



BAIRD

Global Investment
Banking

BAIRD'S PERSPECTIVE ON THE
RECREATION SECTOR

Recreation Sector Update

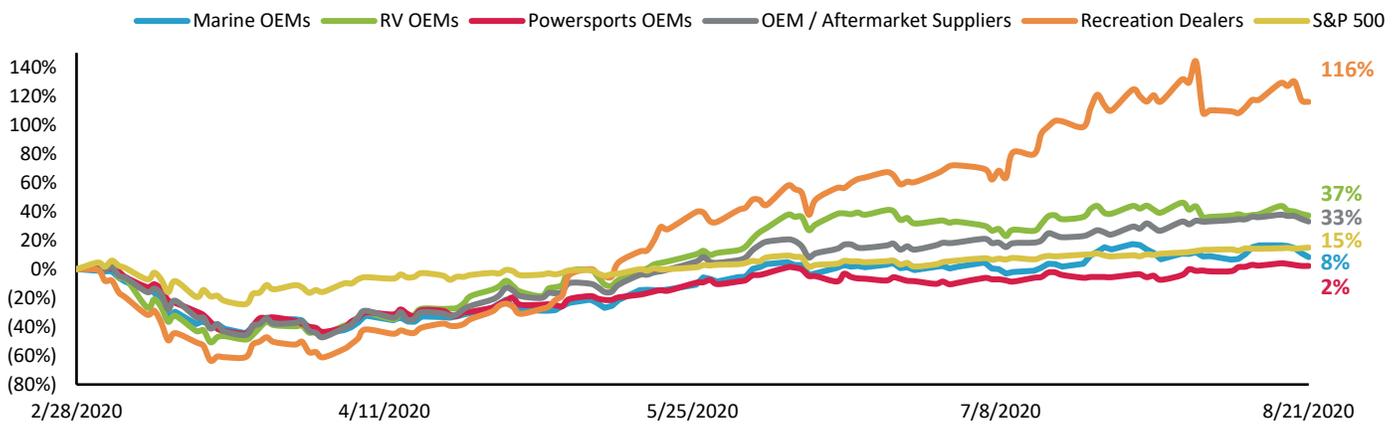
August 2020

Recreation Sector Update

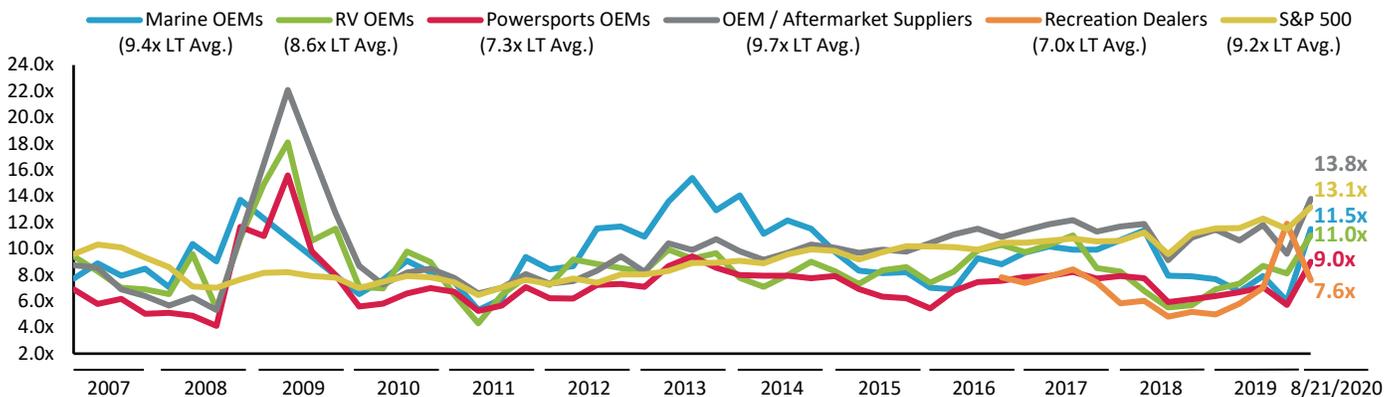
MARINE, POWERSPORTS AND RECREATION VEHICLES SUMMARY

- Strong industry momentum continues as consumers opt for outdoor activities, including boating, RVing, camping and powersports – sector participants reported an unprecedented summer selling season
 - Pandemic driven demand for outdoor recreation is expanding total addressable market given dramatic influx of first time buyers that are expected to convert into lifelong customers
- Continued strength of new retail sales has further reduced dealer inventories with healthy backlogs; new inventory reaching historical lows with used inventory remaining lean
- While stock prices have moderated in the back part of August, broader sector multiples continue to remain well above long term averages

Recent Stock Price Performance



Long-Term Average EV / NTM EBITDA Multiples ⁽¹⁾



Source: Capital IQ as of August 21, 2020. Multiples represent values at the end of the period; excludes multiples over ~25x.

