

## MS Capital Market News:

*Outlining Trends in the Boat Building, Dealership, and Repair Industries*



Fall 2019

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**Mark Santarsiero**  
Managing Partner  
msantarsiero@marshall-stevens.com  
1-213-233-1510

**Alex Patras**  
Vice President  
apatras@marshall-stevens.com  
1-213-233-1506

**Jordan Santarsiero**  
Vice President  
jsantarsiero@marshall-stevens.com  
1-213-233-1509

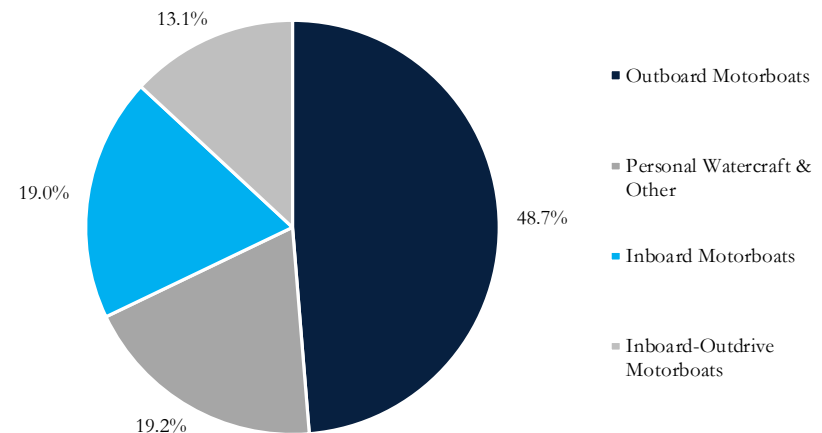
**Dhillon Sandhu**  
Associate  
dsandhu@marshall-stevens.com  
1-213-233-1552

# Boat Building in the US

## Sector Highlights

- 2018 revenue: \$10.8 billion
- 2018 profit: \$539.8 million
- Annual growth 2013 – 2018: 4.8%
- Annual growth projected 2018 – 2023: 1.3%
- Key industry drivers: Per Capita Disposable Income, Consumer Confidence Index, Households Earning More Than \$100,000, Price of Plastic Materials & Resin, Prime Rate, Trade-Weighted Index, World Price of Aluminum.

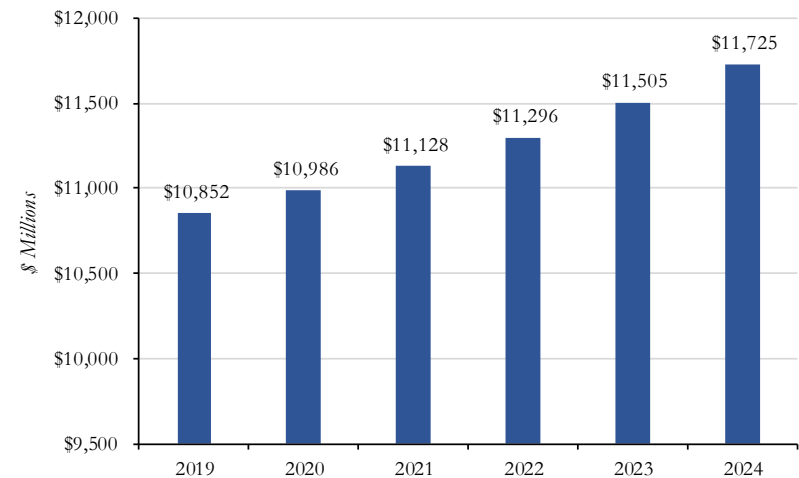
## Products and Services Segmentation



## Sector Observations & Outlook

- The Boat Building industry, which manufactures watercraft generally intended for personal use, has grown significantly over the five years to 2018. Since its products are highly discretionary purchases, the industry benefited from increased consumer confidence, rising disposable income and heightened spending.
- The Boat Building industry is anticipated to continue growing over the five years to 2023. Rising consumer spending and the need to replace older vessels will continue to drive demand. The industry is also expected to benefit from increased foreign sales. However, several factors are expected to limit the rate of revenue growth, including reduced consumer confidence, higher interest rates and fuel prices, trade tensions and changing consumer preferences.

## Sector Expected Revenue Growth



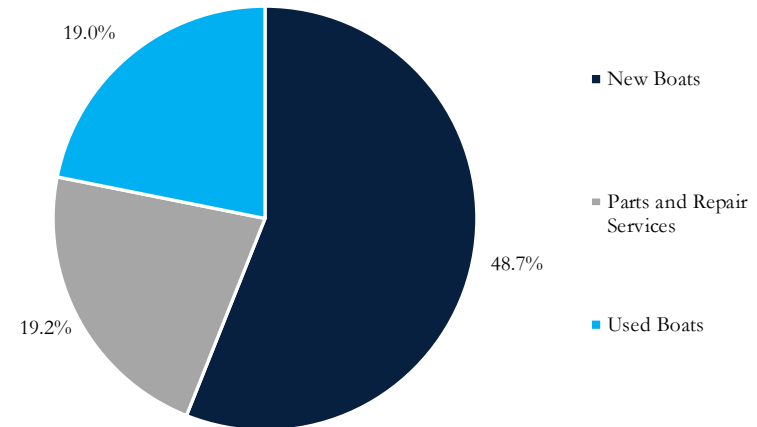
Sources: IBISWorld

# Boat Dealership & Repair in the US

## Sector Highlights

- 2019 revenue: \$23.2 billion
- 2019 profit: \$1.4 billion
- Annual growth 2014 – 2019: 3.6%
- Annual growth projected 2019 – 2024: 0.5%
- Key industry drivers: Consumer Confidence Index, Per Capita Disposable Income, Time Spent on Leisure and Sports, Average Age of Vehicle Fleet, World Price of Crude Oil.

