NMMA MEMBER MANUFACTURER RESPONSES TO ECONOMIC SLOWDOWN IN 2009

Study conducted by NMMA Industry Research and Statistiscs
June, 2010

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Introduction

An online survey of NMMA member boat, engine, and accessory manufacturers was conducted by the NMMA Department of Industry Statistics and Research to better understand the effect of the continued U.S. economic downturn on recreational marine manufacturers. This study is a follow up to a similar survey conducted in late 2008.

Objective

The objective of this survey was to assess the continued impact of the economic downturn on employment in the recreational marine industry.

Methodology

136 NMMA member chief executives were surveyed from April 20, 2010 – May 6, 2010. Survey results have a confidence interval of ±8% at the 95% confidence level.

Highlights

- During 2009, 87% of the companies implemented some cost-saving measures in response to the continued economic slowdown, up from 80% in 2008.

- 54% of the companies reported having shortened work weeks, relatively unchanged from 55% in 2008.

- 26% reported having laid-off employees.

- 15% of the companies temporarily closed facilities in 2009, shutting down a total of 35 facilities an average of 14 weeks. Through April, 2010, 71% of those temporarily closed facilities have been reopened and over half of those furloughed employees have returned to work.

- 10% of the companies reported permanently closing 24 facilities in 2009.

- Through April, 2010, payrolls gained 3%, following reductions of 26% in 2009, and 33% in 2008.

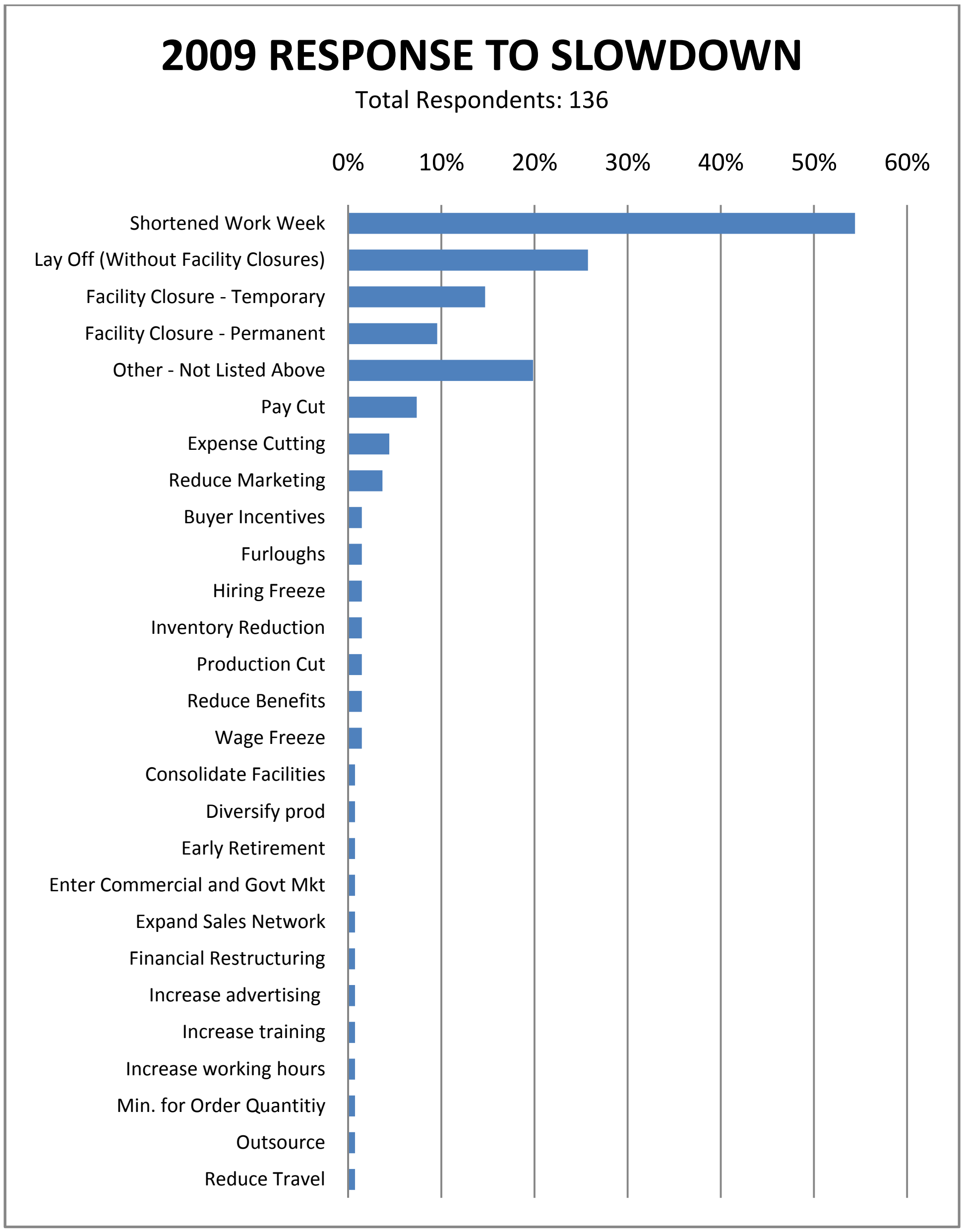
- Short-term outlooks improved in 2010. Only 1 in 10 companies surveyed anticipate additional facility closures and layoffs before year’s end, down from 1 in 3 of those surveyed in November, 2008.