Marine OEMs include Bénéteau, Malibu Boats, Marine Products Corporation, Mastercraft and Sanlorenzo.

RV OEMs include KABE Group, REV Group, Thor Industries, Trigano and Winnebago Industries.

Powersports OEMs include BRP, Harley Davidson, Polaris, Suzuki and Yamaha.

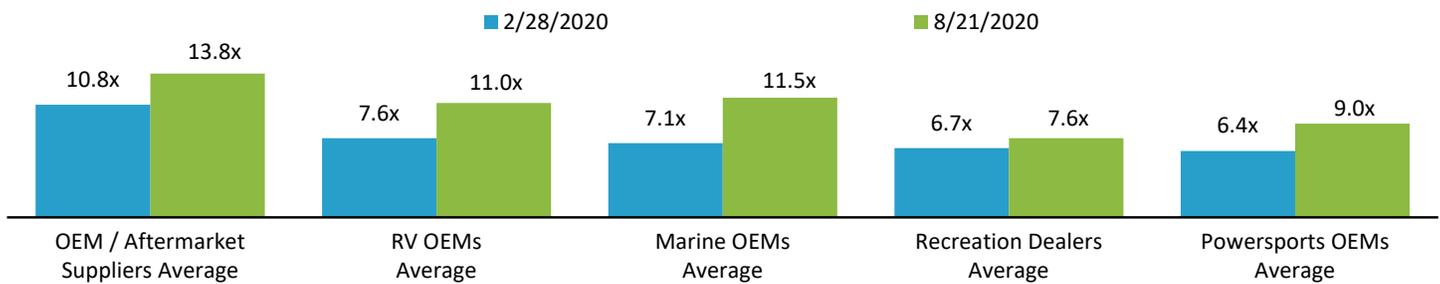
OEM / Aftermarket Suppliers include ARB, Brunswick, Dometic Group, Fox Factory, LCI Industries and Patrick Industries.

Recreation Dealers include Apollo, Camping World, Lazydays, Marine Max and One Water Marine.

(1) Includes Recreation Dealer NTM multiples since 2017 due to the limited trading history of Apollo (October 2016 IPO), Camping World (October 2016 IPO), Lazydays (March 2018 SPAC acquisition) and One Water Marine (February 2020 IPO). Adjusted to exclude floor plan financing and related interest; enterprise value incorporates all classes of stock.

Recreation Sector Update

Marine, Powersports and Recreation Vehicles EV / NTM Multiples



Valuation Statistics

(\$ in millions, except per share figures)

