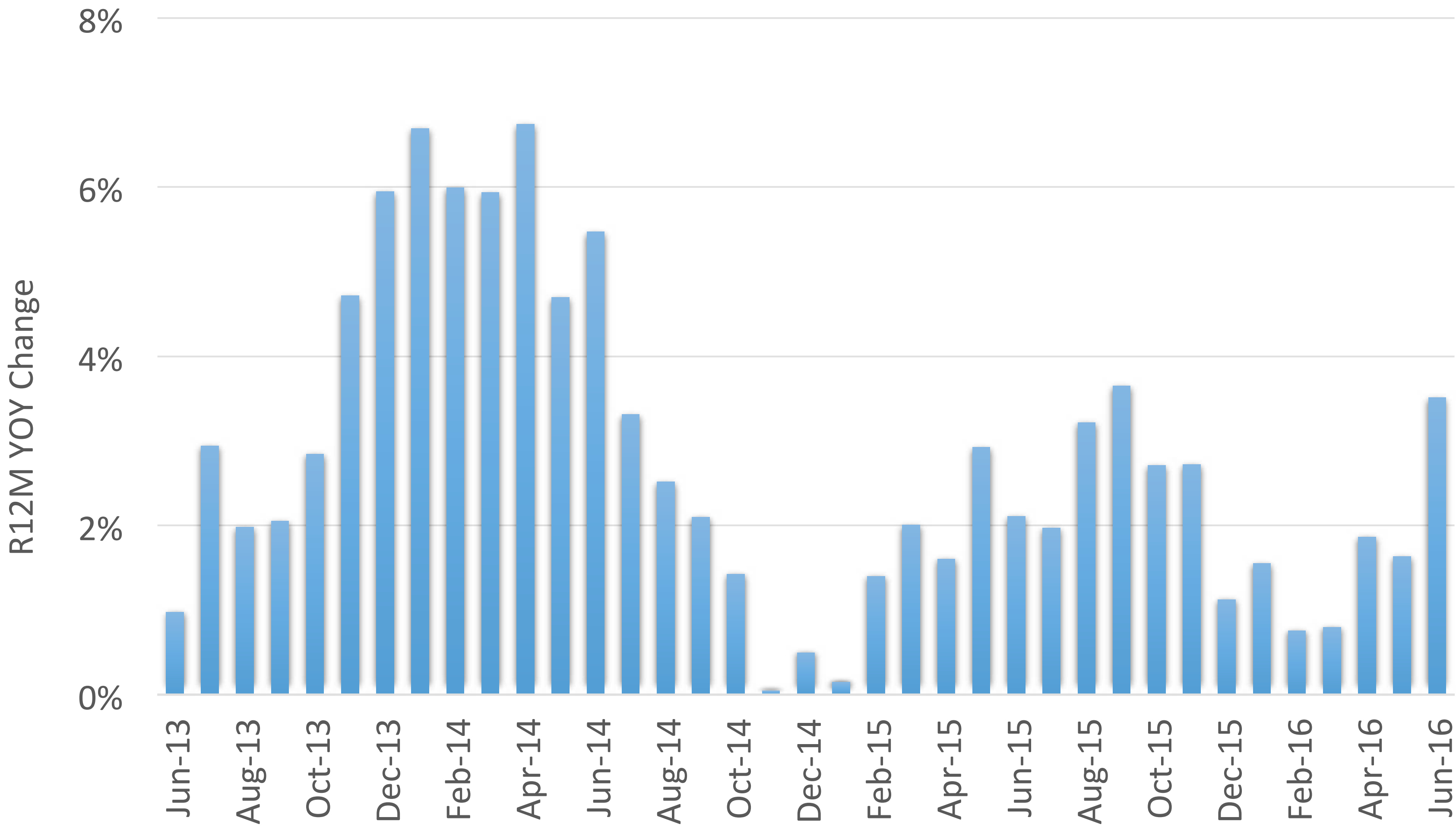
BOAT INVENTORY



Source: MRAA, Baird, NMMA

National Marine Manufacturers Association

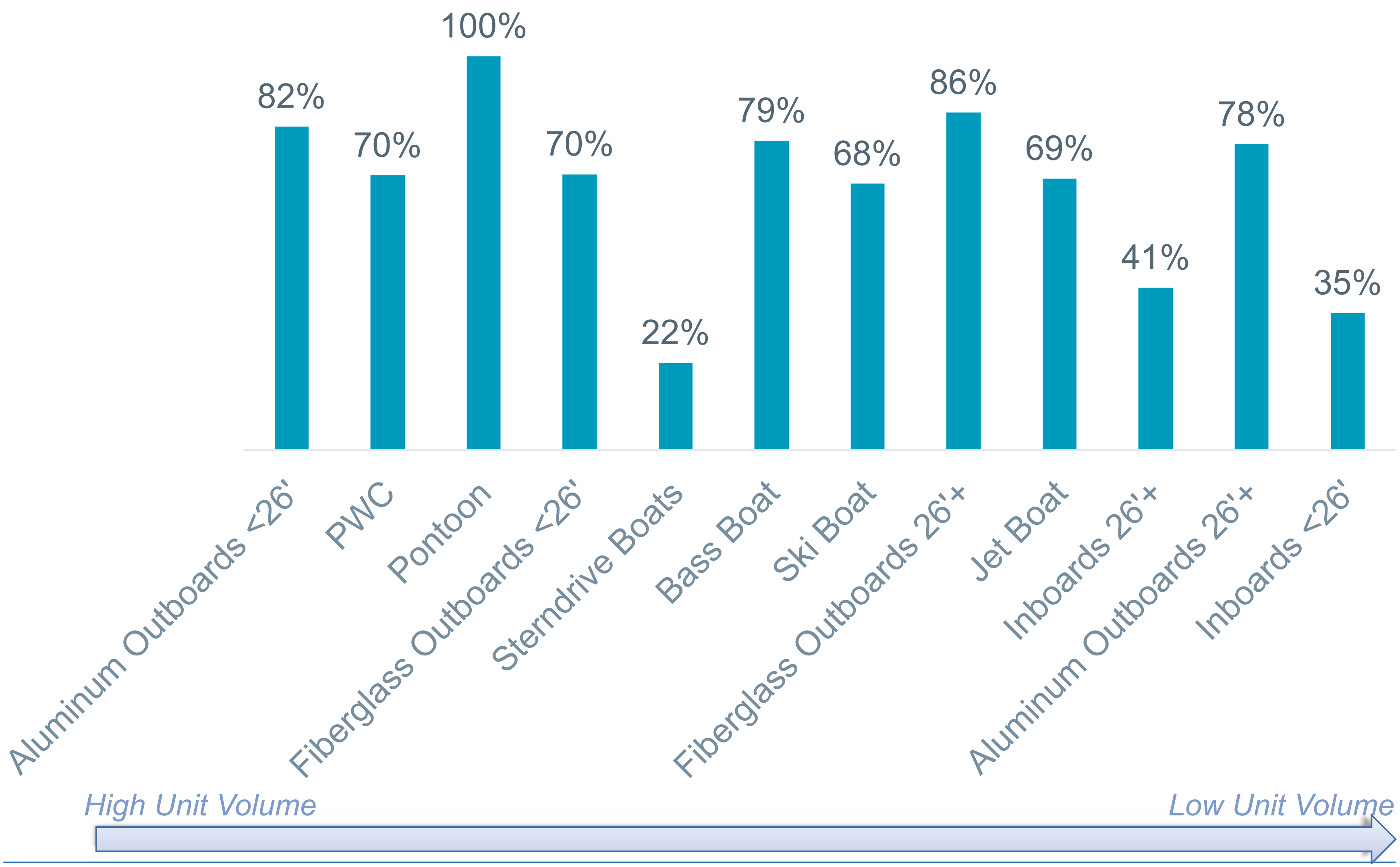
TRADITIONAL POWERBOAT WHOLESALE SHIPMENTS



Source: NMMA

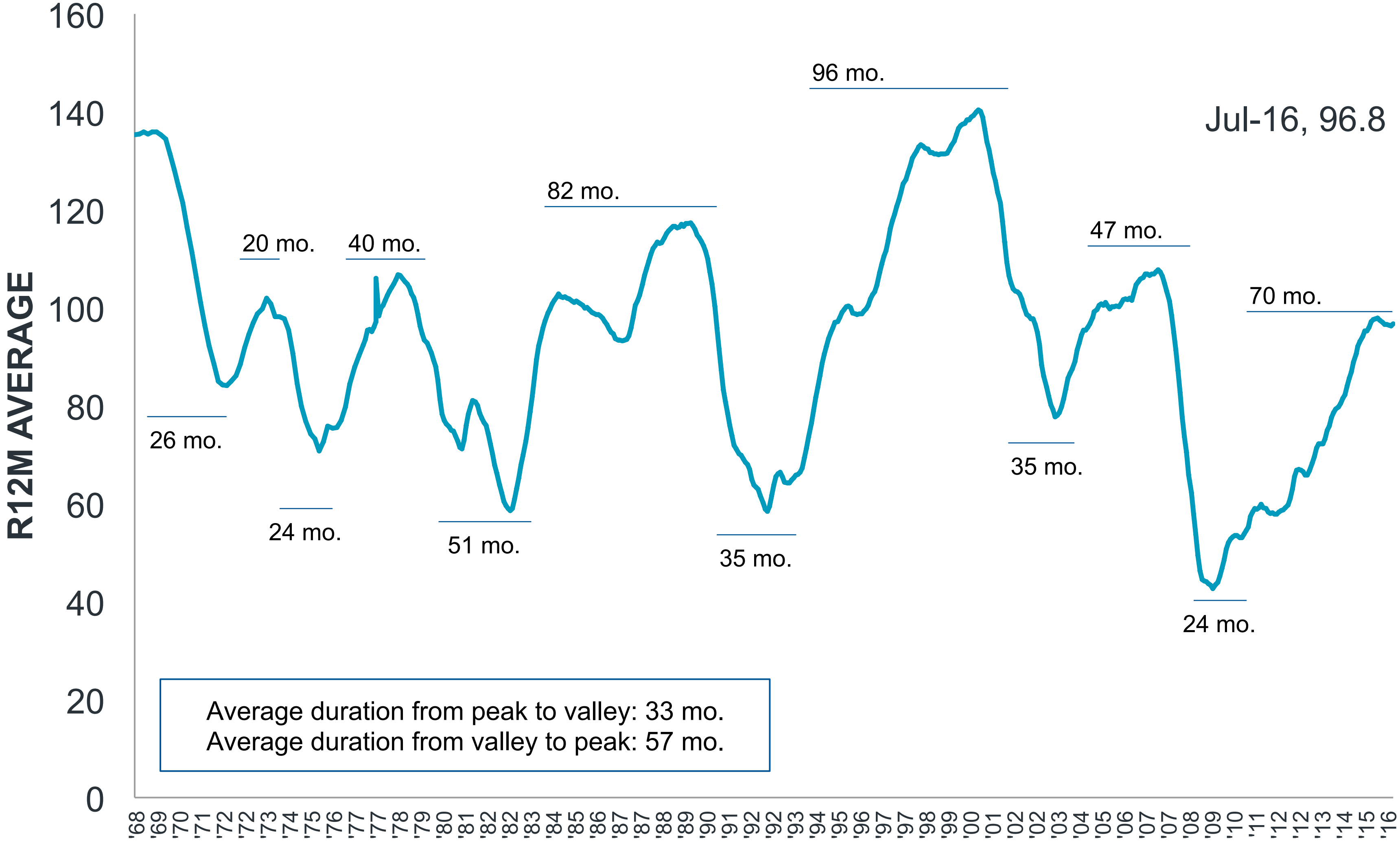
NMMA National Marine Manufacturers Association