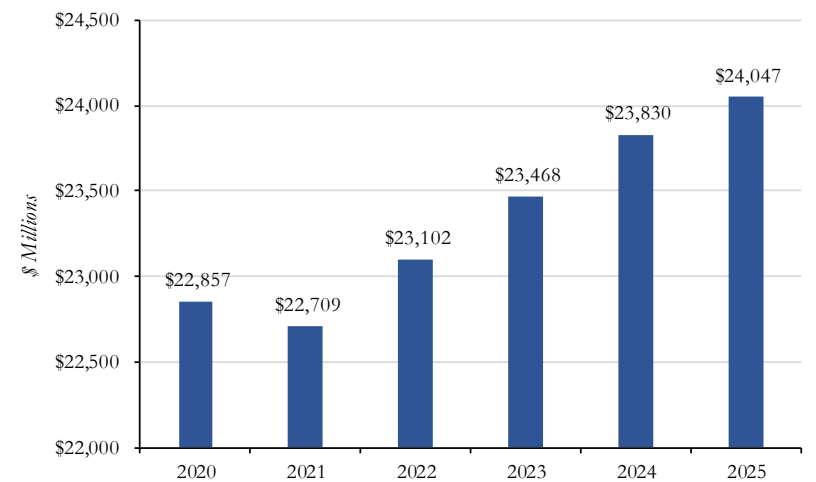
## Products and Services Segmentation



## Sector Observations & Outlook

- The Boat Dealership and Repair industry sells new and used boats, including canoes, sailboats, motorboats and boat parts and accessories. Additionally, industry operators provide repairs and maintenance services. These mechanics may be employed by a boat dealer or operate as an independent shop. Over the five years to 2019, industry revenue has surged as a result of favorable economic landscape, which includes rising levels of per capita disposable income, positive consumer confidence and greater access to credit.
- Over the five years to 2024, revenue for the Boat Dealership and Repair industry is forecast to continue increasing as per capita disposable income levels continue to grow and time spent on leisure and sports returns to an upward trajectory.

## Sector Expected Revenue Growth



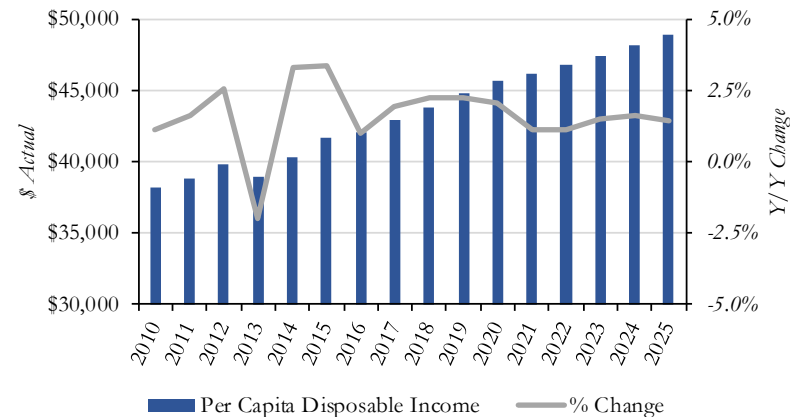
Sources: IBISWorld

# Key Industry Drivers

## Per Capita Disposable Income

- Estimated value in 2019: \$44,804.66
- 2014-2019 Compound Growth: 2.2%
- Forecast value in 2024: \$48,182.83
- 2019-2024 Compound Growth: 1.5%
- Per capita disposable income determines an individual's ability to purchase goods or services. It is calculated by taking income earned from all sources (wages, government transfers, rental income etc.) minus taxes, savings and some non-tax payments (e.g. fines, forfeitures and donations) and dividing by the total US population. The data for this report is presented in chained 2012 dollars.

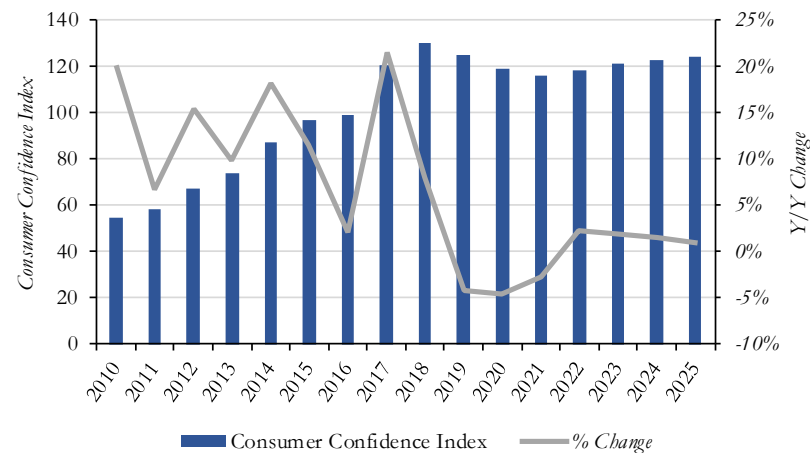
## Per Capita Disposable Income



## Consumer Confidence Index

- Estimated value in 2019: 124.8 index points
- 2014-2019 Compound Growth: 7.5%
- Forecast value in 2024: 122.8 index points
- 2019-2024 Compound Growth: -0.3%
- The Consumer Confidence Index is calculated by The Conference Board using a monthly survey. The survey includes questions related to household finances, business conditions, employment, income and economic outlook. The values presented in this report are annual figures, derived from equally weighted monthly averages.

## Consumer Confidence Index

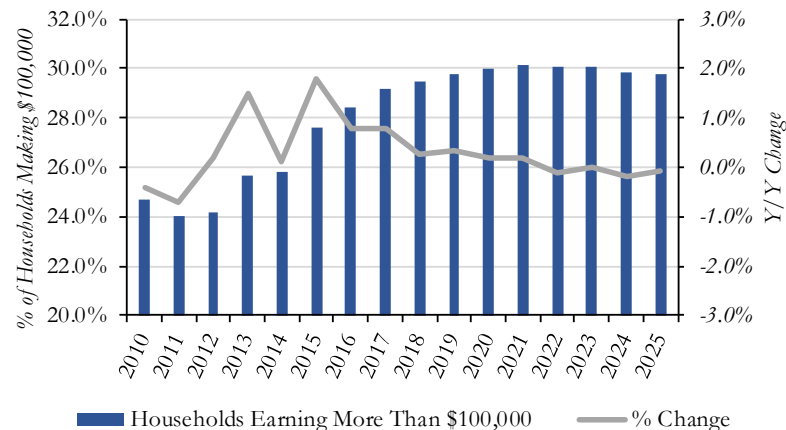


# Key Industry Drivers

## Households Earning More Than \$100,000

- Estimated value in 2019: 29.8%
- 2014-2019 Growth: 4.0 percentage points
- Forecast value in 2024: 29.9%
- 2020-2025 Growth: 0.1 percentage points
- This driver represents the percentage of US households with an annual income of more than \$100,000. Data is inflation-adjusted.