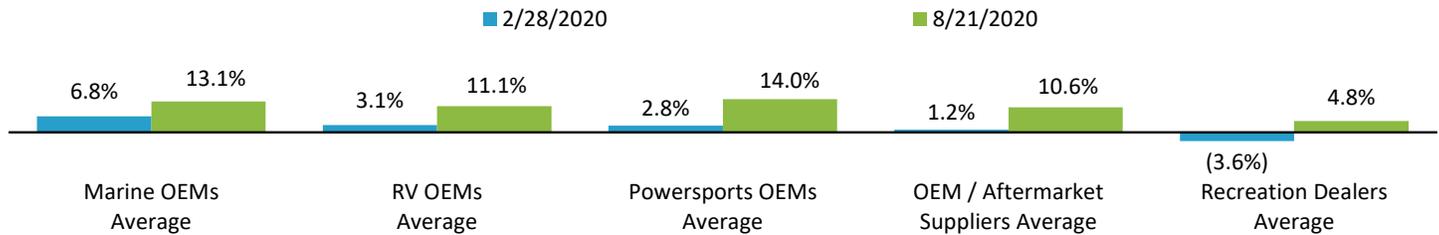
Company	Share Price	52 Week % High	Market Cap	Enterprise Value	EV / EBITDA		EV / EBIT		Dividend Yield
					2020E	2021E	2020E	2021E	
Marine OEMs									
Bénéteau S.A.	\$7.82	58.5%	\$638.4	\$1,070.5	9.9 x	10.1 x	N/M	N/M	3.5%
Malibu Boats	54.77	85.7%	1,124.8	1,190.6	12.0	9.5	15.2 x	11.7 x	0.0%
MasterCraft Boat Holdings	20.71	88.0%	390.8	488.3	14.9	8.1	N/M	10.2	0.0%
Marine Products Corporation	14.08	76.1%	478.3	455.7	13.1	12.1	20.6	14.0	3.0%
Sanlorenzo Spa	17.91	85.6%	617.7	686.4	8.8	8.0	12.2	10.9	0.0%
	Mean	78.8%	\$650.0	\$778.3	11.8 x	9.6 x	16.0 x	11.7 x	1.3%
	Median	85.6%	617.7	686.4	12.0	9.5	15.2	11.3	0.0%
RV OEMs									
KABE Group AB	\$17.97	81.3%	\$161.7	\$153.8	N/A	N/A	N/A	N/A	0.0%
REV Group	8.18	56.4%	518.7	939.7	16.5 x	8.8 x	N/M	15.0 x	0.0%
Thor Industries	107.26	88.4%	5,920.6	7,282.3	12.0	9.6	17.9 x	13.4	1.5%
Trigano S.A.	122.92	95.6%	2,369.9	2,463.0	11.3	9.2	13.6	10.7	1.9%
Winnebago Industries	59.03	81.3%	1,989.3	2,301.8	14.0	9.4	20.7	11.1	0.8%
	Mean	80.6%	\$2,192.0	\$2,628.1	13.4 x	9.3 x	17.4 x	12.5 x	0.8%
	Median	81.3%	1,989.3	2,301.8	13.0	9.3	17.9	12.2	0.8%
Powersports OEMs									
BRP	\$50.96	88.9%	\$4,455.3	\$5,695.2	11.9 x	9.1 x	N/M	13.8 x	0.0%
Harley Davidson	27.61	67.5%	4,175.5	13,650.0	N/M	17.9	N/M	N/M	0.3%
Polaris	100.83	91.4%	6,184.8	7,590.1	9.4	8.7	N/M	12.5	2.5%
Suzuki Corporation	39.48	77.9%	19,163.9	20,996.1	8.0	6.6	19.9	13.7	1.8%
Yamaha Corporation	15.73	70.9%	5,495.7	8,895.4	13.3	6.5	N/M	9.7	0.9%
	Mean	79.3%	\$7,895.0	\$11,365.4	10.6 x	9.8 x	19.9 x	12.4 x	1.1%
	Median	77.9%	5,495.7	8,895.4	10.7	8.7	19.9	13.1	0.9%
OEM / Aftermarket Suppliers									
ARB Corporation	\$17.79	98.7%	\$1,420.4	\$1,391.7	18.7 x	18.1 x	23.5 x	21.9 x	1.6%
Brunswick Corporation	62.13	84.0%	4,918.3	5,661.7	9.5	7.9	11.4	9.7	1.5%
Dometic Group	11.19	96.1%	3,309.6	4,245.8	16.2	11.7	22.9	14.5	2.3%
Fox Factory	106.13	93.6%	4,397.8	4,611.2	N/M	24.1	N/M	N/M	0.0%
LCI Industries	121.87	92.5%	3,065.5	3,705.3	13.4	10.6	17.1	13.8	2.1%
Patrick Industries	62.43	89.4%	1,463.9	2,040.3	9.3	7.8	14.1	11.1	1.6%
	Mean	92.4%	\$3,095.9	\$3,609.3	13.4 x	13.4 x	17.8 x	14.2 x	1.5%
	Median	93.1%	3,187.5	3,975.6	13.4	11.1	17.1	13.8	1.6%
Recreation Dealers ⁽¹⁾									
Apollo Tourism & Leisure	\$0.17	43.6%	\$32.3	\$268.6	10.8 x	7.0 x	N/M	12.3 x	0.0%
Camping World	33.46	78.7%	2,992.9	3,801.0	8.1	7.9	9.2	8.9	2.0%
Lazydays	12.77	78.5%	120.7	155.8	3.3	3.6	4.3	4.8	0.0%
Marine Max	31.60	92.8%	683.4	589.3	7.3	N/A	8.4	N/A	0.0%
One Water	30.00	89.3%	436.5	565.3	7.2	N/A	7.5	N/A	0.0%
	Mean	76.6%	\$853.2	\$1,076.0	7.4 x	6.2 x	7.3 x	8.7 x	0.4%
	Median	78.7%	436.5	565.3	7.3	7.0	7.9	8.9	0.0%

Source: Capital IQ, Baird Equity Research. Represents consensus analyst estimates as of August 21, 2020, unless otherwise stated – future estimates may subsequently be updated.