PERCENT OF PEAK



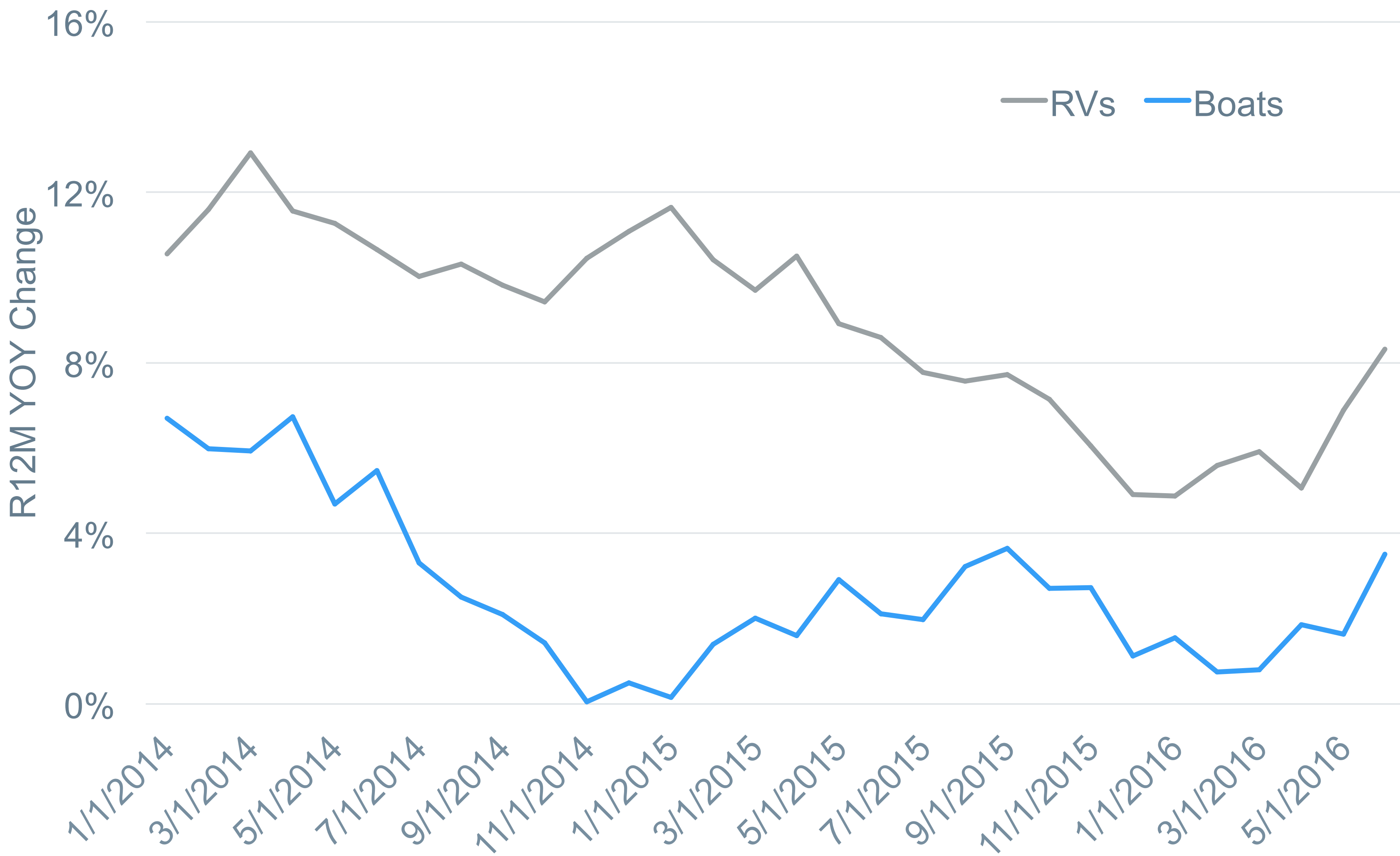
source: NMMA, SSI

CONSUMER CONFIDENCE INDEX



Source: The Conference Board, NMMA

RV V. BOAT WHOLESALE SHIPMENTS



National Marine Manufacturers Association

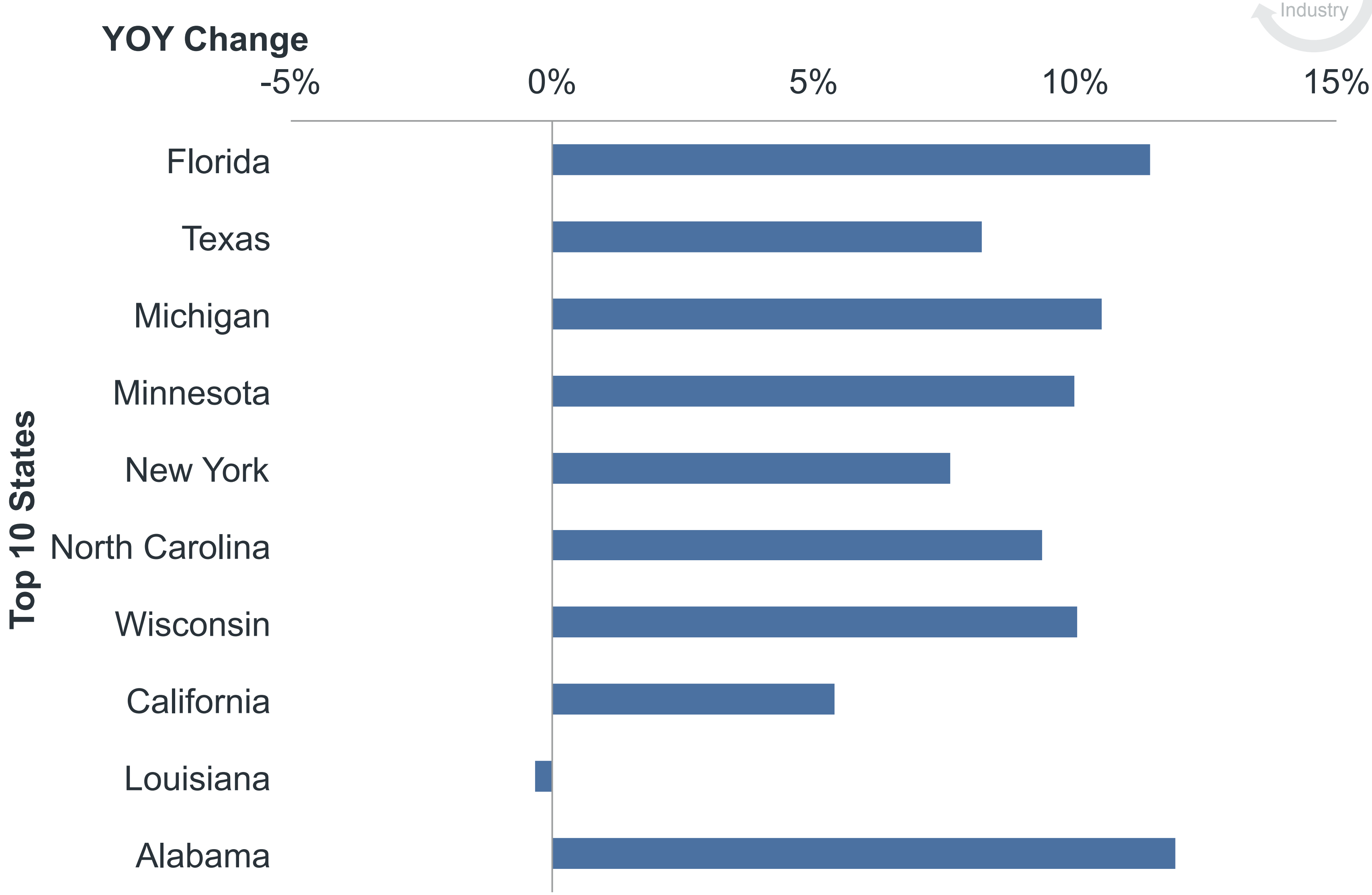
Source: NMMA, RVIA

UNIT SALES GROWTH IN 2016

Source: InfoLink, NMMA

NMMA National Marine Manufacturers Association

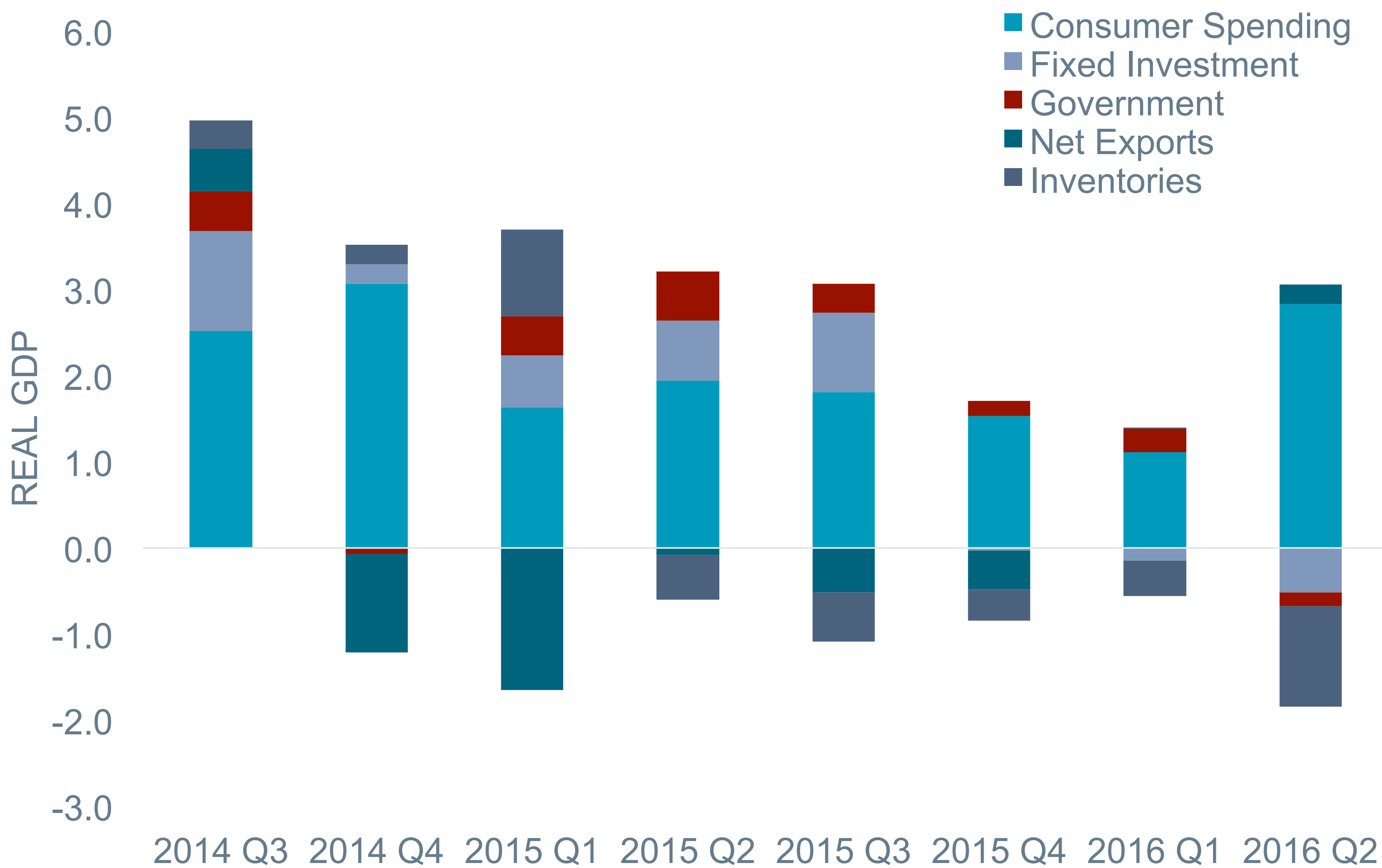
2015 NEW BOAT SPENDING



BUSINESS AND CONSUMER SENTIMENT

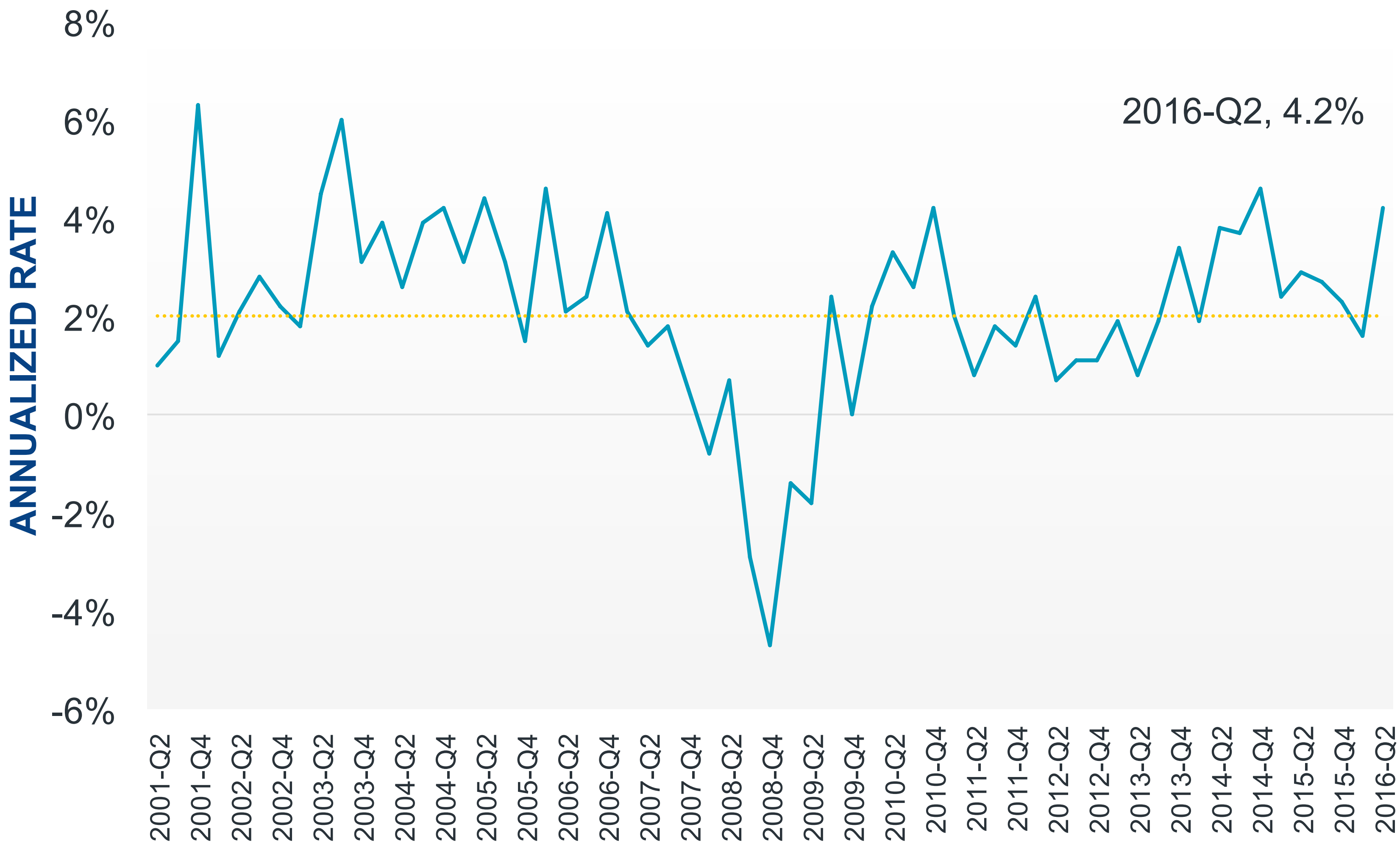
Source: Conference Board, MRAA, Baird, NMMA