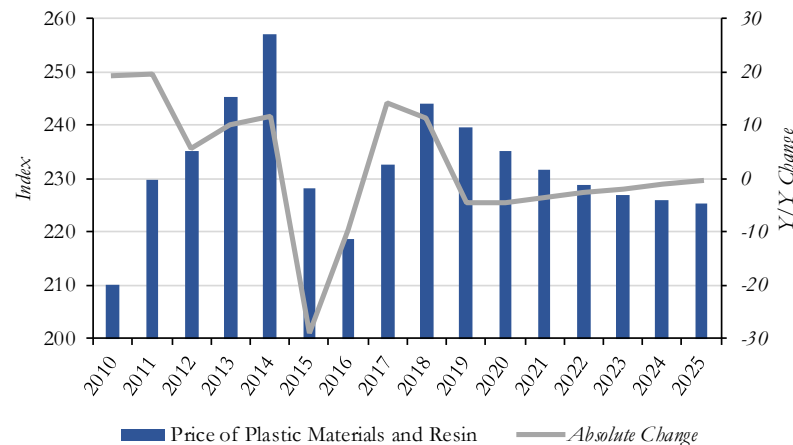
## Households Earning More Than \$100,000



## Price of Plastic Materials and Resin

- Estimated value in 2019: 239.5 index points
- 2013-2018 Compound Growth: -1.4%
- Forecast value in 2024: 225.9 index points
- 2019-2024 Compound Growth: -1.2%
- This report uses the producer price index for plastic materials and resin. This makes it possible to average the growth in price for various types, including organic, synthetic and processed varieties. The index has a base year of 1982. Data is presented as the equally-weighted average of monthly figures.

## Price of Plastic Materials and Resin

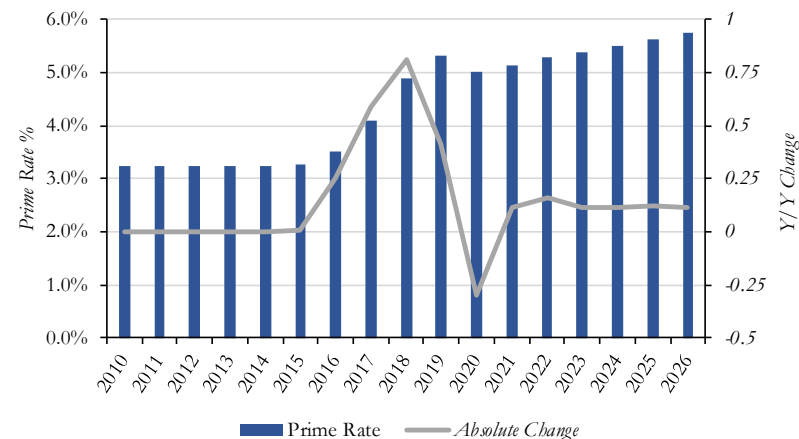


# Key Industry Drivers

## Prime Rate

- Estimated value in 2020: 5.01%
- 2015-2020 Average Annual Growth: 8.98 percentage points
- Forecast value in 2025: 5.62%
- 2020-2025 Average Annual Growth: 2.31 percentage points
- The prime rate refers to the interest rate charged by banks to their most creditworthy and largest corporate customers. The values presented in this report are annual figures, derived from equally weighted monthly averages.

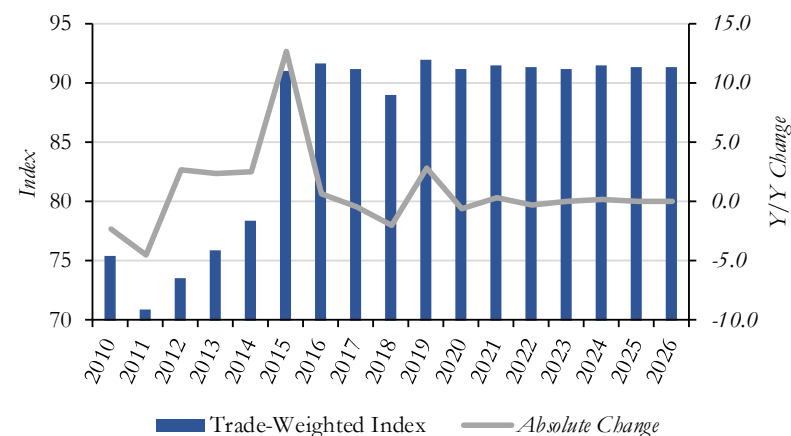
## Prime Rate



## Trade-Weighted Index

- Estimated value in 2020: 91.2 index points
- 2015-2020 Compound Growth: 0.05%
- Forecast value in 2025: 91.3 index points
- 2020-2025 Compound Growth: 0.03%
- The trade-weighted index (TWI), also known as the real broad index, measures the strength of the US dollar relative to the currencies of the nation's trading partners. Weightings are determined by the share of trade with each country, with the five largest allocated to the Euro, Canadian Dollar, Chinese Yuan, Japanese Yen and Mexican Peso. These five currencies account for over two-thirds of the TWI. The data for this report is price adjusted (i.e. real).