(1) Adjusted to exclude floor plan financing and related interest; enterprise value incorporates all classes of stock.

Recreation Sector Update

Marine, Powersports and Recreation Vehicles CY 2020P Revenue Growth Estimates



Operating Statistics

Company	Most Recent Filing	LTM Revenue	LTM Gross Margin	LTM EBITDA Margin	Revenue CAGR		EBITDA Growth		Net Debt / LTM EBITDA
					'18-'20E	'20E-'21E	'18-'20E	'20E-'21E	
Marine OEMs									
Bénéteau S.A.	02/29/2020	\$1,603.8	53.4%	11.1%	(8.2%)	(6.6%)	(23.3%)	(2.0%)	2.4 x
Malibu Boats	03/31/2020	729.3	23.4%	16.9%	5.0%	14.5%	(2.4%)	25.7%	0.5
MasterCraft Boat Holdings	03/29/2020	434.8	22.9%	14.5%	(10.4%)	28.3%	(30.5%)	84.8%	1.5
Marine Products Corporation	06/30/2020	220.3	21.0%	10.4%	(12.1%)	22.6%	(3.4%)	8.4%	N/M
Sanlorenzo Spa	03/31/2020	610.4	21.7%	11.8%	16.4%	6.8%	36.0%	10.3%	1.0
	Mean	\$719.7	28.5%	12.9%	(1.9%)	13.1%	(4.7%)	25.4%	1.4 x
	Median	610.4	22.9%	11.8%	(8.2%)	14.5%	(3.4%)	10.3%	1.3
RV OEMs									
KABE Group AB	06/30/2020	\$237.8	12.1%	5.3%	N/A	N/A	N/A	N/A	N/M
REV Group	04/30/2020	2,349.0	9.9%	3.1%	(2.6%)	8.5%	(27.5%)	86.9%	5.9
Thor Industries	04/30/2020	8,155.3	13.5%	6.7%	9.5%	10.8%	6.4%	24.5%	2.4
Trigano S.A.	02/29/2020	2,777.4	31.2%	9.9%	(4.6%)	8.3%	(14.1%)	23.6%	0.3
Winnebago Industries	05/30/2020	2,148.1	13.0%	6.0%	(2.9%)	16.7%	(14.9%)	49.0%	2.4
	Mean	\$3,133.5	16.0%	6.2%	(0.2%)	11.1%	(12.5%)	46.0%	2.8 x
	Median	2,349.0	13.0%	6.0%	(2.8%)	9.6%	(14.5%)	36.7%	2.4
Powersports OEMs									
BRP	04/30/2020	\$4,530.7	23.3%	12.3%	(0.9%)	13.0%	(0.6%)	30.1%	2.2 x
Harley Davidson	06/28/2020	3,712.1	26.1%	10.5%	(16.6%)	20.9%	(37.2%)	83.7%	N/M
Polaris	06/30/2020	6,512.0	24.2%	9.3%	4.7%	4.0%	7.3%	8.4%	2.3
Suzuki Corporation	06/30/2020	28,215.2	28.4%	10.3%	(14.6%)	13.2%	(26.5%)	20.9%	N/M
Yamaha Corporation	06/30/2020	14,025.5	25.3%	7.6%	(10.1%)	18.9%	(38.3%)	102.5%	2.9
	Mean	\$11,399.1	25.4%	10.0%	(7.5%)	14.0%	(19.1%)	49.1%	2.5 x
	Median	6,512.0	25.3%	10.3%	(10.1%)	13.2%	(26.5%)	30.1%	2.3
OEM / Aftermarket Suppliers									
ARB Corporation	06/30/2020	\$337.8	52.5%	19.8%	5.2%	7.4%	9.6%	3.7%	N/M
Brunswick Corporation	06/27/2020	3,847.5	27.3%	14.9%	(0.3%)	8.5%	(2.6%)	19.7%	1.3 x
Dometic Group	06/30/2020	1,836.0	31.6%	14.1%	(7.9%)	14.6%	(15.2%)	38.5%	3.6
Fox Factory	07/03/2020	796.3	30.9%	17.3%	7.8%	14.3%	7.0%	19.9%	1.4
LCI Industries	06/30/2020	2,505.3	26.5%	12.5%	(0.7%)	8.2%	(4.4%)	26.4%	2.0
Patrick Industries	06/28/2020	2,128.9	18.2%	9.0%	0.9%	10.5%	(2.8%)	19.1%	3.0
	Mean	\$1,908.6	31.2%	14.6%	0.8%	10.6%	(1.4%)	21.2%	2.3 x
	Median	1,982.5	29.1%	14.5%	0.3%	9.5%	(2.7%)	19.8%	2.0
Recreation Dealers ⁽¹⁾									
Apollo Tourism & Leisure	12/31/2019	\$274.1	47.1%	14.5%	(13.0%)	22.0%	(29.1%)	54.4%	6.0 x
Camping World	06/30/2020	4,986.9	28.4%	6.1%	3.1%	4.6%	22.2%	3.6%	2.9
Lazydays	06/30/2020	708.1	20.5%	4.7%	14.7%	(2.3%)	20.1%	(7.4%)	1.1
Marine Max	06/30/2020	1,419.1	26.1%	6.4%	9.8%	(1.2%)	12.0%	3.8%	N/M
One Water	06/30/2020	960.7	22.7%	7.4%	N/A	1.8%	46.6%	N/A	0.4
	Mean	\$1,669.8	28.9%	7.8%	3.6%	5.0%	14.4%	13.6%	2.6 x
	Median	960.7	26.1%	6.4%	6.4%	1.8%	20.1%	3.7%	2.0