CONTRIBUTION TO GDP



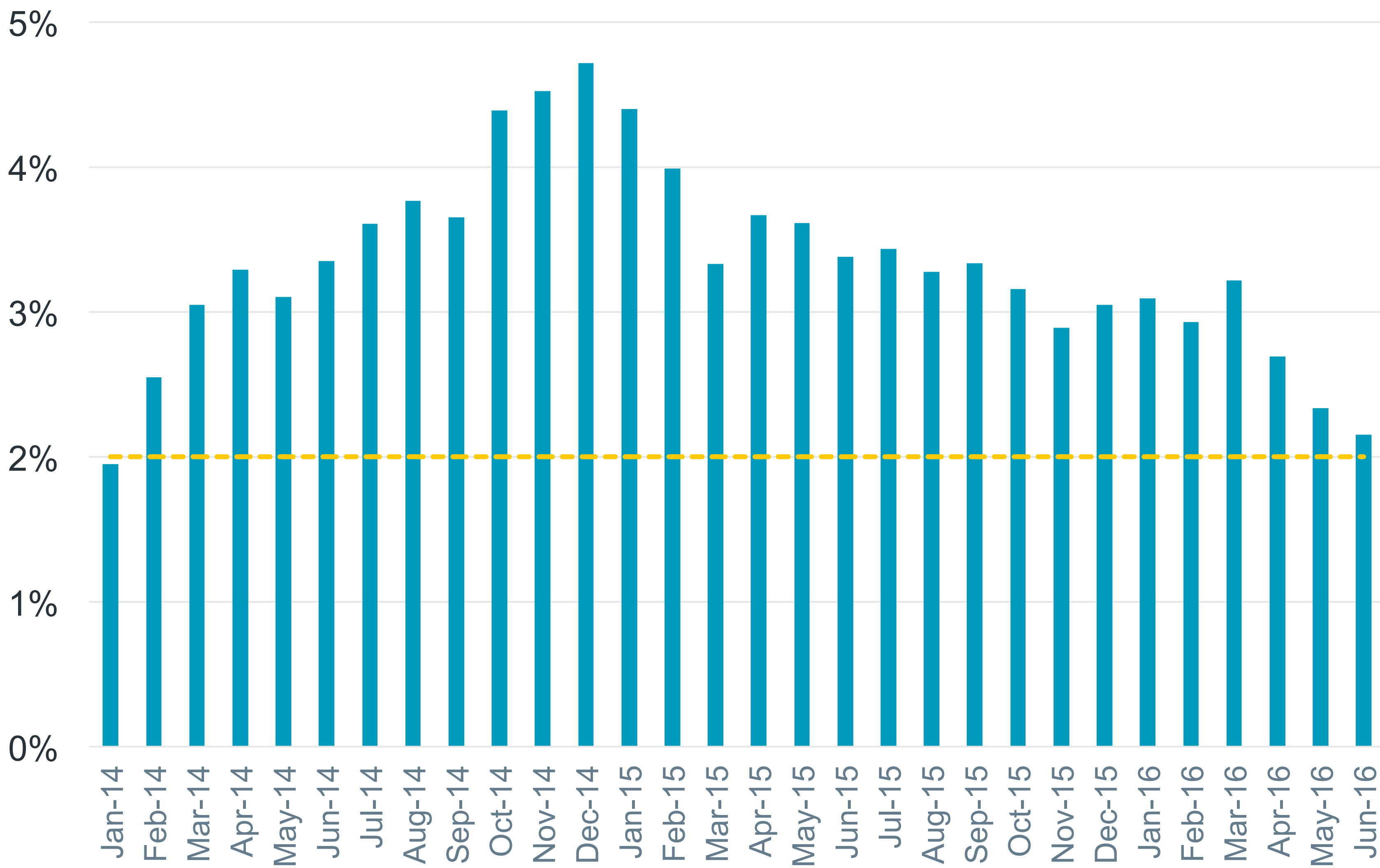
Source: BEA, NMMA

CONSUMER SPENDING



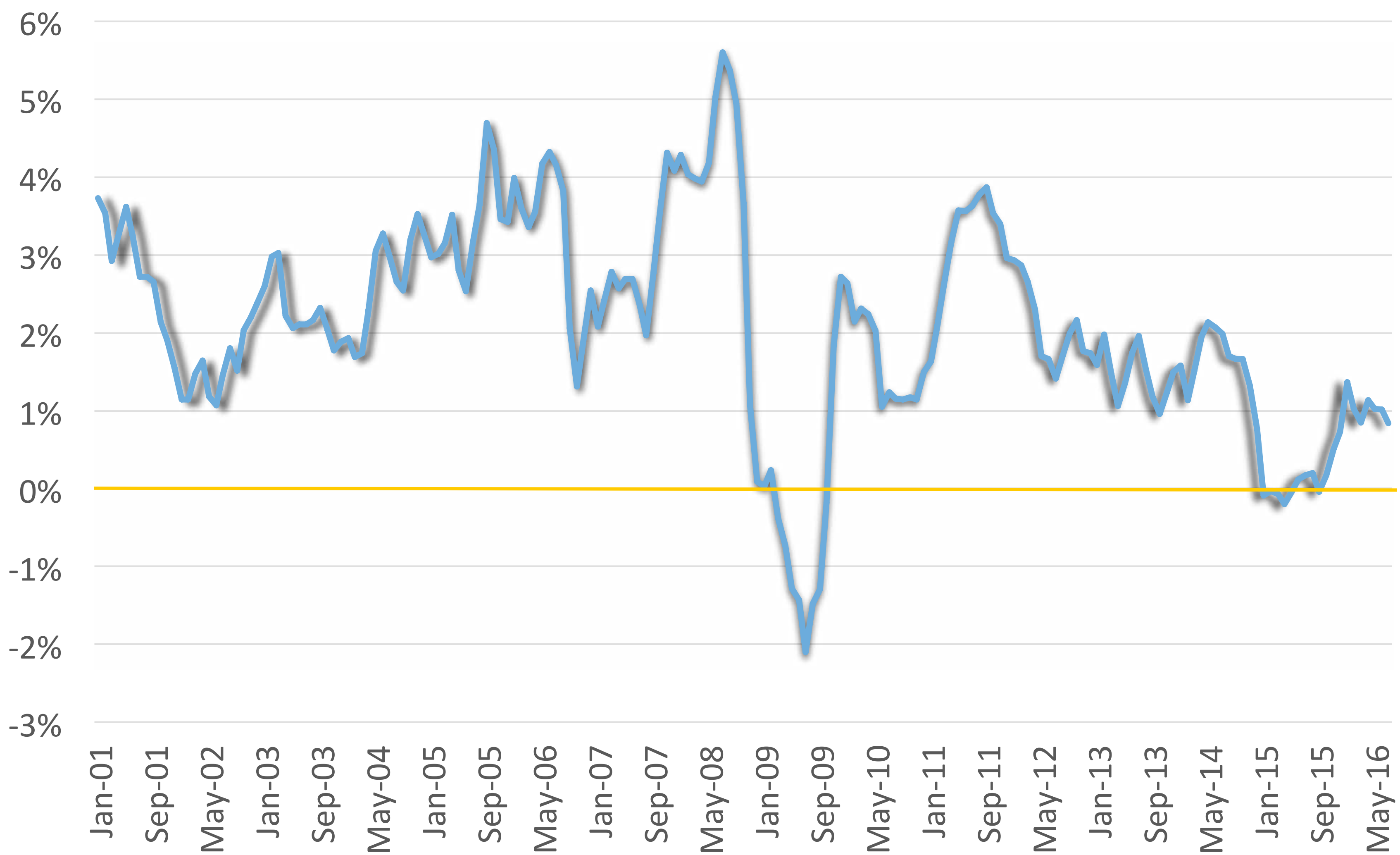
Source: BEA, NMMA

REAL DISPOSABLE INCOME



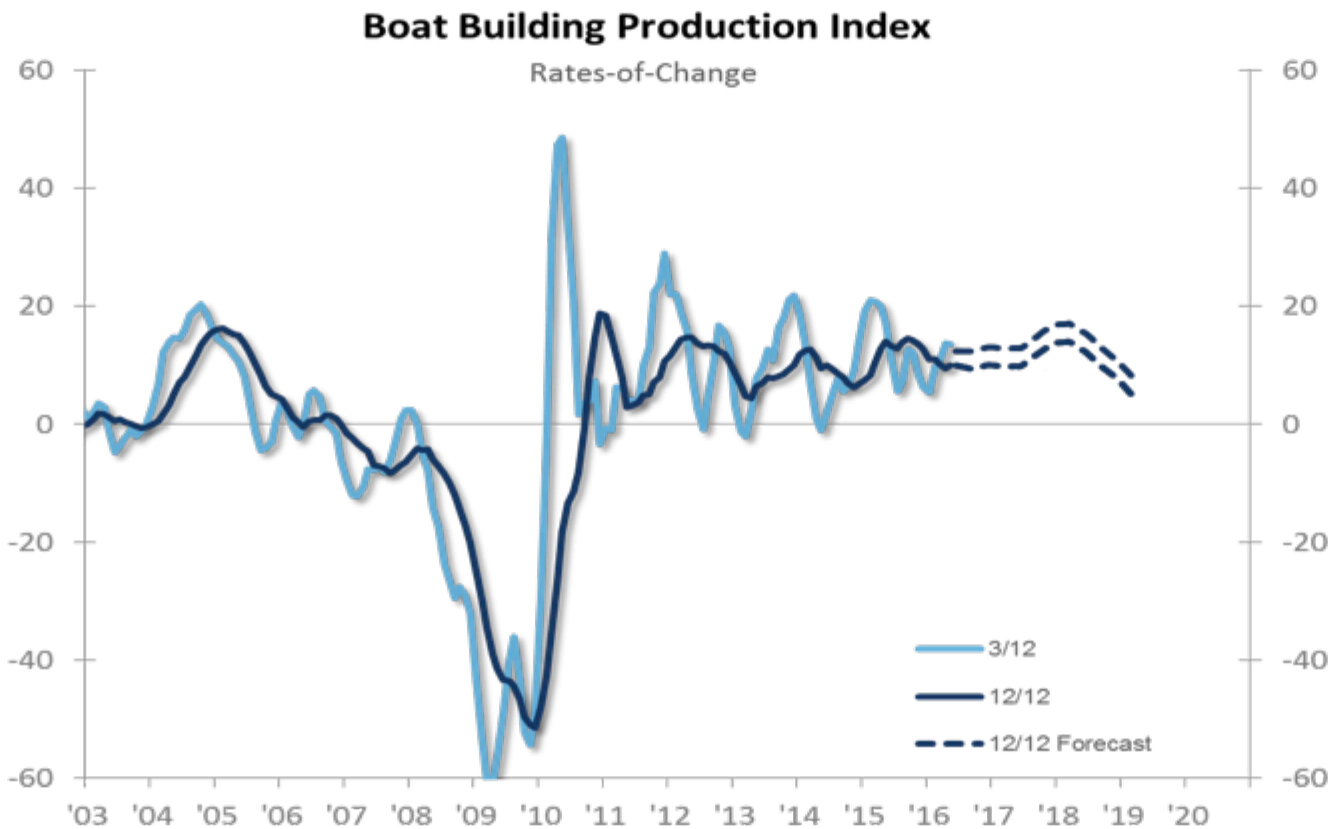
Source: BEA, NMMA

U.S. INFLATION RATE



Source: Inflationdata.com, NMMA

WHOLESALE FORECASTS



	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Lower Forecast Range	10.0	9.4	10.1	9.8	9.9	11.9	13.8	14.0	12.3	9.8	7.7	4.6
Annual Growth Rate (%)	**11.2**	**10.9**	**11.6**	**11.3**	**11.4**	**13.4**	**15.3**	**15.5**	**13.8**	**11.3**	**9.2**	**6.1**
Upper Forecast Range	12.4	12.4	13.1	12.8	12.9	14.9	16.8	17.0	15.3	12.8	10.7	7.6

PHASE

Phase C
Decelerating Growth

QUARTERLY GROWTH
(3/12)

13.5%

ANNUAL GROWTH
(12/12)