- 64% of the companies reported losing dealers in 2009 due the economic slowdown (unchanged from 2008). Nearly 7 out of 10 reported losing dealers that were located in Florida, followed by California, Georgia, Texas, and Maryland.

Executive Summary

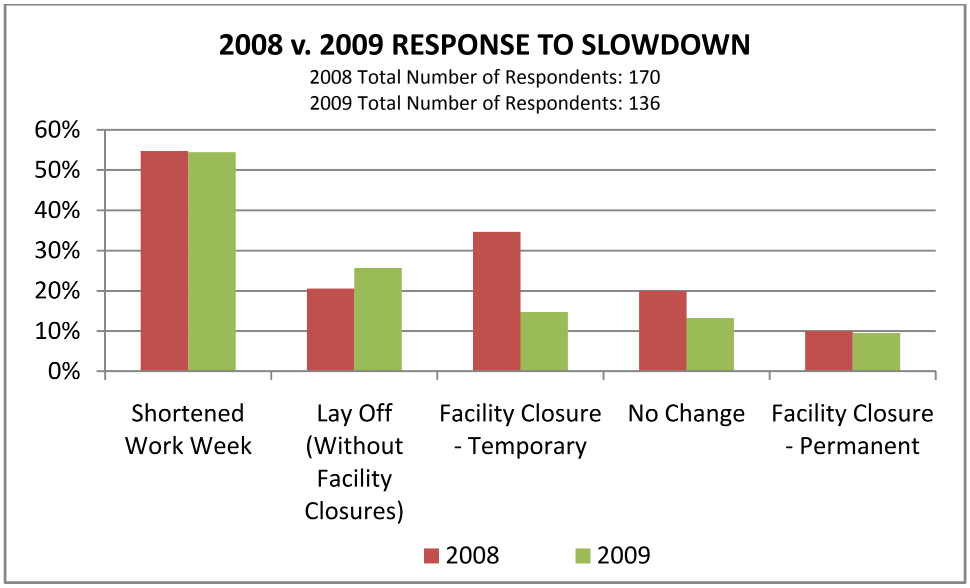
- 15% of responding companies had temporarily closed a total of 35 facilities in 2009, compared to 35% and 81 facilities in 2008.
- Through April, 2010, 11% of the companies have reopened a total of 25 facilities that were temporarily closed in 2009.
- In 2009, facilities were temporarily closed an average of 14 weeks, compared to an average of 9 weeks in 2008.