Source: Capital IQ, Baird Equity Research. Represents consensus analyst estimates as of August 21, 2020, unless otherwise stated – future estimates may subsequently be updated.

(1) Adjusted to exclude floor plan financing and related interest; enterprise value incorporates all classes of stock.

Recreation Sector Update

SELECTED MARINE, POWERSPORTS AND RECREATION VEHICLES NEW DEVELOPMENTS



- “Recently purchased a manufacturing plant in FL – expected to start production in early 2021 and will provide more than 140,000 square feet of dedicated manufacturing space providing ample room to growth the brand offering and target additional vertical integration opportunities”

- Baird Equity Research (8/17/2020)



- “THOR is focusing on safely increasing production to rebuild dealer inventories - added to daily capacity and production Saturdays, in addition to focusing on Environmental, Social and Corporate Governance and other longer-term opportunities with electrification as it looks forward”

- Baird Equity Research (7/21/2020)



- “Focused on ensuring that the surge of new entrants is converted into lifelong customers – reported 77% of powersports customers in the quarter were new to BRP, up 26% from last year, with 41% completely new to powersports. Influx of powersports newcomers is nothing but good news for the future of our industry”

- Baird Equity Research (8/27/2020)



- “Polaris capitalized on the unique moment for outdoor activities and added new consumers who may permanently enlarge the total addressable market. Polaris reported 75% of Q2 buyers were new, demand from riders with families jumped 100% in June and demand from millennials doubled in June”

- Baird Equity Research (7/28/2020)



- “Brunswick has re-engaged its 2022 plan, reinforcing the strength of its marine portfolio noting demand in the U.S. retail marine market accelerated resulting in robust new boat and engine sales, with sales to first-time purchases or returning lapsed boaters representing approximately half of new boat sales. Freedom boat club added 4,600 members in the quarter and with more boats on the water, the aftermarket annuity is propelling”

- Baird Equity Research (7/30/2020)



- “Fox’s facility in Georgia is up and running, positioning itself to meet the increased demand in outdoor off-road activities. Also, recently ranked #1 in reliability, innovation, brand power and technology and is working towards building a premier brand at all price points – with the purchase of Marzocchi, FOX has the opportunity to reach into lower price points and expand market reach”

- Baird Equity Research (8/5/2020)



- “Focused on ramping quickly as RV and boat partners replenish inventory – reported a significant increase in RV production continued into July with many manufactures electing to produce during the typical holiday shutdowns. Surge in demand has continued to deplete channel inventory and is creating sustainable aftermarket opportunities – reported aftermarket revenue increased 109%”

- Baird Equity Research (8/4/2020)