10.0%

NEXT 12/12 LOW

3Q16

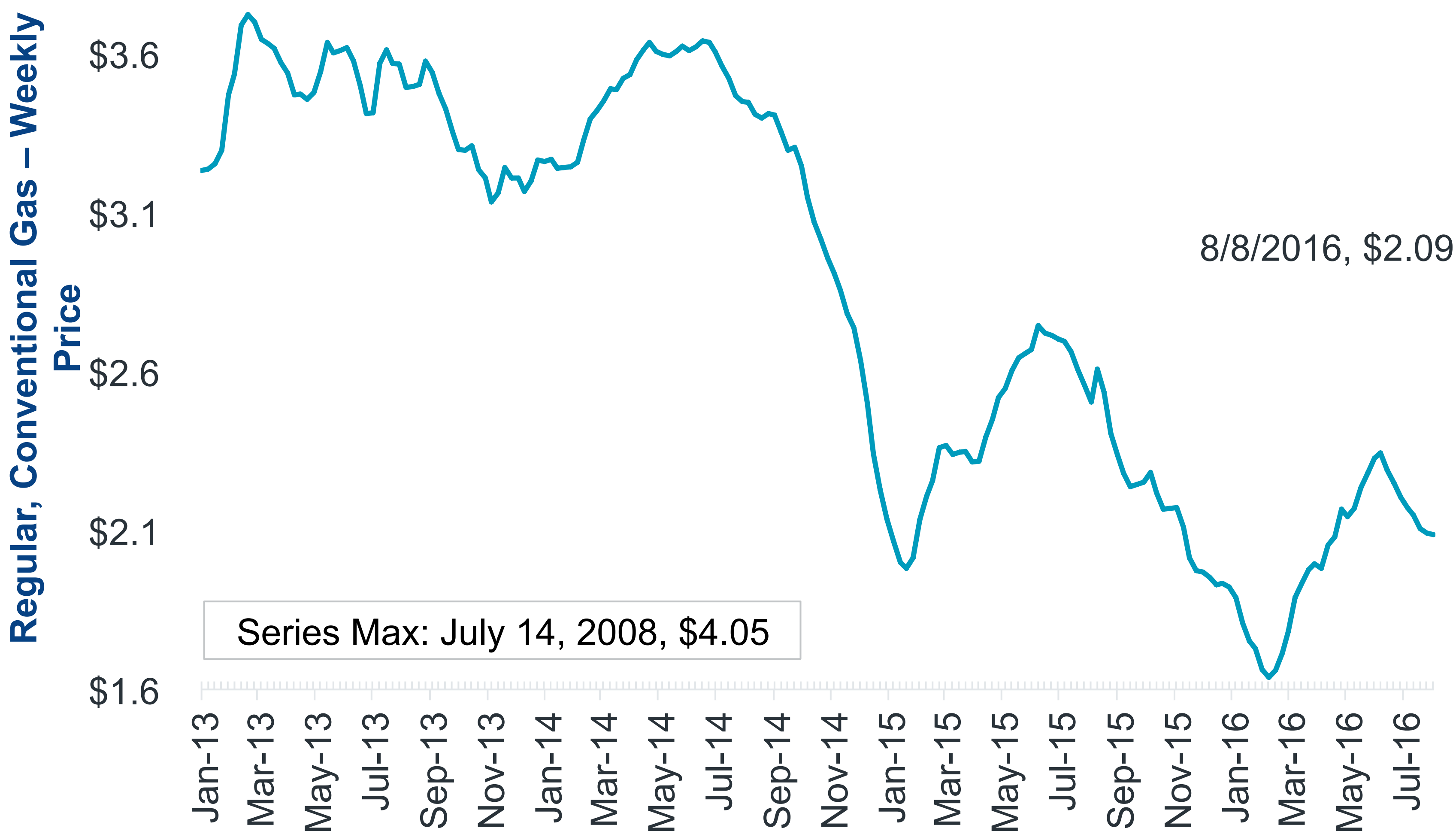
NEXT 12/12 HIGH

1Q18

Source: ITR Economics, NMMA

National Marine Manufacturers Association

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

National Marine Manufacturers Association

State of the Industry

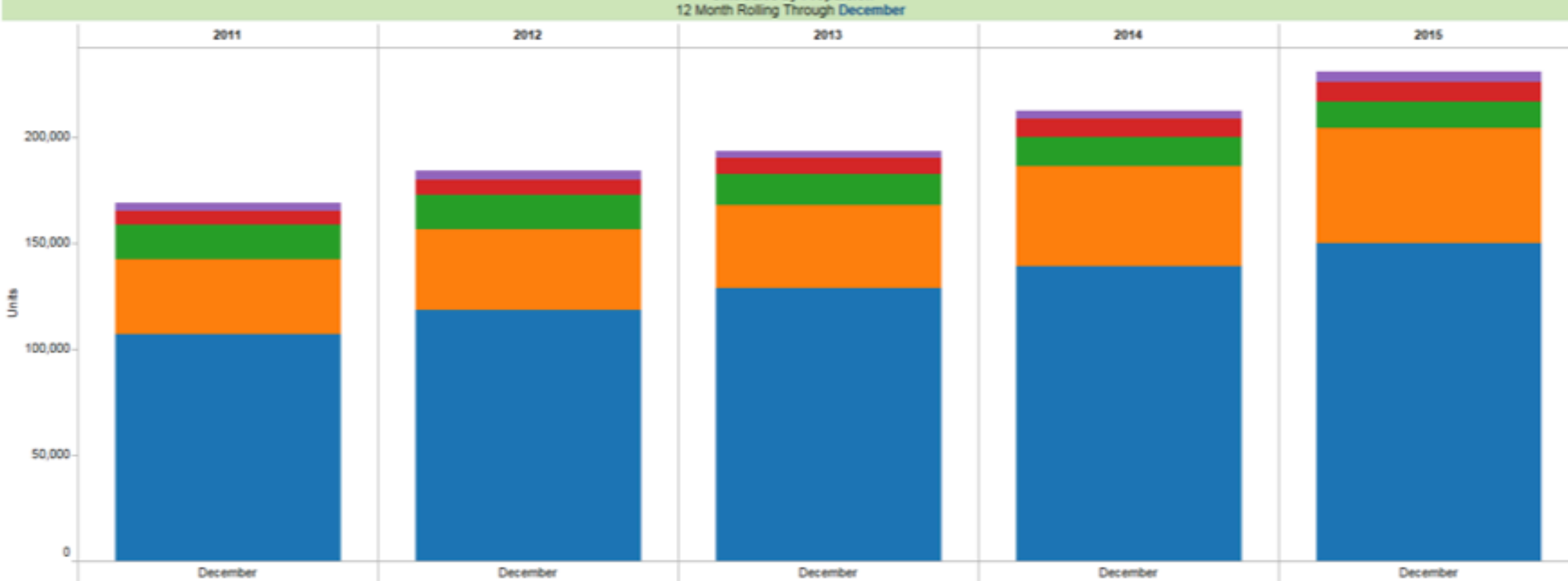
August 17, 2016

A quick retrospective on 2015

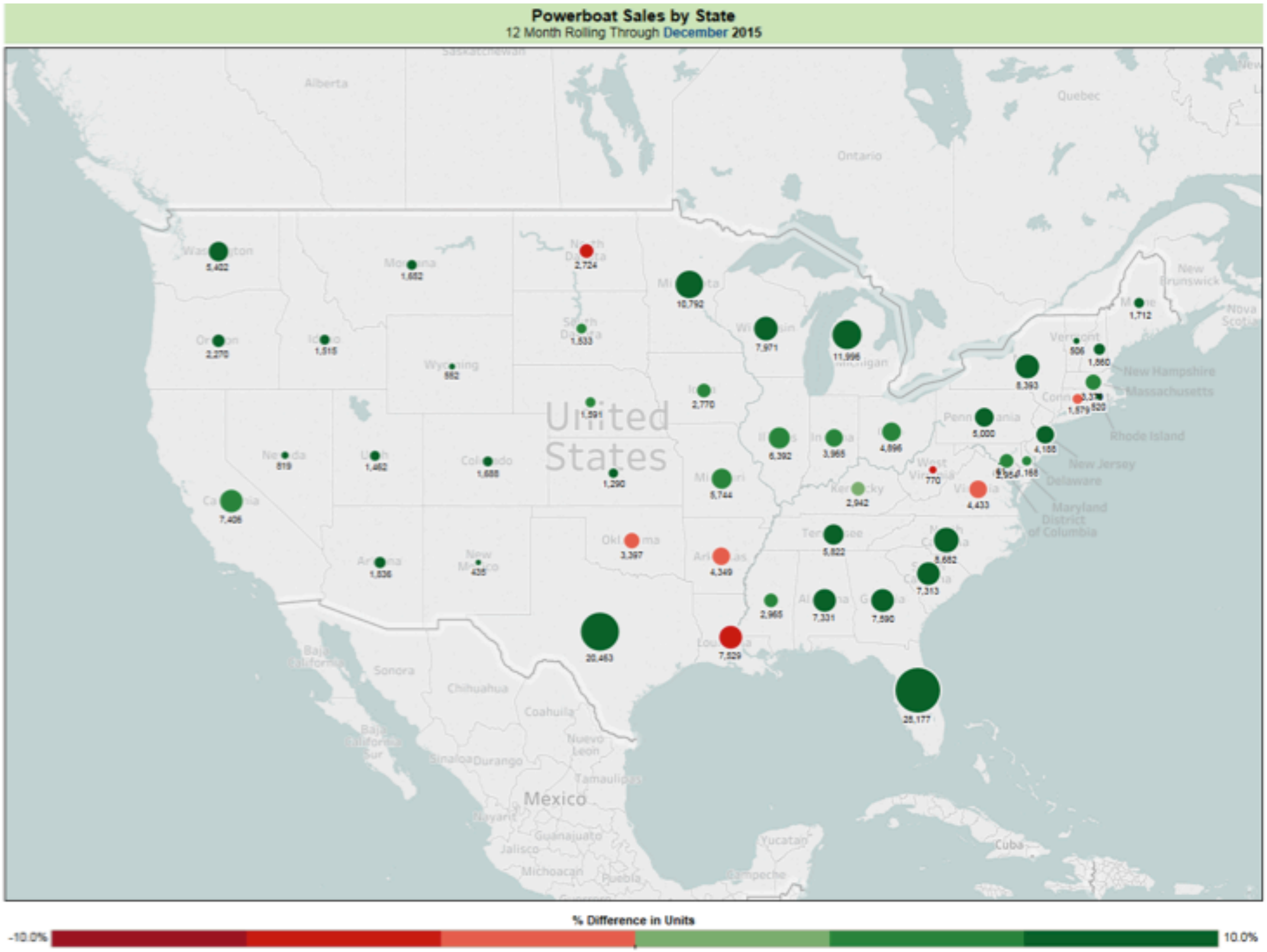
National Powerboat Summary
12 Month Rolling Through December

	2011		2012		2013		2014		2015	
Propulsion	Units	% Chg YOY	Units	% Chg YOY	Units	% Chg YOY	Units	% Chg YOY	Units	% Chg YOY
Outboard	107,044	3.5%	118,763	10.9%	129,226	8.8%	139,202	7.7%	149,971	7.7%
PWC	35,246	-11.3%	37,959	7.7%	38,871	2.4%	47,394	21.9%	54,396	14.8%
Stern	16,746	-9.8%	16,217	-3.2%	14,748	-9.1%	13,442	-8.9%	12,735	-5.3%
Inboard	6,515	-4.8%	6,928	6.3%	7,798	12.6%	8,738	12.1%	9,458	8.2%
Jet	3,554	-7.3%	4,626	30.2%	3,298	-28.7%	3,775	14.5%	4,560	20.8%
Grand Total	169,105	-1.9%	184,493	9.1%	193,941	5.1%	212,551	9.6%	231,119	8.7%

Unit Sales by Propulsion
12 Month Rolling Through December



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

	2011		2012		2013		2014		2015	
Length Range	Units	% Chg YOY	Units	% Chg YOY	Units	% Chg YOY	Units	% Chg YOY	Units	% Chg YOY
< 15'	13,500	-8.6%	12,784	-5.3%	12,609	-1.4%	13,370	6.0%	13,485	0.9%
15' - 19'	55,935	1.0%	59,778	6.9%	60,968	2.0%	62,848	3.1%	66,242	5.4%
20' - 24'	53,416	5.1%	61,430	15.0%	67,089	9.2%	72,903	8.7%	78,831	8.1%
25' - 29'	7,580	-1.6%	9,210	21.5%	10,666	15.8%	12,043	12.9%	13,644	13.3%
30+'	3,428	-13.8%	3,332	-2.8%	3,738	12.2%	3,993	6.8%	4,522	13.2%
Grand Total	133,859	0.9%	146,534	9.5%	155,070	5.8%	165,157	6.5%	176,723	7.0%

The lag continues even in growth categories

Saltwater Fish Boats

National Powerboat Summary
12 Month Rolling Through December

Length Range	2011 Units	2011 % Chg YOY	2012 Units	2012 % Chg YOY	2013 Units	2013 % Chg YOY	2014 Units	2014 % Chg YOY	2015 Units	2015 % Chg YOY
15' - 19'	5,557	1.2%	6,083	9.5%	6,179	1.6%	6,140	-0.6%	6,411	4.4%
20' - 24'	7,325	4.2%	8,982	22.6%	10,543	17.4%	12,698	20.4%	13,709	8.0%
25' - 29'	1,429	-9.6%	1,638	14.6%	2,193	33.9%	2,739	24.9%	3,429	25.2%
30+'	1,006	-6.6%	983	-2.3%	1,238	25.9%	1,433	15.8%	1,735	21.1%
Grand Total	15,317	0.9%	17,686	15.5%	20,153	13.9%	23,010	14.2%	25,284	9.9%