Executive Summary

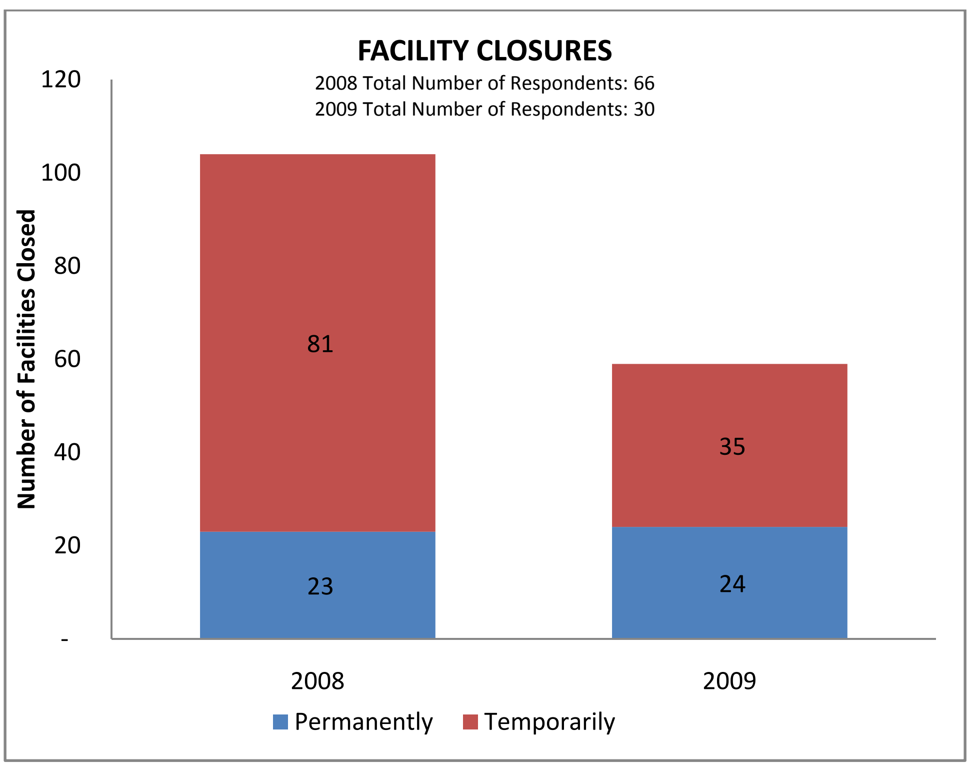


- More than half of all companies have shortened work weeks.
- 1 in 4 have reduced their workforces (without closing facilities).

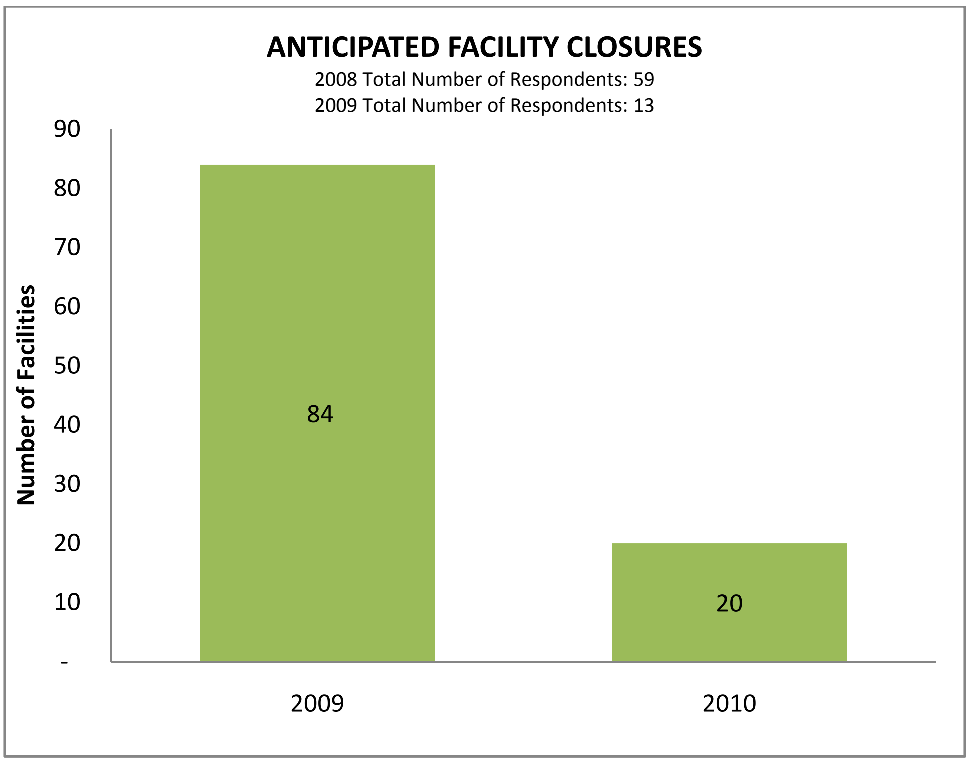
- An additional 22% had closed facilities and, consequently, had likely furloughed and/or laid off workers.