## Trade-Weighted Index

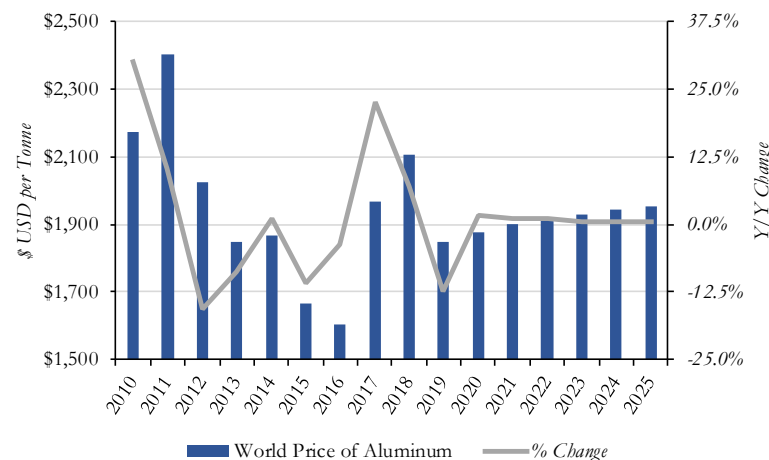


# Key Industry Drivers

## World Price of Aluminum

- Estimated value in 2019: 1,848.93 US Dollars Per Tonne
- 2014-2019 Compound Growth: *-0.2%*
- Forecast value in 2024: 1,942.33 US Dollars Per Tonne
- 2019-2024 Compound Growth: *1.0%*
- The world prices of aluminum presented in this report are annual figures derived from the average monthly price of 99.5% pure aluminum on the London Metal Exchange.

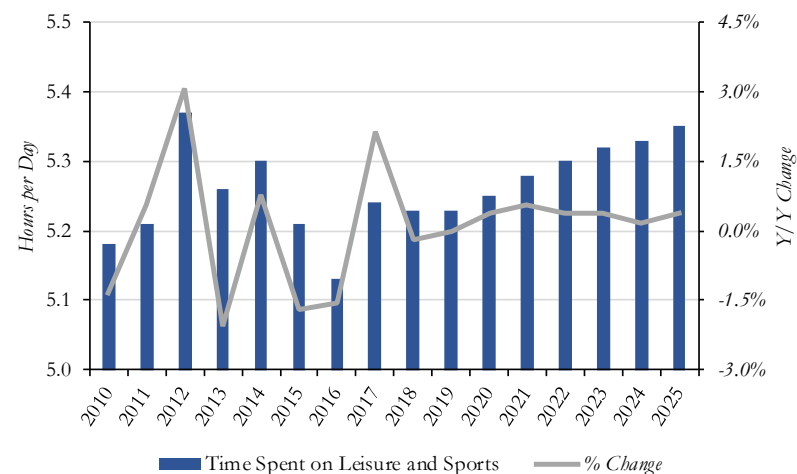
## World Price of Aluminum



## Time Spent on Leisure and Sports

- Estimated value in 2019: 5.2 hours per day per capita
- 2014-2019 Compound Growth: *-0.3%*
- Forecast value in 2024: 5.3 hours per day per capita
- 2019-2024 Compound Growth: *0.4%*
- Time spent on leisure and sport includes, but is not limited to, time spent socializing and communicating, watching television, surfing the internet, playing games, reading, playing sports, exercising, participating in recreation, as well as traveling to and from these activities. The figures presented pertain only to Americans aged 15 and older.

## Time Spent on Leisure and Sports

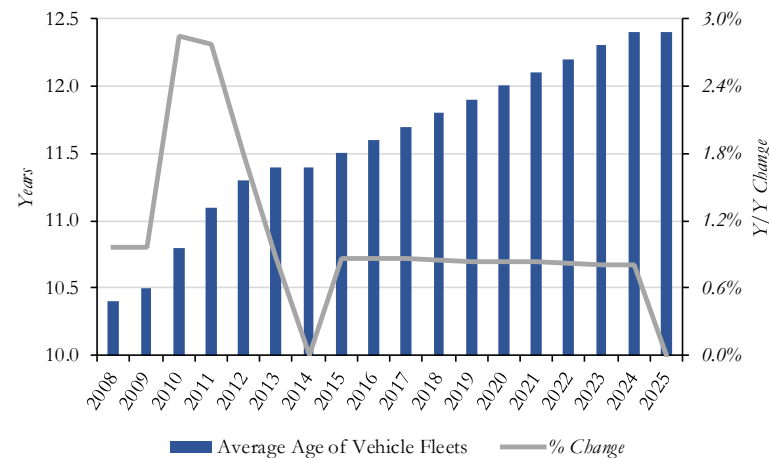


# Key Industry Drivers

## Average Age of Vehicle Fleets

- Estimated value in 2019: 11.9 Years
- 2014-2019 Compound Growth: 0.9%
- Forecast value in 2024: 12.4 Years
- 2019-2024 Compound Growth: 0.8%
- The average vehicle fleet age is an equally weighted average of automobiles and trucks that are registered in the United States.

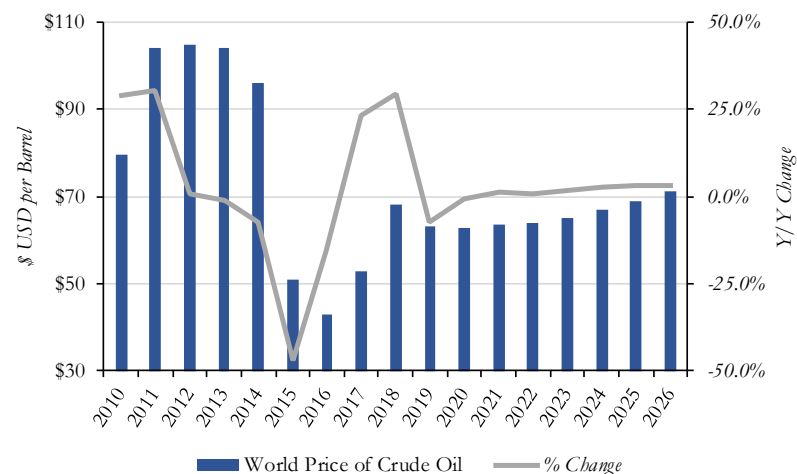
## Average Age of Vehicle Fleets



## World Price of Crude Oil

- Estimated value in 2020: \$62.8 per barrel
- 2015-2020 Compound Growth: 4.34%
- Forecast value in 2025: \$69.1 per barrel
- 2020-2025 Compound Growth: 1.93%
- The world price of crude oil represents the equally weighted average of oil on three different markets of light crude oil across the world in terms of US dollars per barrel. These markets are for Dated Brent petroleum (38 American Petroleum Institute) in the United Kingdom, Fateh petroleum (32 API) in Dubai and West Texas Intermediate petroleum (40 API) in Midland, TX, United States. Annual figures are presented as the equally weighted average of monthly averages.