Freshwater Fish Boats

National Powerboat Summary
12 Month Rolling Through December

Length Range	2011 Units	2011 % Chg YOY	2012 Units	2012 % Chg YOY	2013 Units	2013 % Chg YOY	2014 Units	2014 % Chg YOY	2015 Units	2015 % Chg YOY
15' - 19'	28,421	3.0%	30,866	8.6%	32,899	6.6%	35,563	8.1%	37,960	6.7%
20' - 24'	6,466	3.8%	7,057	9.1%	7,898	11.9%	8,627	9.2%	9,538	10.6%
25' - 29'	89	8.5%	72	-19.1%	111	54.2%	164	47.7%	208	26.9%
Grand Total	34,976	3.1%	37,995	8.6%	40,908	7.7%	44,354	8.4%	47,706	7.6%

The lag continues even in growth categories

Pontoon Boats

National Powerboat Summary
12 Month Rolling Through December

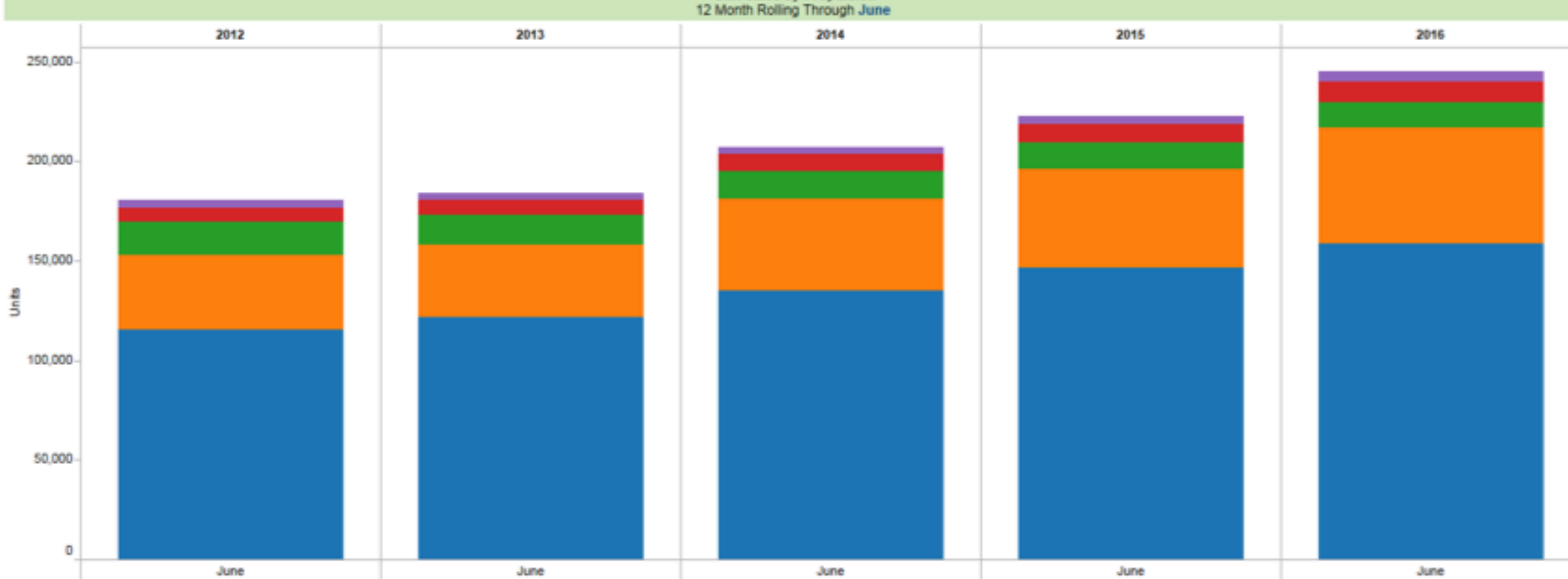
Length Range	2011 Units	2011 % Chg YOY	2012 Units	2012 % Chg YOY	2013 Units	2013 % Chg YOY	2014 Units	2014 % Chg YOY	2015 Units	2015 % Chg YOY
< 15'	221	14.5%	214	-3.2%	184	-14.0%	198	7.6%	212	7.1%
15' - 19'	2,658	-9.9%	2,765	4.0%	3,443	24.5%	3,095	-10.1%	3,460	11.8%
20' - 24'	22,924	15.3%	27,680	20.7%	30,992	12.0%	32,884	6.1%	35,513	8.0%
25' - 29'	2,861	14.3%	4,061	41.9%	4,662	14.8%	5,172	10.9%	5,790	11.9%
30+'	62	-33.3%	62	0.0%	67	8.1%	50	-25.4%	81	62.1%
Grand Total	28,726	12.1%	34,782	21.1%	39,348	13.1%	41,399	5.2%	45,056	8.8%

Results through June 2016

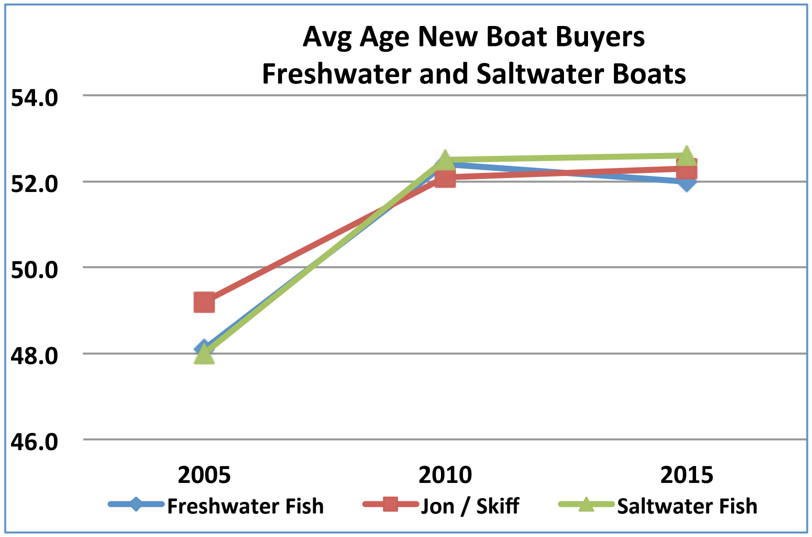
National Powerboat Summary
12 Month Rolling Through June

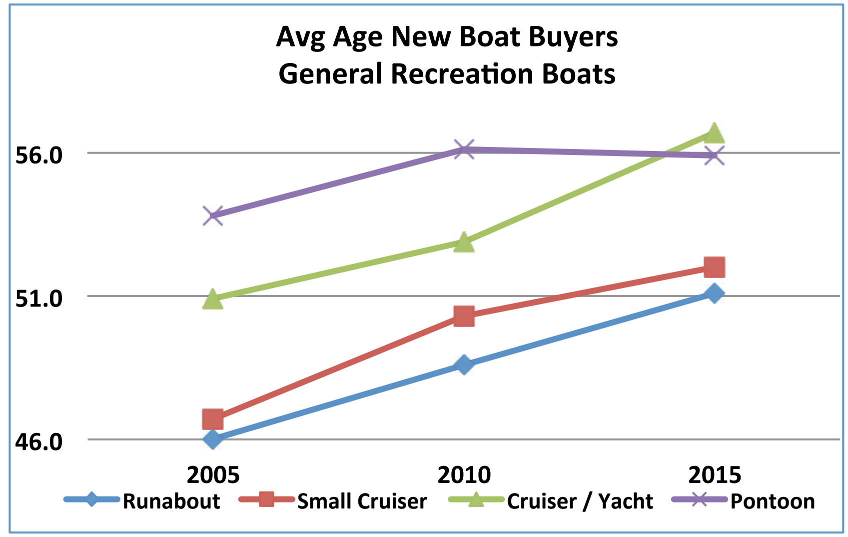
Propulsion	2012 Units	2012 % Chg YOY	2013 Units	2013 % Chg YOY	2014 Units	2014 % Chg YOY	2015 Units	2015 % Chg YOY	2016 Units	2016 % Chg YOY
Outboard	115,589	9.0%	121,897	5.5%	135,256	11.0%	146,540	8.3%	159,005	8.5%
PWC	37,359	2.4%	36,378	-2.6%	45,814	25.9%	49,976	9.1%	58,165	16.4%
Stern	16,598	-4.7%	14,992	-9.7%	14,232	-5.1%	12,820	-9.9%	12,811	-0.1%
Inboard	6,849	3.3%	7,229	5.5%	8,495	17.5%	9,305	9.5%	10,337	11.1%
Jet	4,302	12.8%	3,642	-15.3%	3,605	-1.0%	4,128	14.5%	4,849	17.5%
Grand Total	180,697	6.1%	184,138	1.9%	207,402	12.6%	222,769	7.4%	245,167	10.1%

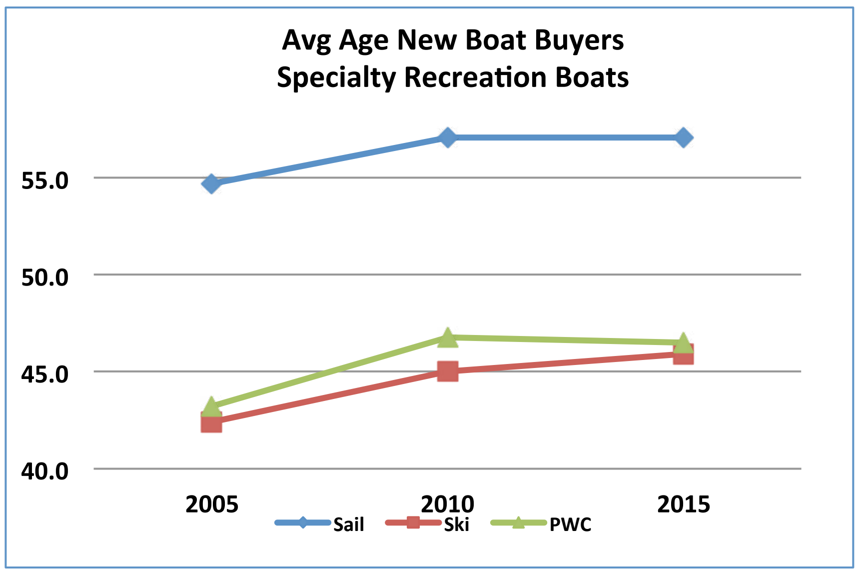
Unit Sales by Propulsion
12 Month Rolling Through June