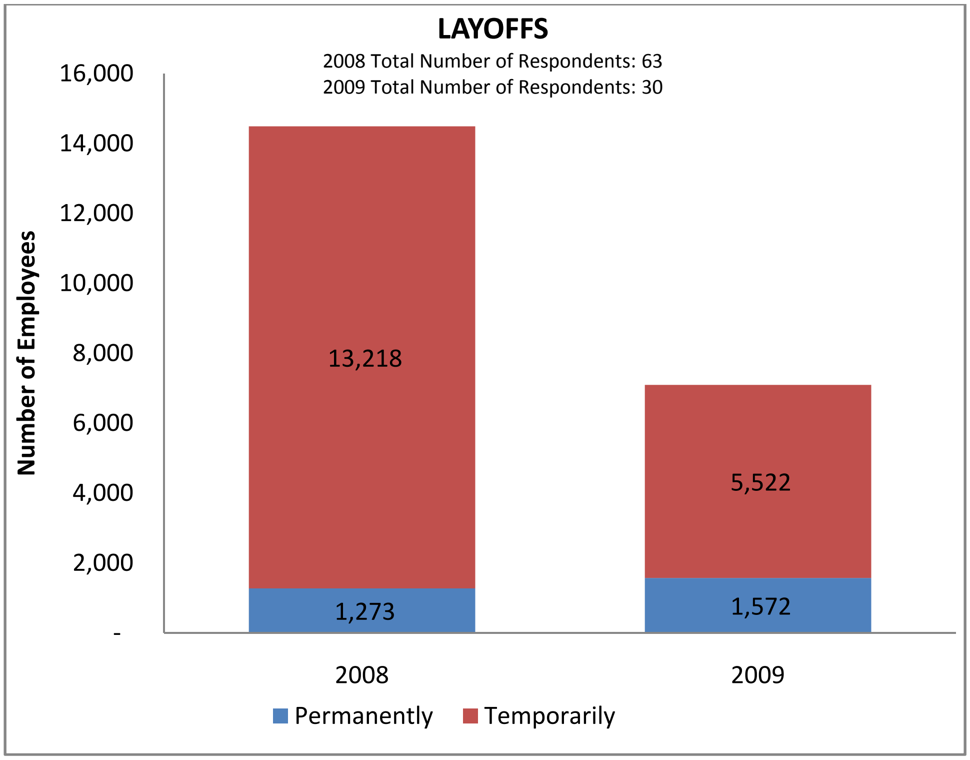
- 87% of the companies surveyed implemented cost-saving measures in response to the economic slowdown in 2009, compared to 80% in 2008.
- The percentage of companies that temporarily closed facilities in 2009 (15%) was nearly half of what it was in 2008 (35%).