## World Price of Crude Oil



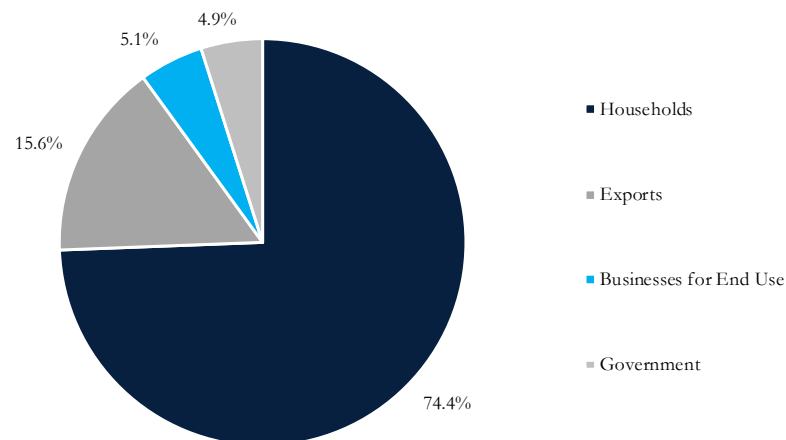


# Major Market Segmentations

## Major Market Segmentation – Boat Building in the US

Producers in this industry offer a variety of boats to suit different consumer needs. For example, high-end luxury boats offer more amenities, but are also more expensive than standard powerboats. Therefore, these luxury boats are purchased primarily by consumers with large disposable incomes and ample leisure time to enjoy their purchases. In contrast, government and law enforcement agencies, such as the US Coast Guard, are more likely to purchase speedboats with high levels of agility and durability.

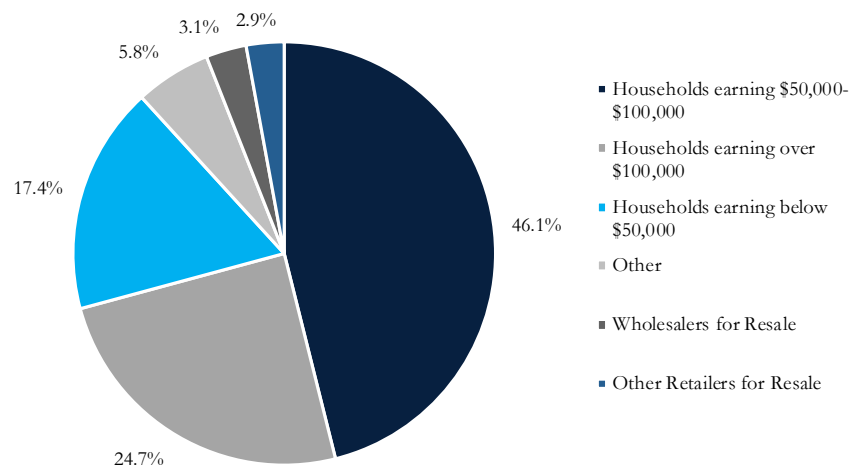
## Major Market Segmentation – Boat Building in the US



## Major Market Segmentation – Boat Dealership & Repair in the US

While intermediate markets, including other retailers and wholesalers, account for a small portion of the Boat Dealership and Repair industry's revenue, households are responsible for the largest share of recreational boat revenue (88.1%). It is expected the household market will continue to favor bigger, more expensive boats as economic conditions, such as disposable income levels, continue to improve. Within the household market, demand for mid-size boats has been considerable. Since these boats are targeted at middle-class families, their sales are negatively affected by high credit card, mortgage and consumer debt. However, the household segment has benefited from looser access to credit and financing options over the past five years, such as leases, that reduce the burden on consumers. Additionally, increased participation in recreational water sports, such as kayaking and wakeboarding, over the five years to 2019 has further boosted household's share of revenue.

## Major Market Segmentation – Boat Dealership & Repair in the US



# Guideline Public Companies in the Boat Building Industry

\$ in Millions except Stock Price

## Selected Guideline Public Companies

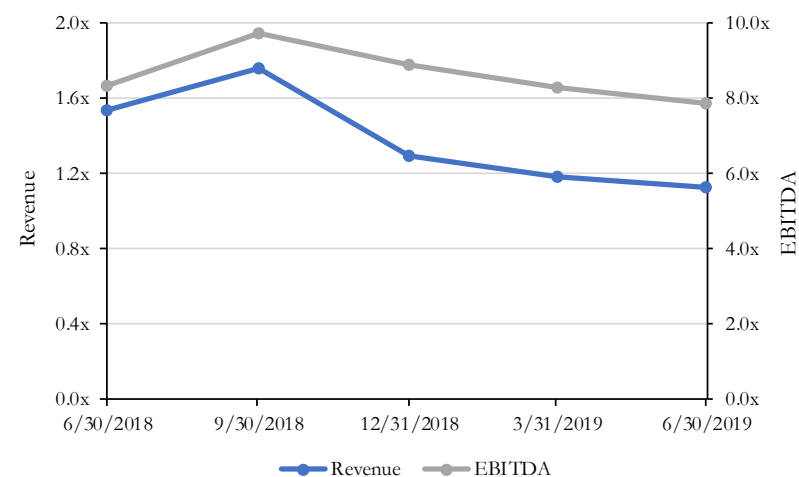
Company Name	Stock Price	Market Capitalization	Enterprise Value	LTM Revenue	LTM EBITDA	LTM Revenue Multiple	LTM EBITDA Multiple	LTM Revenue Multiple - Adjusted	LTM EBITDA Multiple - Adjusted
<i>Data as of 6/30/2019</i>									
MALIBU BOATS INC	\$ 38.85	\$ 815	\$ 907	\$ 684	\$ 117	1.3x	7.8x	1.1x	6.7x
BRUNSWICK CORP	\$ 45.89	\$ 4,006	\$ 4,704	\$ 4,761	\$ 660	1.0x	7.1x	0.7x	5.0x
MASTERCRAFT BOAT HLDGS INC	\$ 19.59	\$ 368	\$ 476	\$ 466	\$ 74	1.0x	6.5x	1.0x	6.5x
MARINE PRODS CORP	\$ 15.44	\$ 514	\$ 501	\$ 306	\$ 37	1.6x	13.4x	1.6x	13.4x
<b>Average</b>								1.1x	7.9x
<b>Median</b>								1.1x	6.6x