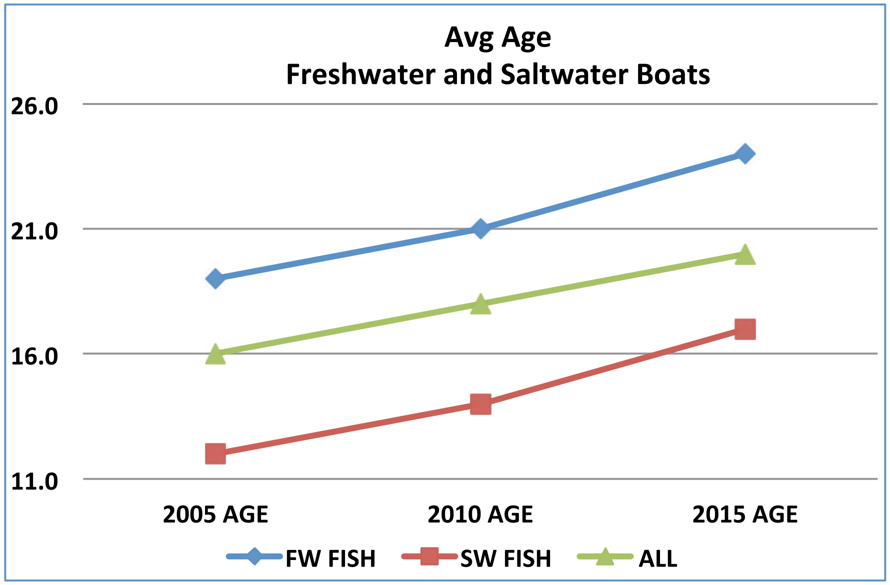
Buyer age continues to be an issue

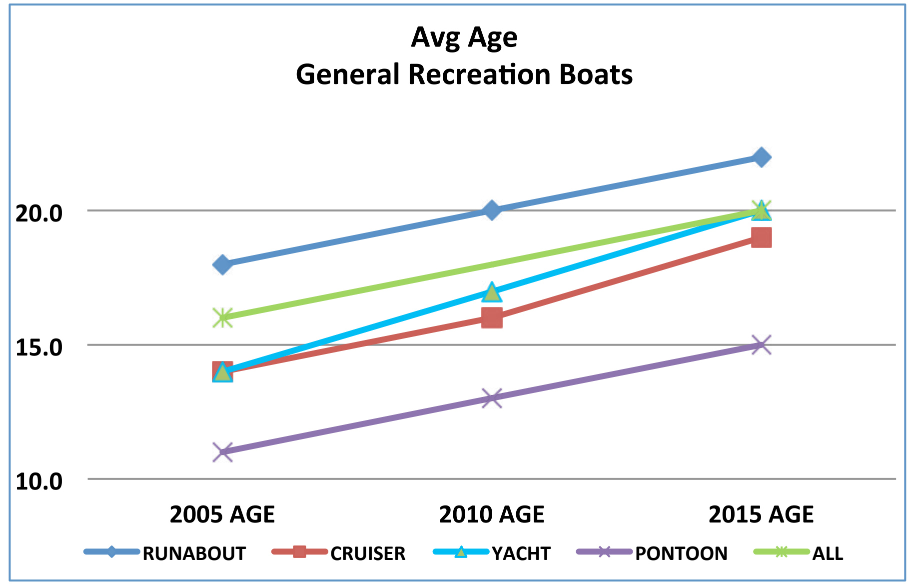


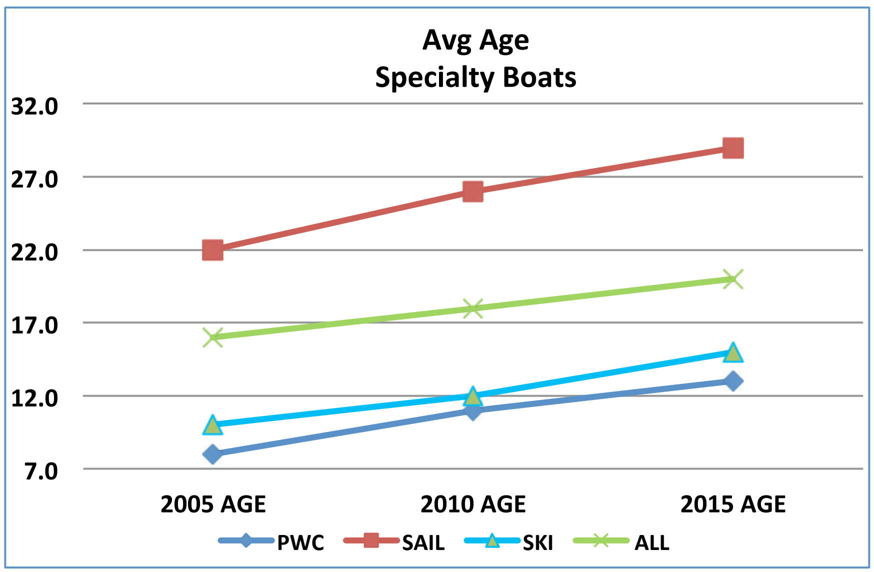




The fleet continues to age





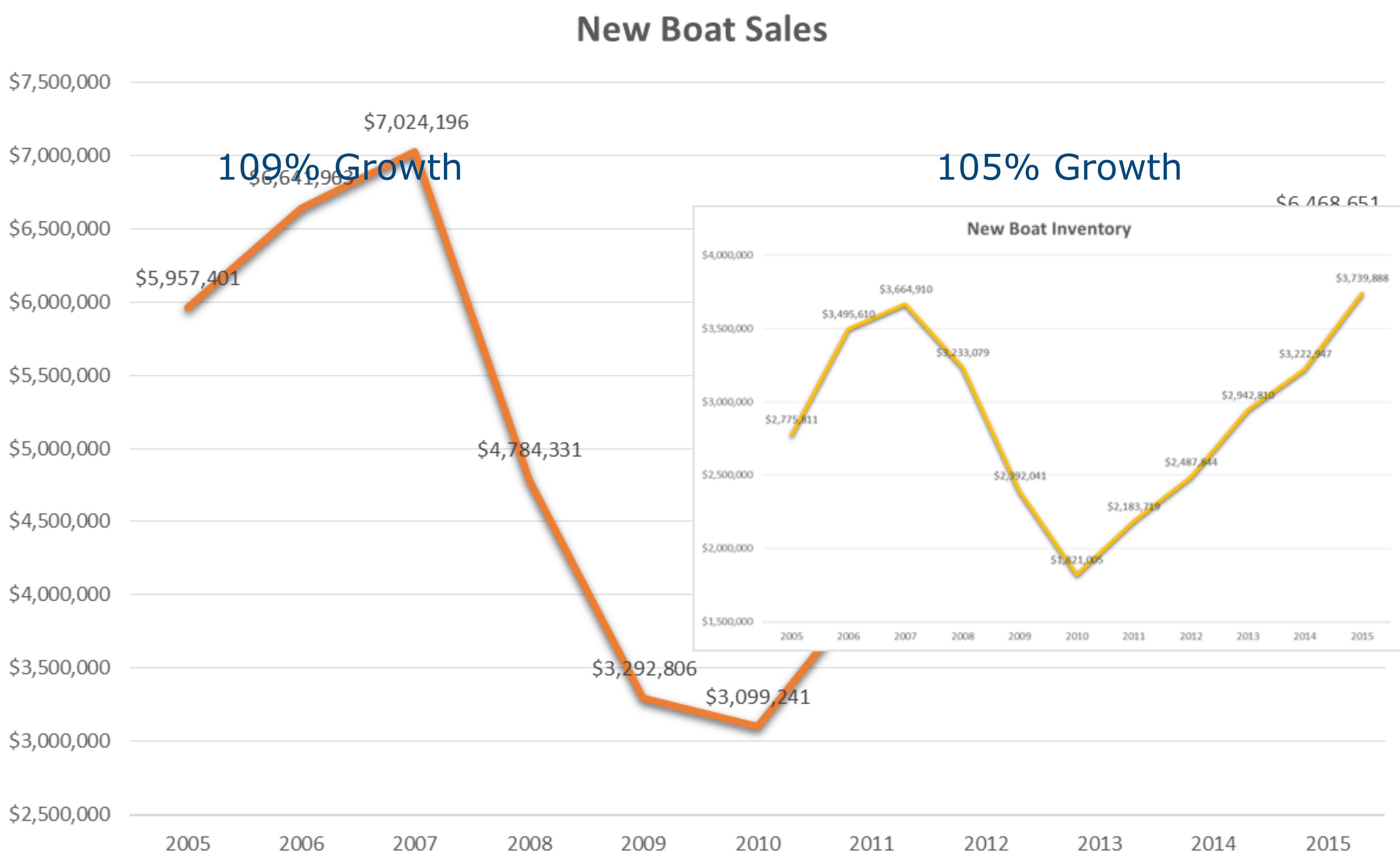


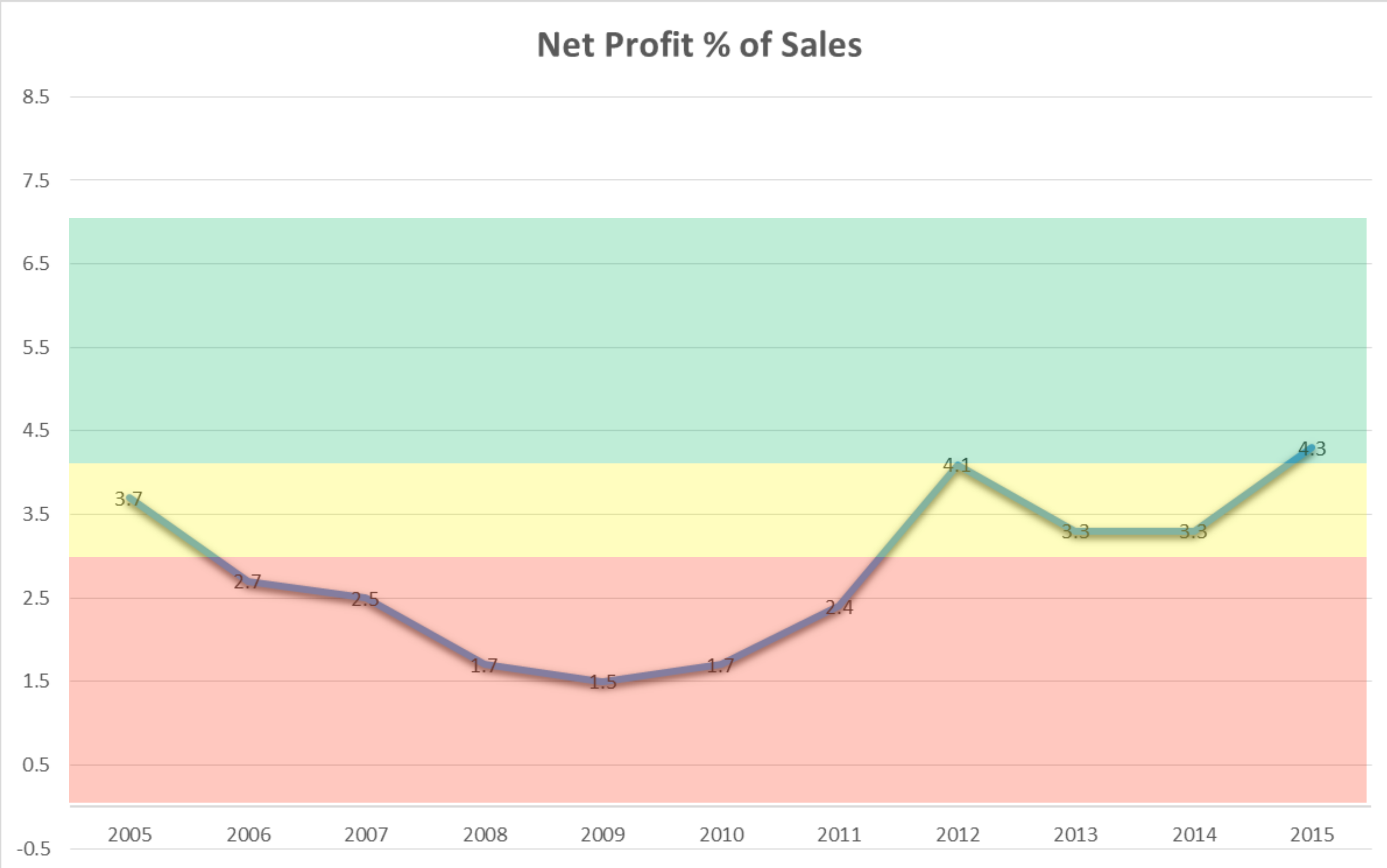
SPADER business management

Fulfilling. Success.

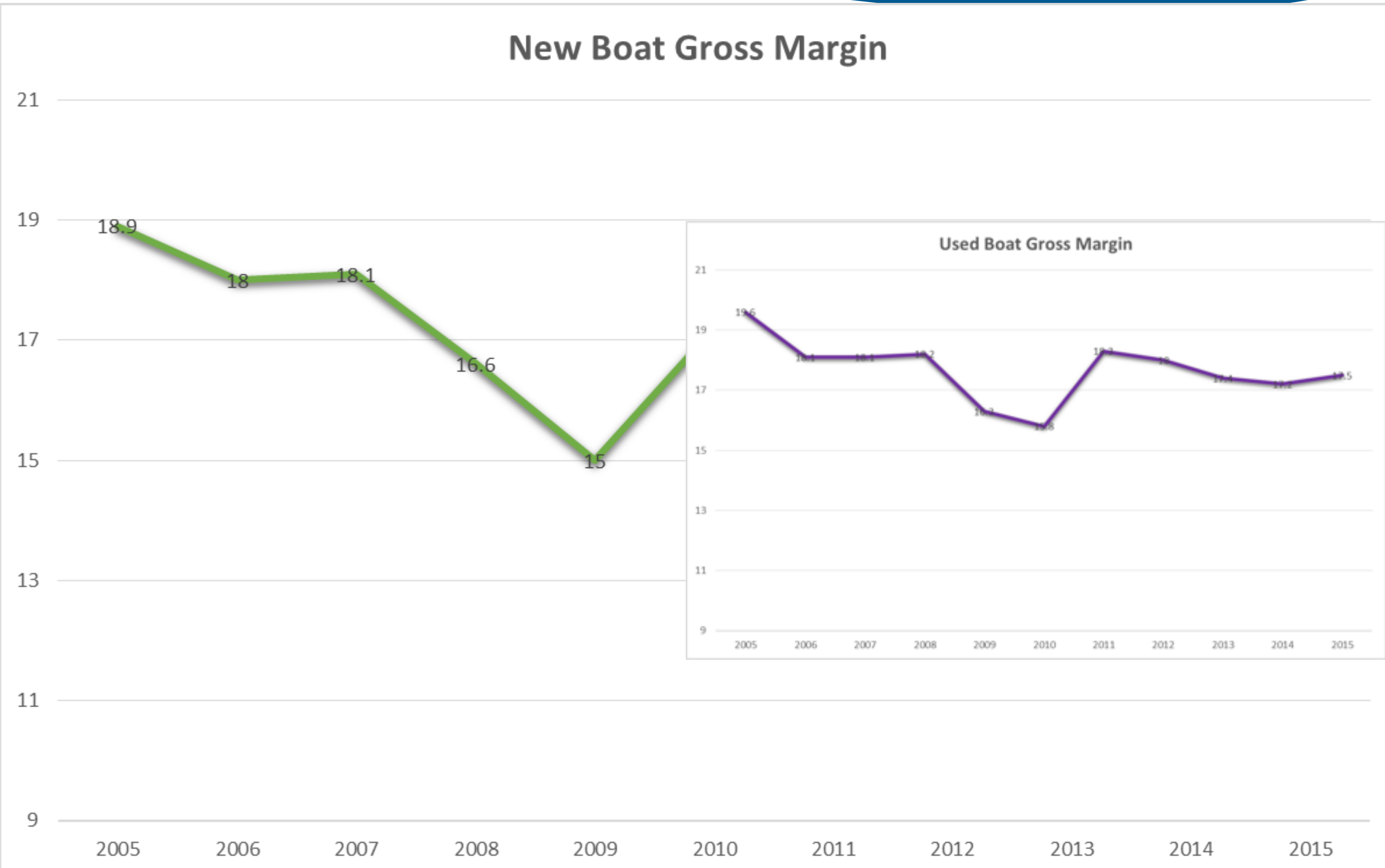
State of the Marine Industry

Noel Lais, Vice President of Operations


New Boat Sales
$7,500,000
$7,000,000
$6,500,000
$6,000,000
$5,500,000
$5,000,000
$4,500,000
$4,000,000
$3,500,000
$3,000,000
$2,500,000
$7,024,196
109% Growth
$6,641,963
$5,957,401
$4,784,331
$3,292,806
$3,099,241
105% Growth
$6,468,651
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
New Boat Inventory
$4,000,000
$3,500,000
$3,000,000
$2,500,000
$2,000,000
$1,500,000
$2,775,811
$3,495,610
$3,664,910
$3,233,079
$2,392,041
$1,821,005
$2,183,719
$2,487,844
$2,942,810
$3,222,947
$3,739,888
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015