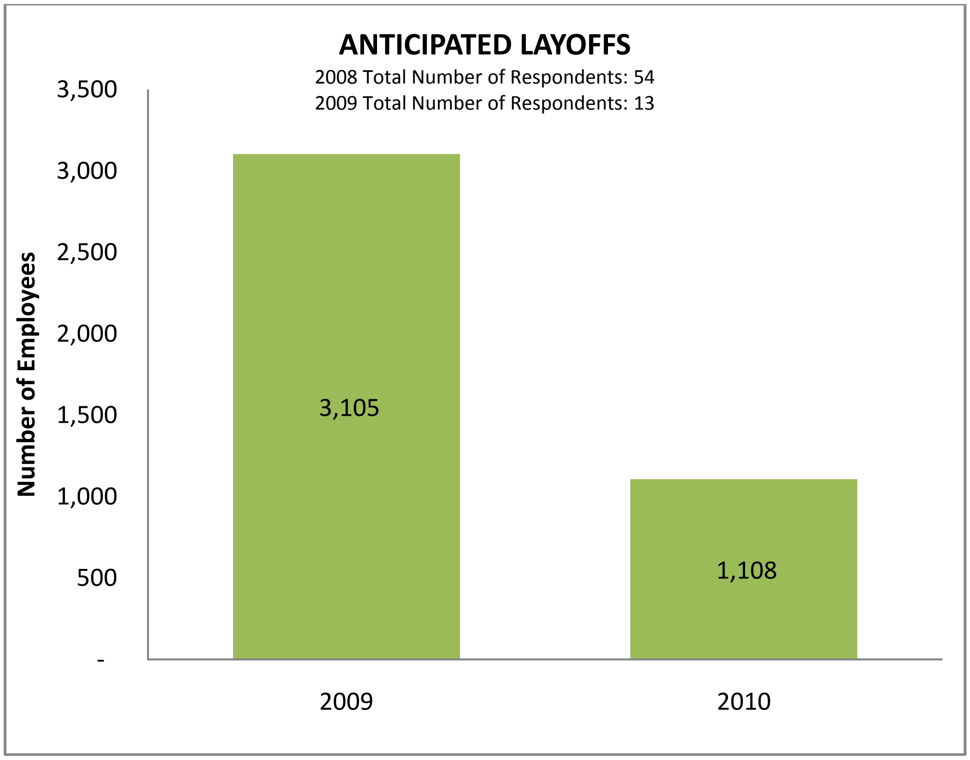
- The percentage of companies that had permanently closed facilities in 2008 versus 2009 was unchanged at 10%. The number of facilities that were permanently closed was also relatively unchanged (23 in 2008 versus 24 in 2009.)
- 15% had temporarily closed a total of 35 facilities in 2009, compared to 35% and 81 facilities in 2008.
- Through April, 2010, 11% of the companies surveyed have reopened a total of 25 facilities that were temporarily closed in 2009.
- In 2009, facilities were temporarily closed an average of 14 weeks, compared to an average of 9 weeks in 2008.



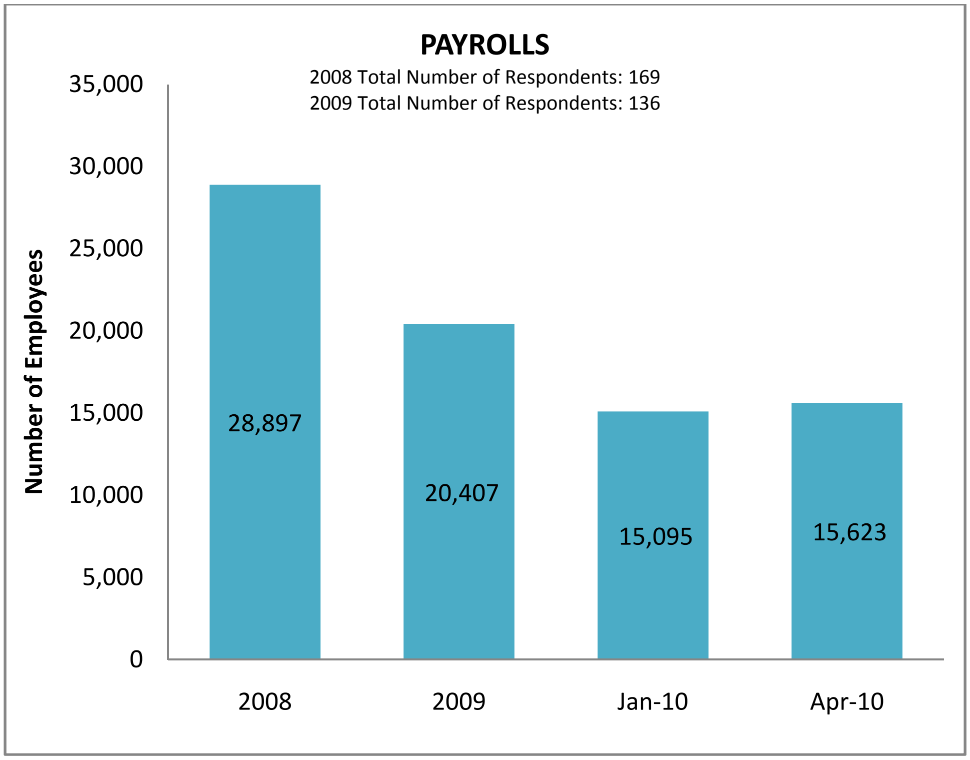
- Slightly more than 90% of the companies surveyed in June, 2010 do not anticipate further facility closures through the rest of 2010; the remaining 9% expect to close another 20 facilities by year’s end.
- 35% of the companies surveyed in November, 2008 anticipated a total of 84 facility closures for the following year (2009). In June, 2010, 22% of companies reported closing a total of 59 facilities in 2009.