## Selected GPC Income Statement Comparison

*LTM Ended 6/30/2019*

	Average	Median
<b>Total Revenue</b>	<b>100.0%</b>	<b>100.0%</b>
Total Cost of Goods Sold	76.2%	76.5%
<b>Gross Profit</b>	<b>23.8%</b>	<b>23.5%</b>
Total Operating Expenses	11.0%	10.1%
EBIT	12.8%	12.8%
Net Interest Expense	-0.9%	-1.1%
Other Income (Expense)	-2.2%	-1.0%
Income Tax Expense	-2.0%	-1.8%
Extra. Items / Disc. Ops. / Minority Interest	-0.2%	-0.1%
<b>Net Income</b>	<b>7.4%</b>	<b>7.7%</b>
<b>EBITDA</b>	<b>14.7%</b>	<b>14.8%</b>
Capital Expenditures	2.9%	2.8%

## Latest Twelve Months Average Multiples Trend



# Guideline Public Company Snapshot – Boat Dealerships

\$ in Millions except Stock Price

MARINEMAX INC COM	Overview	Financial Statements	LTM
MarineMax, Inc. engages in the provision of boating-related activities. The firm sells used and new sport boats, sport cruisers, sport yachts and fishing boats through retail stores. It also provides maintenance, repair, slip and storage services. The company was founded in January 1998 and is headquartered in Clearwater, FL.	Stock Exchange: NYSE Website: <a href="http://www.marinemax.com">http://www.marinemax.com</a> Employees: 1,573 Primary Industry: Specialty Retail Primary SIC Code: 5551 S&P LT Rating: NA S&P LT Rating Date: NA	<b>INCOME STATEMENT</b> <b>Total Revenues</b> 1,237.6 Cost of Good Sold 923.2 <b>Gross Profit</b> 314.4 <i>Gross Profit Margin (%)</i> 25.4% Total Operating Expenses 250.9 <b>EBIT</b> 63.5 <i>EBIT Margin (%)</i> 5.1% Add: Depreciation and Amortization 11.3 <b>EBITDA</b> 74.7 <i>EBITDA Margin (%)</i> 6.0% <b>Net Income</b> 40.8 <i>Net Income Margin (%)</i> 3.3%	<b>BALANCE SHEET</b> 6/30/2019 Total Cash & ST Investments 71.6 Total Receivables 51.9 Total Other Current Assets 443.2 <b>Total Current Assets</b> 566.7 Property, Plant & Equipment, Net 143.3 Goodwill and Intangible Assets, Net (0.0) Total Other Noncurrent Assets 45.4 <b>Total Assets</b> 755.4 Debt in Current Liabilities 289.8 Other Current Liabilities 93.2 <b>Total Current Liabilities</b> 383.1 Long-Term Debt 0.0 Other Noncurrent Liabilities 2.6 <b>Total Liabilities</b> 385.6 Total Equity 369.8 <b>Total Liabilities and Equity</b> 755.4
	<b>Market Data</b> IPO Date (Years) 21.1 Dividend Yield 0.0% 5 Year Beta 0.88 Float 22.0 Float % 97.1 Current Price (actual) 16.44 <i>52 Week High ()</i> 26.11 <i>52 Week Low ()</i> 15.34 Shares - Diluted Outstanding (mln) 22.8 Equity Marketcap 375.2		
	<b>Average Daily Trading Volume (in millions)</b> Last Week 0.30 Last Month 0.28 Last 3 Months 0.32 Last 6 Months 0.33 Last Year 0.33		
	<b>Per Share Items (actual)</b> Basic EPS 1.81 Diluted EPS 1.76 Dividends per share 0.00		