- “Recently announced the acquisition of Inland Plywood Company, a supplier of plywood and panels for the marine, RV and industrial markets. Andy Nemeth notes Inland’s integrated lean supply chain model offers a one-stop solution for sourcing, warehousing and inventory management, logistics and customer service. Patrick continues to see accretive acquisitions and further boost profits in this unprecedented time”

- Baird Equity Research (8/3/2020)



- “Delivered significant profit upside, however noted industry efforts expanded the appeal of RVs beyond the COVID-19 boost. Emphasis on the pandemic may be overdone and credits manufacture efforts to bring more affordable products to the market and an influx of younger buyers indicates the staycation idea is real and will continue looking forward. Recently rekindled its consolidation strategy and plans to add 8-10 stores annually”

- Baird Equity Research (8/5/2020)



- “Recently acquired Boatsforsale.com - with the industry evolving to a more virtual operating environment, ONEW is focused on advancing its long-term growth strategy, related opportunities and broadening its customer base and geographic reach”

- Baird Equity Research (8/24/2020)

Note: * Denotes coverage by Baird Equity Research.

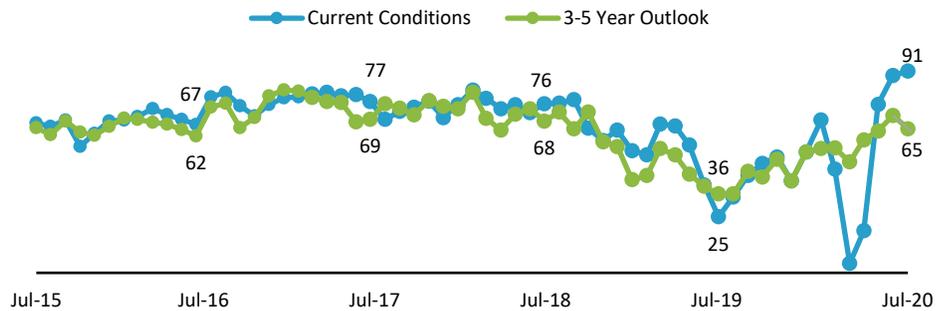
Recreation Sector Update

SELECTED MARINE, POWERSPORTS AND RECREATION VEHICLES INDUSTRY TRENDS

Marine

- Monthly survey conducted in partnership with Marine Retailers Association of the Americas (MRAA) and Soundings Trade Only
- Current marine retailer sentiment continued to improve from prior months and are currently at record levels; 3-5 year outlook was down slightly; however remains positive
- Strong industry momentum continues as the industry works to restock the channel, which is expected to go through 2021 or potentially longer

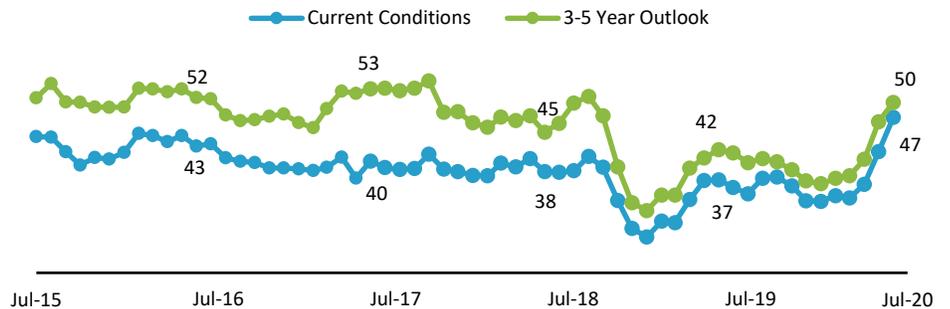
Baird's Latest U.S. Marine Retailer Sentiment Index ⁽¹⁾



Powersports

- Quarterly survey conducted by Baird, based on various key dealer relationships
- Continued robust retail growth as consumers look to outdoors during the pandemic – concerns over supply constraints may limit additional upside
- Dealer and OEMs will continue to catch up throughout the year as supply shortages continue