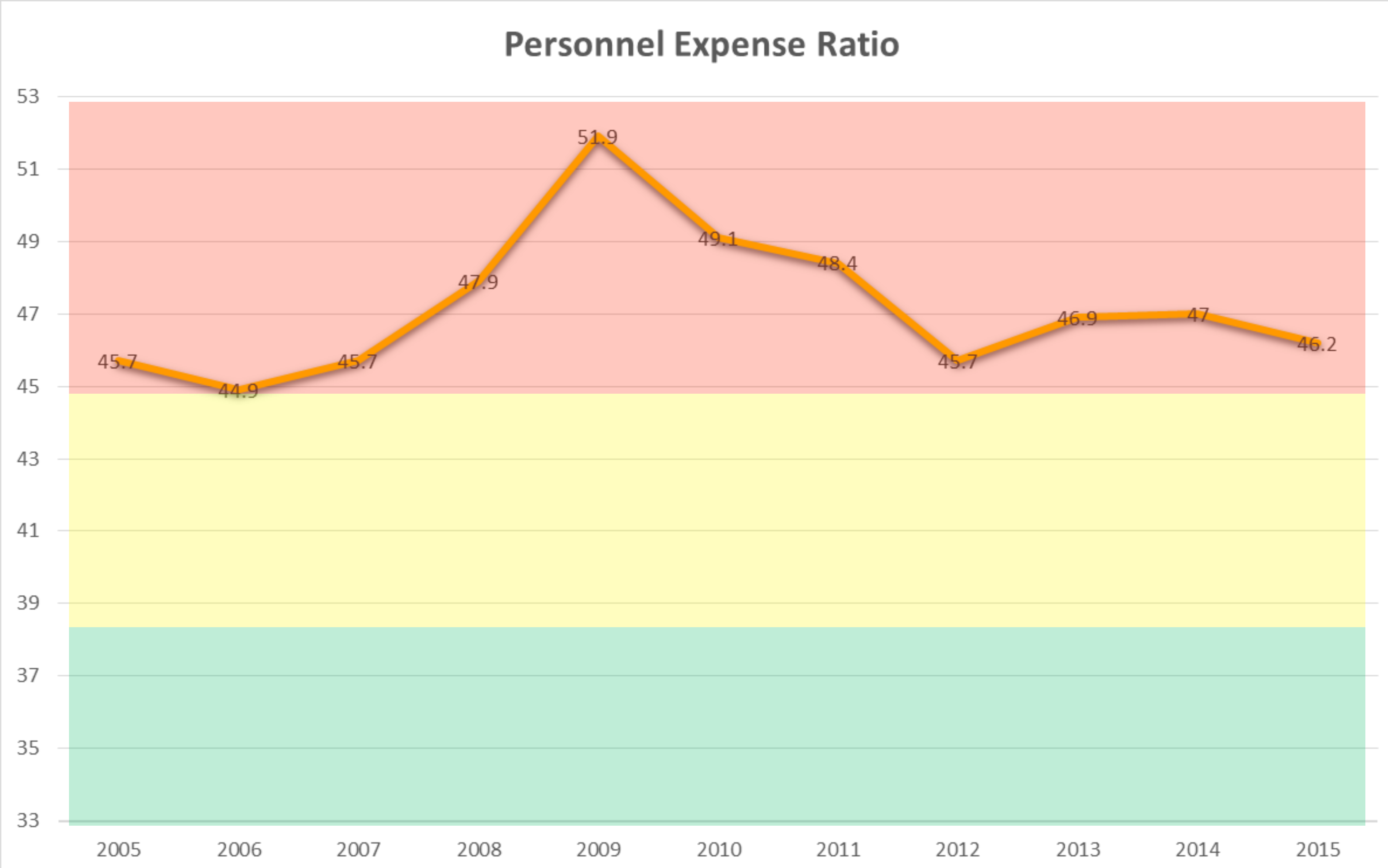


Net Profit % of Sales
8.5
7.5
6.5
5.5
4.5
3.5
2.5
1.5
0.5
-0.5
3.7
2.7
2.5
1.7
1.5
1.7
2.4
4.1
3.3
3.3
4.3
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015


New Boat Gross Margin
21
19
17
15
13
11
9
18.9
18
18.1
16.6
15
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
Used Boat Gross Margin
21
19
17
15
13
11
9
19.6
18.2
17.5
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015

Used Boat Gross Margins

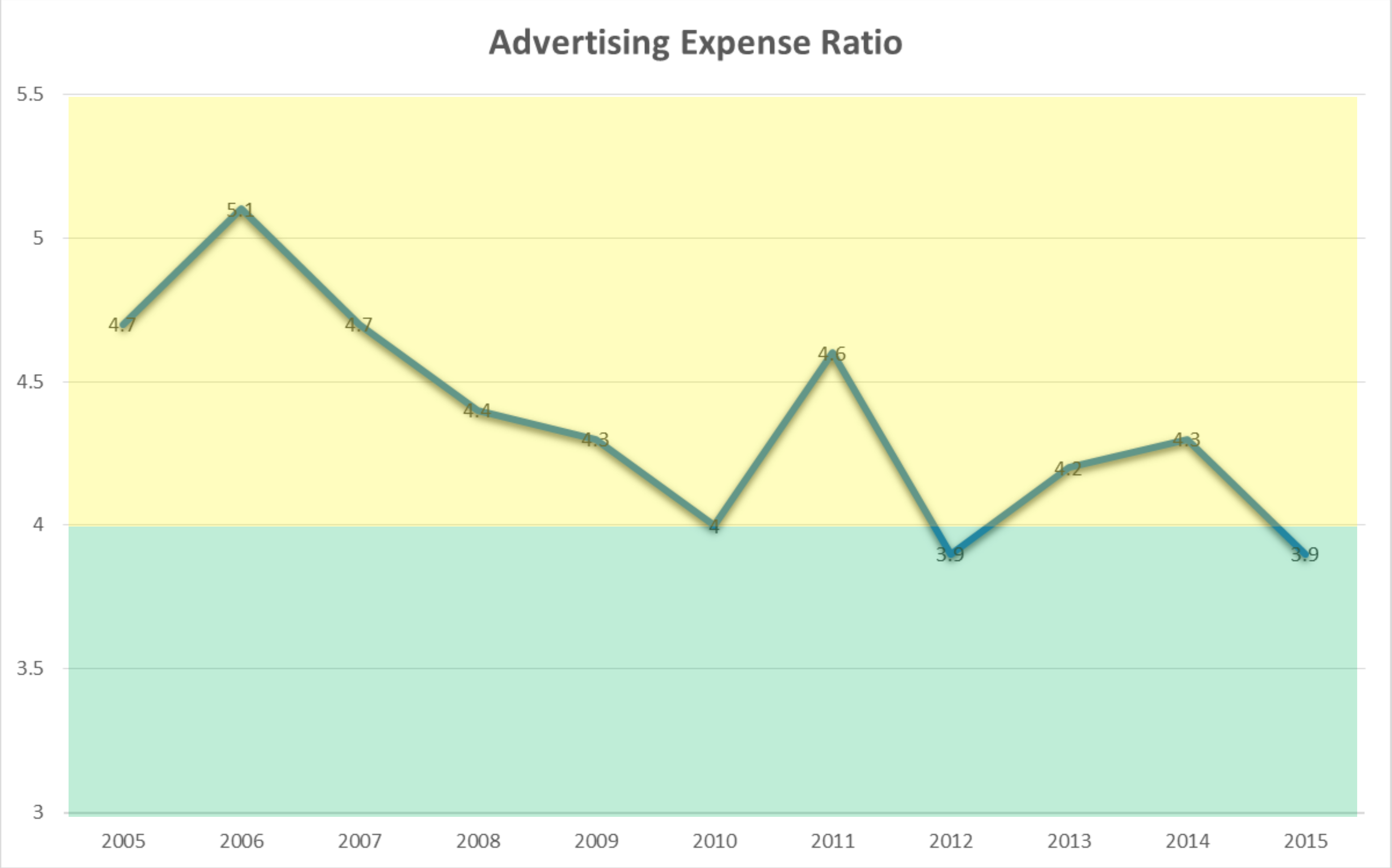
Company Sales Volume	Average	Top 20% Most Profitable
Under $6 million	19.4%	22.2%
$6 to $10 million	16.3%	23.3%
Over $10 million	17.1%	17.9%

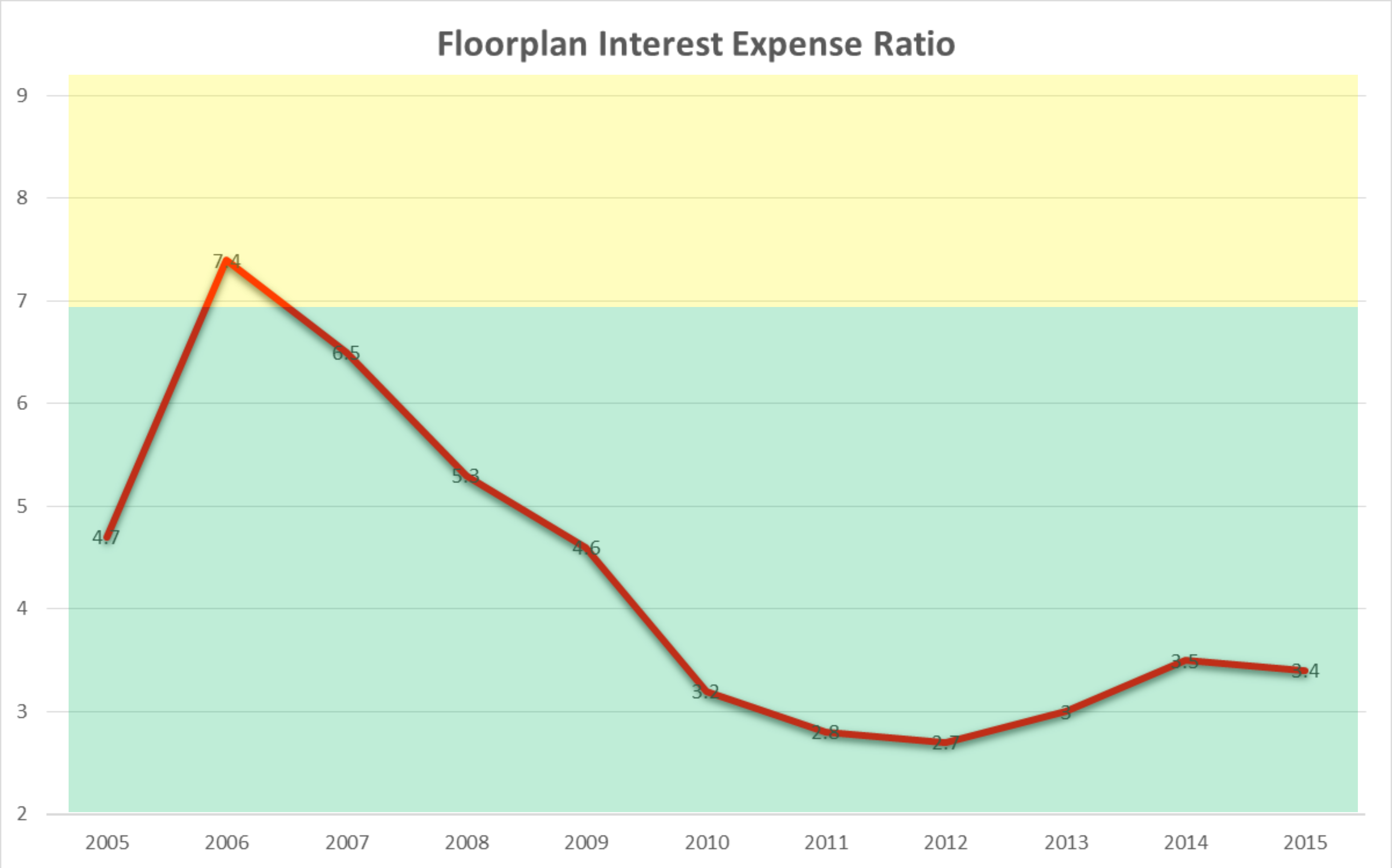

Personnel Expense Ratio
53
51
49
47
45
43
41
39
37
35
33
45.7
44.9
45.7
47.9
51.9
49.1
48.4
45.7
46.9
47
46.2
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015