# Select Comparable Transactions within the Boat Building Industry

Date	Target	Buyer(s)	Target Business Description
9/12/19	Northern Marine Co. LLC	Seattle Northwest Yachts LLC	Northern Marine Co. LLC, a subsidiary of Concorde Marine Group, is a company headquartered in the United States. The firm provides boat building and repairing services.
7/15/19	Wawasee Aluminum Works, Inc.	Apex Marine, Inc.	Wawasee Aluminum Works, Inc. manufactures aluminum boats. Its products include Deep-V, Mod-V, Dakota, and Jon boats. The company was founded in 1951 and is headquartered in Syracuse, IN.
6/25/19	Hydrohoist Marine Group, Inc.	ShoreMaster LLC	Hydrohoist Marine Group, Inc. designs and Manufactures water boats. Its products include boat lifts, PWC lifts, accessories, power pedestals and rotational molding. The company was founded by Henry Rutter in 1964 and is headquartered in Claremore, OK.
5/24/19	Marathon Boat Group, Inc.	Altair Investments, Inc. /US/	Marathon Boat Group, Inc. engages in manufacture of boats and canoes. It offers oneida, seneca, cayuga, otisco, owasco, double-end and square stern canoes, and Grumman journey and heritage. The company was founded in 1996 and is headquartered in Marathon, NY.
5/9/19	New England Boatworks, Inc.	Safe Harbor Marinas LLC	New England Boatworks, Inc. provides boat building services. It offers construction of custom, state-of-the-art sail and power yachts, marina facilities for long-term and transient yachts, and refit and repair services. The company was founded in 1988 and is headquartered in Portsmouth, RI.
4/18/19	Parker Marine, Inc.	Correct Craft, Inc.	Parker Marine, Inc. manufactures and supplies boat. The firm serves the commercial, governmental agencies, recreational, and high-tech sports fishing. The company was founded by Linwood Parker in 1960 and is headquartered in Beaufort, NC.
1/18/19	Larson Boats LLC	Polaris Industries, Inc.	Larson Boats LLC manufactures and distributes boats. It customizes, builds, and sells bow riders, sports boats, and day cruisers. The firm's brands include Striper, Larson FX, Escape and Triumph. The company was founded by Paul Larson in 1913 and is headquartered in Pulaski, WI.
9/10/18	Crest Marine LLC	MCBC Holdings, Inc.	Crest Marine LLC engages in the manufacturing and production of pontoon boats. The company was founded was founded by Maurice Shell in 1957 and is headquartered in Owosso, MI.
8/2/18	Triton Industries, Inc. (Michigan)	BRP, Inc.	Triton Industries, Inc. manufactures pontoon boats. It offers the following models: Legacy LT, X-Plode XT, Legacy, X-Plote, SES, Encore, Oasis, Aurora LE, Aurora, Encore Pro Angler, Oasis Angler, and Aurora Angler LE. The company is headquartered in Lansing, MI.
6/28/18	Alumacraft Boat Co.	BRP, Inc.	Alumacraft Boat Co. manufactures and supplies aluminum fishing boats. It offers value, bay, bass, utility, and jon boats. The company was founded in 1946 and is headquartered in St. Peter, MN.
6/5/18	Horizon Shipbuilding, Inc.	Metal Shark Aluminum Boats LLC	Horizon Shipbuilding, Inc. engages in designing, building, constructing, converting and repairing, operating, and maintaining ships, boats, and barges for tug and barge operators, the offshore oil industry, government and commercial clients, the cruise and diving industry, and the specialized craft industry in the United States and internationally. The company was founded in 1997 by Travis Randall Short and is headquartered in Bayou La Batre, AL.
5/30/18	Boat Holdings LLC	Polaris Industries, Inc.	Boat Holdings LLC manufactures boats. The company was founded on November 13, 2009 and is headquartered in Elkhart, IN.
2/21/18	MYCO Trailers LLC	Propst Properties LLC	MYCO Trailers LLC manufactures custom boat trailers. The firm has provided trailers for many government agencies including the U.S. Coast Guard, U.S. Customs, Marine Response, Naval Special Warfare and Navy Seals. The company was founded in 1974 and is headquartered in Bradenton, FL.
10/2/17	Nautic Star LLC	MCBC Holdings, Inc.	Nautic Star LLC engages in the manufacture and distribution of bay, deck, and offshore center console boats. It offers nautic bay boats, sport deck boats, offshore boats, and legacy series. The company was founded by Phil Faulkner in 2002 and is headquartered in Amory, MS.
9/27/17	Willard Marine, Inc.	Future Mobility Solutions Ltd.	Willard Marine, Inc. designs and manufactures boats. It offers rigid inflatable boats, SOLAS boats, cabin boats, riverine boats, interceptor boats, utility boats and excursion boats. The firm offers Repair & Refurbishment, Parts And Equipment, Training, Customization, Gsa and Warranty services. The company was founded in 1957 and is headquartered in Anaheim, CA.
8/29/17	Southport Boats LLC	Carbon Craft, Inc.	Southport Boats LLC, part of Carbon Craft, Inc., is a company headquartered in the United States. The firm designs and manufactures boats. It was acquired by Carbon Craft, Inc. on 29 Aug 17.
6/28/17	Cobalt Boats LLC	Malibu Boats, Inc.	Cobalt Boats LLC manufactures luxury power boats and cruisers. Its products range from 10 Series, Bowriders, A Series, Water Sports Series, Cuddies & Cruisers, and SD Series. The company was founded by Pack St. Clair in 1968 and is headquartered in Neodesha, KS.
1/9/17	Bryant Boats, Inc.	Correct Craft, Inc.	Bryant Boats, Inc. manufactures and supplies boats. It offers Speranza, Sportabout, Calandra and 233X. The company was founded by Jim Bryant and Bryant E Joseph in 1990 and is headquartered in Sweetwater, TN.
10/14/16	Moose Boats, Inc.	Jerico Products, Inc.	Moose Boats, Inc. manufactures aluminum boat and catamarans. It offers diesel water jet catamaran, outboard catamaran, and outboard mono-hull. The company was founded by Roger Fleck in 2000 and is headquartered in Vallejo, CA.