Baird's Latest North American Powersports Retailer Sentiment Index ⁽¹⁾

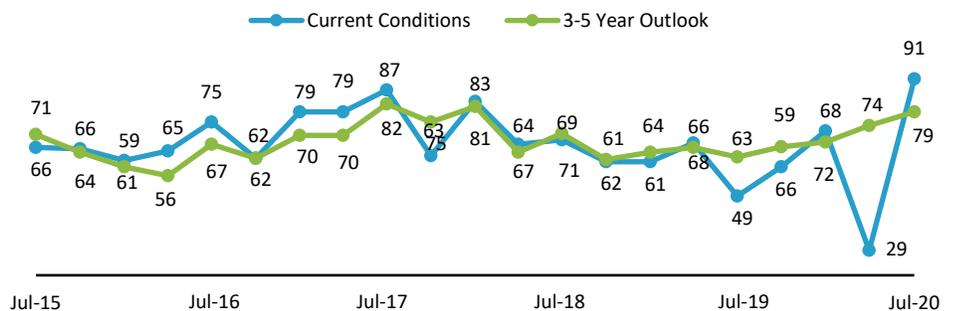


Recreation Vehicles

- RV shipments forecast published quarterly by RVIA; Baird regularly compiles and reports monthly RV data
- Sentiment on current conditions jumped to a record 91 (out of 100), underscoring the incredible reversal in retail trends
- Strong retail rebound depleted dealer inventory to levels not seen in the history of our survey, restocking efforts are likely to continue into 2021

Baird's Latest North American RV Retailer Sentiment Index ⁽¹⁾

(thousands of units)



Source: Baird Equity Research.

(1) Baird's proprietary sentiment readings are based on a survey of retailers and can range from 0 – 100, with 50 providing a "neutral" outlook on current conditions.

Selected Recreation Transaction Experience



Supplier of branded HVAC products to the recreation vehicle market



Manufacturer of all-terrain vehicles, side-by-sides and snowmobiles



Manufacturer of appliances and hardware for RV and marine markets



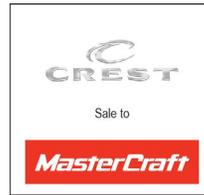
Manufacturer of recreation vehicles such as watercrafts and off-road ATVs



Retailer of recreation vehicle and camping products



Distributor of replacement parts & accessories for recreation markets



Manufacturer of high-quality pontoon boats



Supplier of towing products and vehicle aftermarket accessories



Provider of motocross equipment, apparel and accessories



Manufacturer of shock absorbers and suspension products for powersports



Manufacturer of towable recreation vehicles



Manufacturer of premium performance sport boats



Retailer of recreational boats, yachts and marine products



Manufacturer of components and building products for RV markets



Manufacturer of marine / mobile electrical components



Designer and manufacturer of shuttle buses



Manufacturer of specialty vehicles including buses and RVs



Provider of vessel control and fuel systems for marine applications



Manufacturer of components for marine propulsion systems



Manufacturer of luxury branded recreational boats



Eric Stetler
+1.312.609.7022
estetler@rwbaird.com



Mike Lindemann
+1.414.298.7408
mlindemann@rwbaird.com



Sara DePalma
+1.312.609.7096
sdepalma@rwbaird.com



Ralph von Selzam
+49.69.1301.4926
rvselzam@rwbaird.com



Lydia Xu
+86.21.6182.3759
lxu@bairdasia.com.cn



Satoshi Matsumoto
+1.646.557.3201
smatsumoto@rwbaird.com

An Experienced, Proven and Trusted Advisor in the Recreation Sector

Baird has a leading global investment banking franchise within the Recreation sector across Marine, Powersports and Recreation Vehicles, generated through a dedicated team focused on the sector for over a decade. Our integrated U.S., European, and Asian team has extensive global relationships and experience in providing advisory services to public companies, private business owners and private equity sponsors. Baird has advised clients ranging from buy-and-build platforms to private equity-backed sector participants to private companies to large public companies. The breadth and depth of these experiences distinguishes Baird within the Recreation sector as it affords our team strong insight into the market and has enabled us to build an extensive network of relationships among small sector participants and active Recreation investors.

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GLOSSARY OF TERMS & OTHER IMPORTANT INFORMATION

EBITDA – Earnings before interest, taxes, depreciation & amortization. An approximate measure of a company's operating cash flow based on data from the company's income statement.

EBIT – Earnings before interest and taxes. A measure of a company's earning power from ongoing operations, equal to earnings before deduction of interest payments and income taxes.

Enterprise Value (EV) – Market value of equity plus debt less cash. A measure of what the market believes a company's ongoing operations are worth.

LTM – Last twelve months. Time period used when referencing a financial statistic.

NTM – Next twelve months. Time period used when referencing a financial statistic.

The S&P 500 – An unmanaged common stock index commonly used to measure and report common stock performance.

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