- In 2009, 38% of the companies surveyed had laid-off employees and/or had closed facilities (both permanently and temporarily), down from 64% in 2008.
- During 2009, 22% of the companies reported laying off 7,094 employees
  -1,572 were permanent staff reductions
  -5,522 were temporarily laid off
- Through April, 2010, 14% of companies reported that 2,812 previously furloughed employees have returned to work.



- Only 10% of companies surveyed in June, 2010 anticipate further layoffs (totaling 1,108) through the rest of 2010.
- 32% of companies surveyed in November, 2008 had anticipated an additional 3,105 layoffs for the following year (2009).



- On average, the companies surveyed reduced staff by 26% in 2009, down from 33% in 2008. As of April, 2010, payrolls have actually gained 3% since the first of the year.
- Payrolls were reduced by 5,312 from January 1, 2009 (20,407 total employees) through January 1, 2010 (15,095 total employees). As of April, 2010, payrolls have gained 528, totaling 15,623.

- The percentage of companies who have lost dealers due to the economic downturn was unchanged at 64% for 2008 and 2009.
- 64% of companies lost a total of 1,383 dealers in 2009, up from 1,176 in 2008. Nearly 7 in 10 the companies lost dealers that were located in Florida, while half of all the companies lost dealers in California, and a third of all the companies lost dealers in Georgia.

In calendar year 2009, did you adopt any of the following measures in response to the U.S. economic slowdown?			
	N=	136	100.0%
Shortened Work Week		74	54.4%
Lay Off (Without Facility Closures)		35	25.7%
Facility Closure - Temporary		20	14.7%
No Change		18	13.2%
Facility Closure - Permanent		13	9.6%
Pay Cut		10	7.4%
Expense Cutting		6	4.4%
Other - Not Listed Above		16	11.8%
Reduce Marketing		5	3.7%
Buyer Incentives		2	1.5%
Furloughs		2	1.5%
Hiring Freeze		2	1.5%
Inventory Reduction		2	1.5%
Production Cut		2	1.5%
Reduce Benefits		2	1.5%
Wage Freeze		2	1.5%
Consolidate Facilities		1	0.7%
Diversify prod		1	0.7%
Early Retirement		1	0.7%
Enter Commercial and Govt Mkt		1	0.7%
Expand Sales Network		1	0.7%
Financial Restructuring		1	0.7%
Increase advertising		1	0.7%
Increase training		1	0.7%
Increase working hours		1	0.7%
Min. for Order Quantitiy		1	0.7%
Outsource		1	0.7%
Reduce Travel		1	0.7%
How many facilities did you temporarily close in 2009?			
	N=	21	15.4%
Total		35	
In which state(s) are those facilities located?			
	N=	21	15.4%
Florida		7	33.3%
Tennessee		4	19.0%
Georgia		3	14.3%
Other		15	71.4%
Indiana		2	9.5%
Michigan		2	9.5%
Texas		2	9.5%
California		1	4.8%
Connecticut		1	4.8%
Illinois		1	4.8%
Massachusetts		1	4.8%
MIssouri		1	4.8%
New Jersey		1	4.8%
North Carolina		1	4.8%
Pennsylvania		1	4.8%
South Carolina		1	4.8%
On average in 2009, how many weeks were those facilities temporarily closed?			
	N=	20	14.7%
Average		14	
Range		0-50	
How many total employees were furloughed or laid off in 2009 as a result of these temporary facility closures?			
	N=	20	14.7%
Range		0-1,000	
Total		5,522	