# Select Comparable Transactions within the Boat Dealership & Repair Industry

Date	Target	Buyer(s)	Target Business Description
7/15/19	Invincible Boat Co.	Eagletree Capital LP	Invincible Boat Co. operates boat dealers. The company is headquartered in Opa Locka, IL.
7/15/19	Annapolis Inflatables	Fawcett Marine Supplies LLC	Annapolis Inflatables operates as an inflatable boat dealer. The firm serves boaters in the mid-Atlantic region carrying inflatables, dinghies, life rafts and outboard motors. Its brands include AB Inflatables, Achilles, Highfield, Walker Bay, and Zodiac. The company was founded by Boyd Tomkies and Steve Everett in 1948 and is headquartered in Annapolis, MD.
6/11/19	Pro Marine Supplies, Inc.	Arsenal Capital Management LP; Polytek Development Corp.	Pro Marine Supplies, Inc. provides new and used boat dealership services. It specializes in epoxy resin products to suit the various needs of the marine, construction and art industry. The company was founded in 2013 and is headquartered in Englewood, FL.
5/8/19	Caribee Boat Sales & Marina, Inc.	OneWater Marine Holdings LLC	Caribee Boat Sales & Marina, Inc. operates as a boat dealer. The company is headquartered in Islamorada, FL.
4/17/19	Sail & Ski, Inc.	MarineMax, Inc.	Sail & Ski, Inc. operates as a boat dealership. It offers the inventory of boat brands on the market: Sea Ray, Nautique, Bayliner, Beneteau Gran Turismo, Beneteau Swift Trawler, Boston Whaler, Wellcraft and Harris Luxury Pontoons. The company was founded by Rod Malone in 1969 and is headquartered in Austin, TX.
12/11/18	The Slalom Shop LLC	OneWater Marine Holdings LLC	The Slalom Shop operates as a boat dealer. The firm also provide sales and service for new and pre-owned motorboats, plus waterskiing equipment. The company was founded in 1997 and is headquartered in Lewisville, TX.
10/9/18	Belle Maer Associates LP	Safe Harbor Marinas LLC	Belle Maer Associates LP engages in the provision of marina and dock services. It offers fuel dock and groceries, engine repair and service, marine brokerage services, marine canvas and interior, marine fiberglass repair, anchor real estate, Wi-Fi and cable TV service and channel line-up, and shuttle service. The company was founded on February 21, 1984 and is headquartered in Harrison Township, MI.
8/21/18	Pursuit Boats	Malibu Boats LLC; Malibu Boats Holdings LLC	Pursuit Boats provides boat dealership services. The company was founded by Leon Slikkers and is headquartered in Fort Pierce, FL.
3/29/18	Subsea Global Solutions LLC	GenNx360 Capital Partners	Subsea Global Solutions LLC engages in the provision of underwater repair and maintenance services. It includes ship repair, ship maintenance, load testing, oil and gas services, fleet management, welding, and marine construction. The company was founded in 2011 and is headquartered in Miami, FL.
9/30/17	TPG Mt. Vernon Marine LLC	TPG Marine Enterprises LLC	TPG Mt. Vernon Marine LLC owns and operates ports and terminals. The firm provides harbor services, including barge shifting, barge fleet, barge repair, barge cleaning, stevedoring, warehousing and fueling. The company was founded in 1962 and is headquartered in Mount Vernon, IN.
8/25/17	World Marine LLC /Marine Rig Repair Assets/	Vision Technologies Systems, Inc.	Assets related to marine rig repair
8/3/17	South Shore Marine Services, Inc.	OneWater Marine Holdings LLC	South Shore Marine Services, Inc. operates as a boat dealer. Its services include electronics and rigging, fiberglass and gel coat, miscellaneous, mechanical, parts, reconditioning & detailing and winter care program. The company was founded in 1989 and is headquartered in Huron, OH.
7/18/17	Bennett Marine, Inc.	Yamaha Motor Corp. USA	Bennett Marine, Inc. manufactures hydraulic and electric trim tab systems. It provides and distributes actuators, conversion kits, dealer service kits, hydraulic power unit, indication and controls, hatch lifting systems, electric actuator parts, trim plane assembly, and parts and accessories. The company was founded by Charles Bennett in 1959 and is headquartered in Deerfield Beach, FL.
5/2/17	SanJuanYachts	Northern Marine Co. LLC; San Juan Capital Holdings LLC	SanJuanYachts engages in the provision of boat building and repairing services. It offers SJ30, SJ40, SJ40FB, SJ40ST, SJ48 and SJ48FB. The company was founded by Donald M. Campbell in 1998 and is headquartered in Anacortes, WA.
1/12/17	Hall Marine Group	MarineMax, Inc.	Hall Marine Group dealers of marine products. The company was founded by Rod Hall and Fran Hall in 1976 and is headquartered in Chesapeake, VA.
11/30/16	Yacht Masters NW	S3 Maritime LLC	Provides boat repair services
11/1/16	Texas Sport Boats LLC	OneWater Marine Holdings LLC	Texas Sport Boats LLC owns and operates a boat dealership. The firm offers new and pre-owned boat sales and brokerage services. It also provides services in the areas of general repairs, annual maintenance, winterization, fiberglass repairs, detailing, upholstery repair, and electronics; and sound system repairs, installation, and upgrades. The company was founded in 2007 and is headquartered in Conroe, TX.

# Median EBITDA Multiples Trend

## Average Number of Months to Close Deals

2017	2018
8.7	9.3

## Breakdown of Cash at Close

	2017		2018	
	<i>Low</i>	<i>High</i>	<i>Low</i>	<i>High</i>
Cash*	82%	86%	78%	85%
Seller Financing	10%	17%	10%	11%
Earn Out	0%	4%	1%	3%
Retained Equity	0%	4%	0%	4%

\* Combination of buyers equity and senior debt

## Advisor, Investor, and Executive Surveys

- 79% expect increased average number of deals in 2019 (up from 70% a year ago)
- 83% expect strong market to expire within the next 24 months (33% say its within 12)
- 19% of transactions valued below \$2M were business services – highest proportion
- 27% of transactions valued above \$2M were in manufacturing – highest proportion
- 66% of investors/buyers use adjusted EBITDA multiple when valuing privately-held businesses
- Top 3 reasons deals didn't close were valuation gap (36%), unreasonable seller/buyer demand (20%) and no market for business (11%)

EBITDA	Manufacturing	Construction & Engineering	Consumer Goods & Services	Wholesale & Distribution	Business Services	Basic Materials & Energy	Healthcare & Biotech	Information Technology	Financial Services	Media & Entertainment	Average
< \$1M	5.0x	3.5x	4.3x	5.5x	3.0x	5.0x	4.3x	7.0x	5.5x	4.0x	4.7x
\$1M - \$5M	5.5x	4.5x	5.5x	5.5x	4.8x	5.5x	5.5x	7.5x	6.0x	5.5x	5.6x
\$5M - \$10M	6.5x	5.0x	5.8x	5.8x	5.3x	6.0x	7.3x	8.0x	7.5x	6.0x	6.3x
\$10M - \$25M	7.5x	6.5x	6.5x	7.5x	6.0x	6.0x	7.5x	8.5x	7.8x	6.5x	7.0x

Sources: Pepperdine Private Capital Markets Report, PitchBook Data, GF Data M&A Report November 2018, Market Pulse