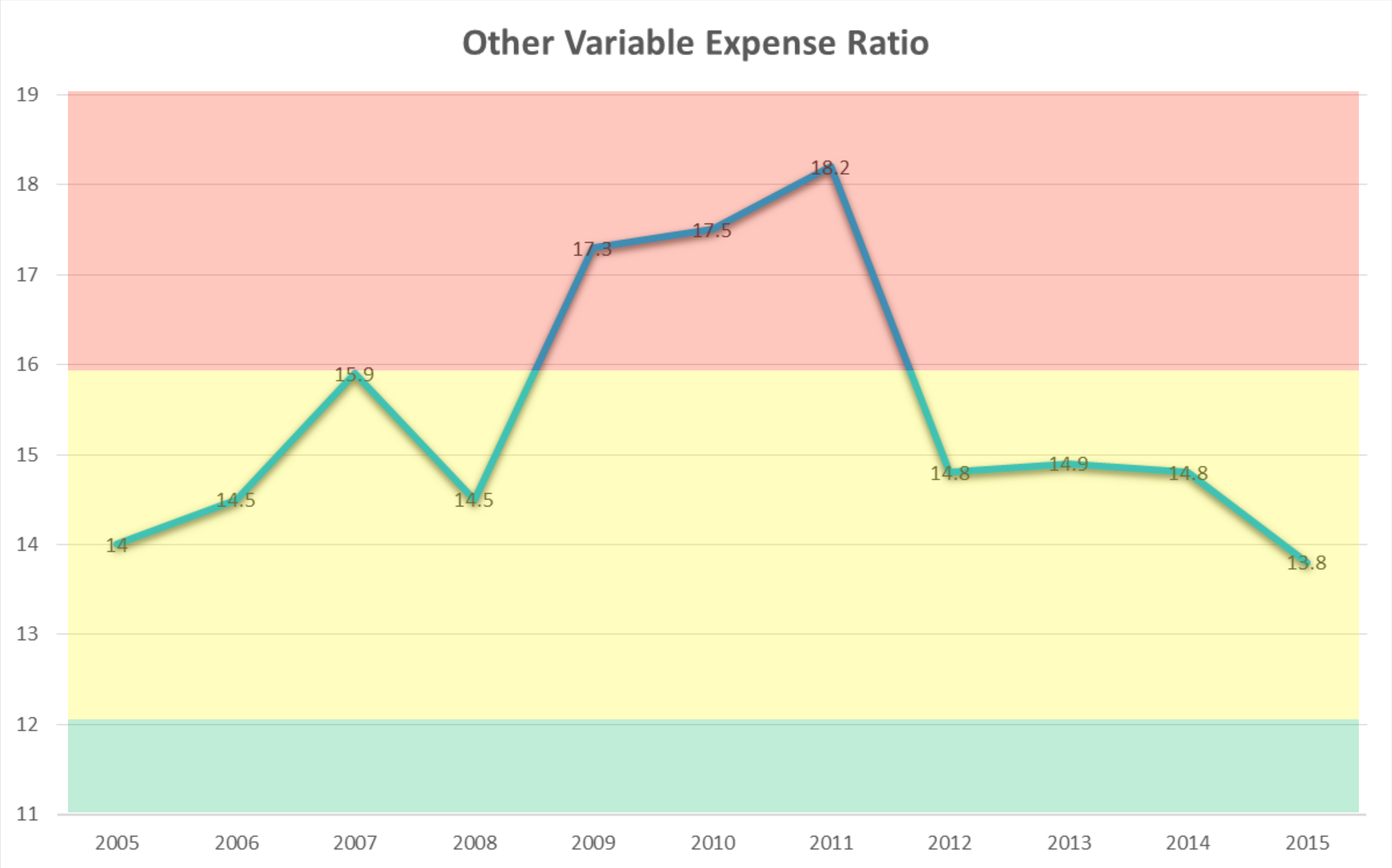

Personnel Expense Ratio
53
51
49
47
45
43
41
39
37
35
33
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
45.7
44.9
45.7
47.9
51.9
49.1
48.4
45.7
46.9
47
46.2
40.7
44.9
42.2
40.9
46.9
46.4
42.1
33.6
37.4
42.5
38.8
Top 20% Most Profitable Dealers

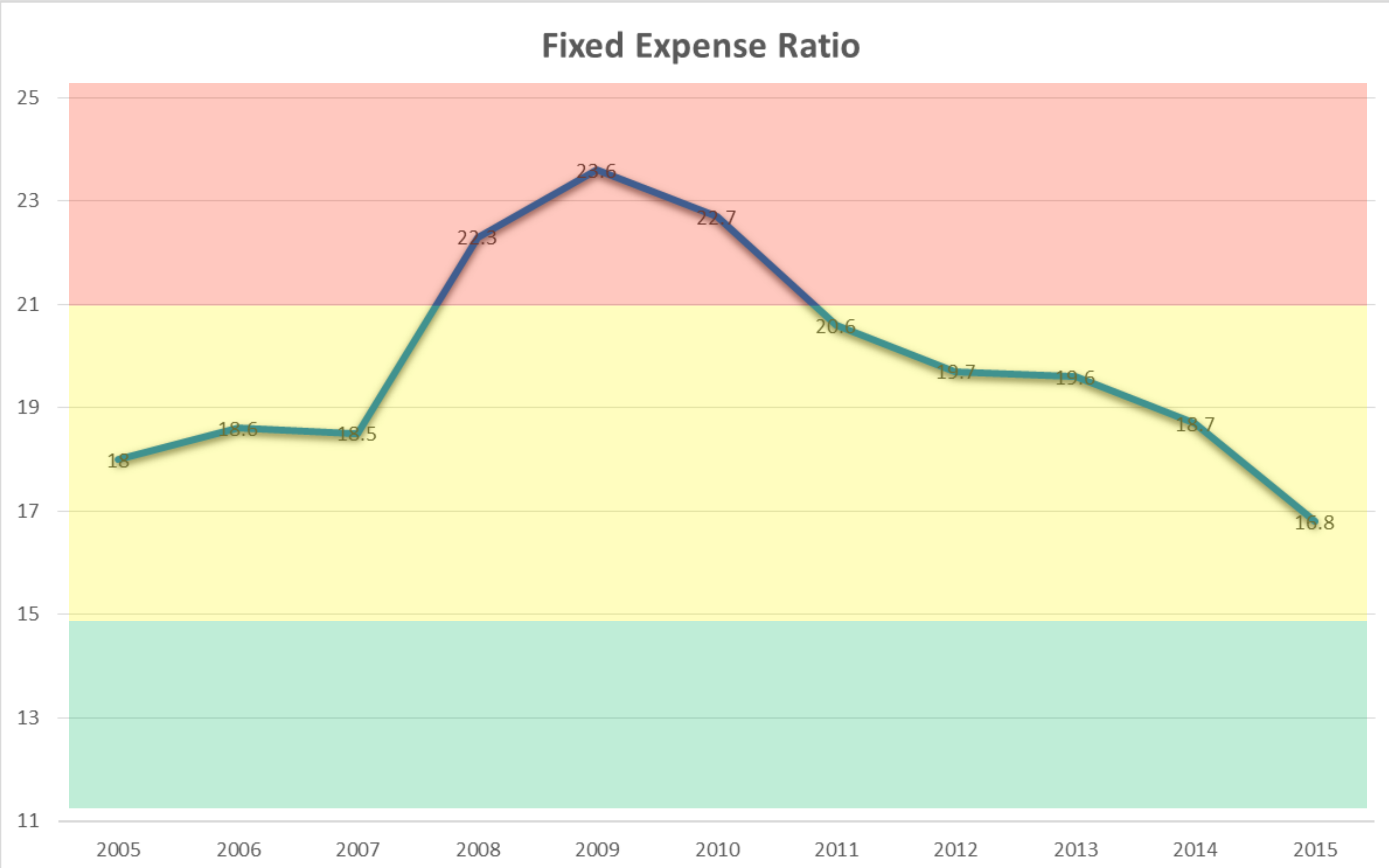
Average A.I. (Gross Profit) per Employee

Year	Average A.I. per Employee	Change
2013-2014	$126,468	
2014-2015	$134,635	+6.5%
2015-2016	$143,186	+6.4%


Advertising Expense Ratio
5.5
5
4.5
4
3.5
3
4.7
5.1
4.7
4.4
4.3
4
4.6
3.9
4.2
4.3
3.9
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015

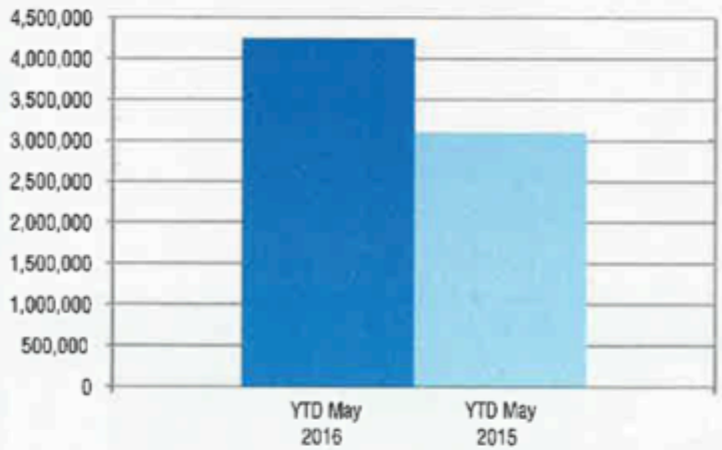

Floorplan Interest Expense Ratio
9
8
7
6
5
4
3
2
4.7
7.4
6.5
5.3
4.6
3.2
2.8
2.7
3
3.5
3.4
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015


Other Variable Expense Ratio
19
18
17
16
15
14
13
12
11
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
14
14.5
15.9
14.5
17.3
17.5
18.2
14.8
14.9
14.8
13.8


Fixed Expense Ratio
25
23
21
19
17
15
13
11
18
18.6
18.5
22.3
23.6
22.7
20.6
19.7
19.6
18.7
16.8
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015

NEW BOAT SALES

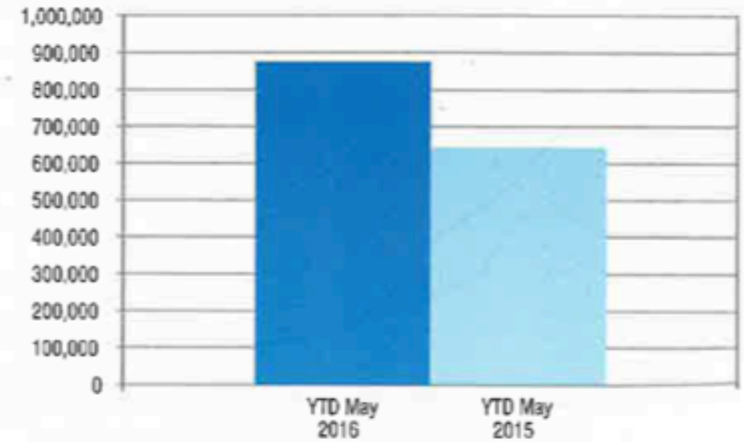
New boat sales are more than 35% higher than they were at this time last year



Source: Spader Business Management

USED BOAT SALES

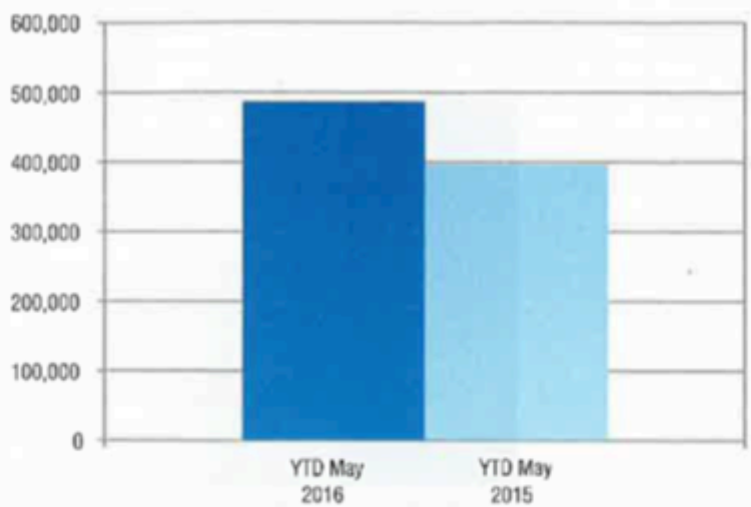
Used boat sales are up 35% at the end of May 2016



Source: Spader Business Management

P&A SALES

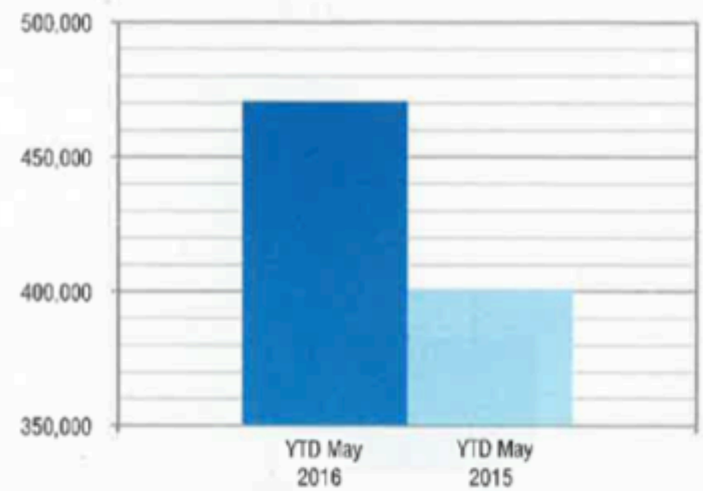
Parts & accessories sales are up 22% over last year



Source: Spader Business Management

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

	May 2015 to May 2016	June 2015 to June 2016
New Boat Sales	**+37%**	**+16%**
Used Boat Sales	**+36%**	**+14%**
Service Sales	**+17%**	**+11%**
P&A Sales	**+23%**	**+6%**

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Questions?

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