How many of those furloughed employees have since returned to work?		
N=	19	14.0%
Average	141	
Range	0-1,000	
Total	2,812	
To date, have you reopened any facilities that had been temporarily closed in 2009?		
N=	20	14.7%
Y	16	80.0%
N	4	20.0%
How many facilities have you since reopened?		
N=	15	11.0%
Average	2	
Range	1-7	
Total	25	
When do you anticipate reopening facilities that were temporarily closed?		
N=	4	2.9%
Within 9 - 12 months of today	1	25.0%
Plan to permanently close those facilities	1	25.0%
Do not know	3	75.0%
How many facilities did you permanently close in 2009?		
N=	13	9.6%
Total	24	
How many employees were laid off in 2009 as a result of those permanent facility closures?		
N=	13	9.6%
Average	121	
Range	4-350	
Total	1,572	
In which state(s) were these permanent shut-downs located?		
N=	13	14.7%
Florida	7	53.8%
North Carolina	3	23.1%
Other	12	92.3%
Georgia	2	15.4%
Maryland	2	15.4%
Tennessee	2	15.4%
California	2	15.4%
MIssouri	1	7.7%
Oregon	1	7.7%
Massachusetts	1	7.7%
Rhode Island	1	7.7%
How many total employees did you have on payroll as of January 1, 2009?		
N=	136	100.0%
Average	148	
Range	0-4,500	
Total	20,407	
How many total employees did you have on payroll as of January 1, 2010?		
N=	136	100.0%
Average	109	
Range	0-4,000	
Total	15,095	
How many total employees did you have on payroll as of April 20, 2010?		
N=	136	100.0%
Average	113	
Range	0-4,000	
Total	15,623	
Do you anticipate any facility closures in 2010 (temporary and/or permanent) in response to the U.S. economic slowdown?		
N=	136	100.0%
Y	12	8.8%
N	123	90.4%

Survey Responses

How many employees do you anticipate will be furloughed or laid off in 2010?			
	N=	13	100.0%
Average		85	
Range		0-280	
Total		1,108	
How many facility closures do you anticipate in 2010?			
	N=	13	100.0%
Average		2	
Range		0-7	
Total		20	
Did you lose any dealers in 2009 due to the U.S. economic slowdown?			
	N=	132	100.0%
Y		85	64.4%
N		47	35.6%
How many dealers did you lose in 2009 due to the economic slowdown?			
	N=	83	61.0%
Average		16	
Range		0-200	
Total		1,383	
In which state(s) are those dealers located?			
	N=	72	52.9%
Florida		49	68.1%
California		36	50.0%
Georgia		24	33.3%
Texas		23	31.9%
Maryland		22	30.6%
Louisiana		21	29.2%
Illinois		20	27.8%
Michigan		20	27.8%
North Carolina		19	26.4%
Connecticut		17	23.6%
Washington		17	23.6%
Indiana		16	22.2%
New York		16	22.2%
Minnesota		15	20.8%
Oregon		15	20.8%
Alabama		14	19.4%
Ohio		14	19.4%
South Carolina		14	19.4%
Wisconsin		14	19.4%
Massachusetts		13	18.1%
New Jersey		12	16.7%
Arizona		10	13.9%
Kentucky		10	13.9%
MIssouri		10	13.9%
Mississippi		9	12.5%
Pennsylvania		9	12.5%
Virginia		9	12.5%
Arkansas		8	11.1%
Maine		8	11.1%
Tennessee		8	11.1%
Colorado		7	9.7%
Kansas		7	9.7%
Delaware		6	8.3%
Iowa		6	8.3%
Oklahoma		6	8.3%
Rhode Island		6	8.3%
Utah		6	8.3%
Idaho		5	6.9%
Nebraska		5	6.9%
New Hampshire		5	6.9%
Vermont		5	6.9%
Alaska		4	5.6%
District of Columbia		4	5.6%
Montana		4	5.6%
Nevada		4	5.6%
New Mexico		4	5.6%
North Dakota		4	5.6%
West Virginia		4	5.6%
Hawaii		3	4.2%
South Dakota		3	4.2%
Wyoming		3	4.2%

Survey Respondents

BMD

Advanced Elements
American Sail, Inc.
Avalon & Tahoe Mfg., Inc.
Beneteau USA, Inc.
BRP, US Inc.
Brunswick Marine - Emea Operations, Lda
Checkmate Marine, Inc.
Chris Craft Corp.
Correct Craft, Inc.
Ebbtide Corp.
Egg Harbor Yachts
Fleming Yachts Construction (HK) Ltd.
Fountain Powerboats, Inc.
Godfrey Marine
Hewes Boats
Hobie Cat Company
Hornet Marine
Hunter Marine
Hutchins Co., Inc.
Island Packet Yachts
Kawasaki Motors Corp., U.S.A.
Kevcon Corporation
Marlow Marine Sales, Inc. and Marlow Yachts Limited, Inc.
MasterCraft Boat Company
Northport Corporation of St. Cloud
Premier Marine, Inc.
Regulator Marine, Inc.
Silverton Marine Corp.
Stingray Boat Company
Thunderbird/Formula
Tiara Yachts
Tideline Boats, Inc.
Triton Boat Company
Triton Industries, Inc. Manitou Pontoon Boats
Twin Anchors Marine (1977) Ltd.
Walker Bay Boats, Inc.
Win Marine Ventures LLC
Yamaha - Newnan

EMD

API Marine, Inc.
Marine Power, Inc.
Mercury Marine, Ltd.
Nissan Marine & Power Products
Suzuki Motor Corp., American

AMD

AmbientNAV
Arid Bilge Systems, Inc.
ASA Electronics
Atlantic Towers
Atlantic-Meeco, Inc.
Barnegat Light Marine Products Div. Ziamatic
Barr Marine by EDM
BMS International, Inc.
BoatLife Div. Life Industries
BoatMate Trailers, LLC
Boatswain's Locker
BSCO, Inc.
C.P.S. Distributors, Inc.
CMC Marine, Inc.
Commercial Products Int'l, Inc.
Connect-A-Dock Inc.
CRC Industries, Inc.
Datrex, Inc.
Del City (Division Of Actuant)
Dotline/Mengo Industries, Inc.
DuraSafe, Inc.
E.S. Ritchie & Sons
Fireboy-Xintex, Inc.
Florida Marine Tanks, Inc.
FloScan Instrument Co., Inc.
Forespar Products Corp.
Fortress Marine Anchors
G.G. Schmitt & Sons
Galleyware Company, Inc.
Good Automatic Windlass & Marine Sales, Inc.
Hytech - Marol, LLC
IMTRA Corporation
International Dock Products, Inc.
IPS Weld-On Corporation
ITT Corp.-Rule
JEFCO Manufacturing, Inc.
Jeppesen Marine
Johnson Pump, An SPX Process Equipment Operation
Kent Sporting Goods Co., Inc.
King Plastic Corp.
King Trailers, Inc.
KS Marine Products, Inc.
KZCO, Inc.
Lasdrop
Lenco Marine, Inc.
Maretron LLP
Marine Accessories Corp.
Marine Audio Engineering & Sales, Inc.
Marine Concepts
Marine Systems, Inc.
MarinePC
Marvair
Mastry Engine Center
Metal Moulding Corporation
Moeller Marine Products
Nationwide Marine DBA Hurricane Boat Lifts
Paneltronics, Inc.
Phoenix Resins Inc./MAS Epoxies
Powertech Marine Propellers
Precision Propeller Industries. Inc.
Pretech Company
Prospec Electronics
Racor Division Parker Hannifin Corp.
Reverso Pumps, Inc.
Roehm Marine, LLC
Ronstan International, Inc.
Schmitt Marine Steering Wheels
Seatorque Control Systems LLC
Select Plastics LLC
Sherwood
SHURflo, LLC
SmartPlug Systems, LLC
Soundown Corp.
Springfield Marine Company
SSI Custom Plastics (Sailing Specialities)
Stoltz Industries, Inc.
Swobbit Products
Syntec Industries
Taylor Made Products
Taylor Made Systems
Teak Isle Mfg.
Teakdecking Systems, Inc.
Tidewater Sensors LLC
Trac Ecological of America Inc.
Tuff Torq Corporation
Unified Marine, Inc.
Unique Functional Products
Veethree Electronics & Marine, LLC
Weems & Plath
West System Inc
Westerbeke Corp.
Yamaha Motor Corporation, U.S.A.
ZF Marine LLC