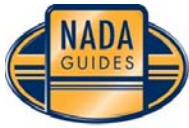


# Guidelines

NADAguides

Powersports Industry Update

September – October, 2013



# Industry Overview

The 2013 buying and selling season has come to a close. The utility segments continue to be active; while, many powersport retailers anticipate a good snowmobile season. Farmer's Almanac is forecasting a 2013-2014 winter with below average temperatures for two-thirds of the nation.

Currently, OEMs are holding their annual dealer meetings and releasing the new 2014 product. As of mid-September, 2013 units still accounted for 61.3% of inventory on dealer lots (Figure 1.1). Dealers are also reporting a 49/51% split of New unit versus Used unit sales in the last 60-days. This indicates that used units are still favored by consumers purchasing but by a very slim margin.

## Opinion of Best Selling Units Within the Last 60-Days

Cruisers

24.7%

Utility ATVs

20.5%

Touring Bikes

19.2%

Side by Side Utility

11.0%

Side by Side Sport

8.2%

Sportbikes

6.8%

MX

4.1%

Sport ATV

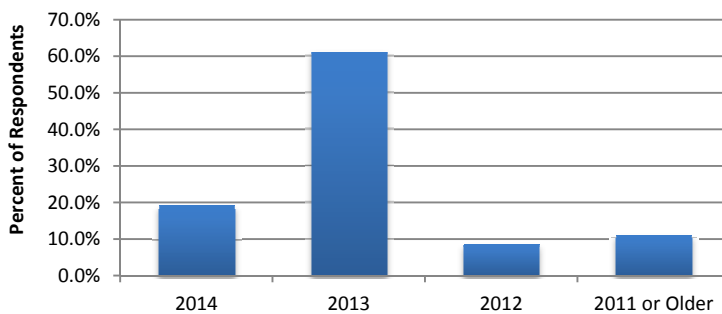
4.1%

3-Wheel

1.4%

Source: NADAguides, Inc.

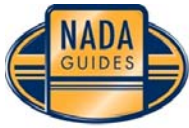
**New Unit Inventory Reported by Dealers**



Percentages produced by dividing total number of responding dealers by the number of dealers responding what years compose their current new unit inventory.

Source: NADAguides, Inc.

Figure 1.1



# NADAguides Data Overview

Various marketplace indicators and dealer survey input supported seasonal downward pressure on used prices for the September 2013 update of NADAguides powersports data.

## Average Update-to-Update Change by Category

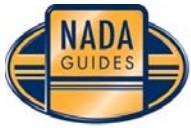
|              |                  |            |
|--------------|------------------|------------|
| Street Bikes | Utility Vehicles | Dirt Bikes |
| -6.1%        | -5.3%            | -5.1%      |

Source: NADAguides, Inc.

| NADAguides Average Edition-Over-Edition Percent of Change by Unit Type |                      |                |                |                |      |
|--|----------------------|----------------|----------------|----------------|------|
| Unit Type Abbreviation   | Unit Type            | Rough Trade-In | Clean Trade-In | Average Retail |      |
| SAT  | Sport ATV            | ↓ -6.7         | ↓ -6.5         | ↓              | -6.2 |
| 3-W  | 3-Wheel Cycle        | ↘ -4.4         | ↘ -4.7         | ↘              | -3.9 |
| 6-W  | 6-Wheel ATV          | ↘ -2.9         | ↘ -4.3         | ↘              | -4.0 |
| 8-W  | 8-Wheel ATV          | ↘ -2.9         | ↘ -4.3         | ↘              | -4.0 |
| ATL  | All Terrain/Lights   | ↓ -6.2         | ↓ -6.1         | ↓              | -5.6 |
| ATT  | All Terrain Tractor  | ↓ -6.2         | ↓ -6.1         | ↓              | -5.6 |
| ATV  | All Terrain Vehicle  | ↓ -6.2         | ↓ -6.1         | ↓              | -5.6 |
| C  | Racer (not MX)       | ↓ -7.1         | ↓ -6.9         | ↓              | -6.4 |
| C/T  | Cruiser/Touring      | ↓ -7.2         | ↓ -7.0         | ↓              | -6.5 |
| CRU  | Cruiser              | ↓ -6.0         | ↓ -5.7         | ↓              | -5.4 |
| D  | Dirt (not MX)        | ↓ -6.2         | ↓ -6.1         | ↓              | -5.6 |
| DS   | Dual Sport           | ↘ -3.0         | ↘ -4.4         | ↘              | -4.2 |
| E  | Enduro               | ↓ -6.2         | ↓ -6.1         | ↓              | -5.6 |
| MB   | Mini Bike            | ↓ -5.3         | ↓ -5.0         | ↘              | -4.8 |
| MX   | Moto Cross           | ↓ -6.2         | ↓ -6.1         | ↓              | -5.6 |
| RT   | Road/Trail           | ↓ -4.9         | ↘ -4.7         | ↘              | -4.5 |
| S  | Scooter              | ↓ -7.5         | ↓ -7.3         | ↓              | -6.7 |
| S/T  | Sport Touring        | ↓ -5.9         | ↓ -5.7         | ↓              | -5.2 |
| SPT  | Sportbike            | ↓ -5.9         | ↓ -5.7         | ↓              | -5.2 |
| SXS  | Sport Side-by-Side   | ↘ -3.3         | ↓ -5.6         | ↓              | -5.4 |
| T  | Trail                | ↘ -2.2         | ↘ -4.0         | ↘              | -3.7 |
| T/L  | Trail/Lights         | ↘ -2.9         | ↘ -4.3         | ↘              | -4.0 |
| TOU  | Touring              | ↓ -5.8         | ↓ -5.6         | ↓              | -5.1 |
| TR   | Trials               | ↓ -4.9         | ↘ -4.7         | ↘              | -4.5 |
| UAT  | Utility ATV          | ↘ -2.6         | ↘ -4.3         | ↘              | -4.0 |
| UTL  | Utility Side-by-Side | ↘ -2.6         | ↘ -4.3         | ↘              | -4.0 |

Figures represent the percent change, on average based on unit type, between the July 2013 update and the September 2013 update of the NADAguides Powersports CONNECT.

Source: NADAguides, Inc



# NADAguides Data Overview

Dealers were surveyed about Average Retail pricing in the September through October 2013 NADAguides Powersports data. The chart below displays the results of dealer opinion about where the NADAguides Average Retail values fall as compared to their local marketplace.

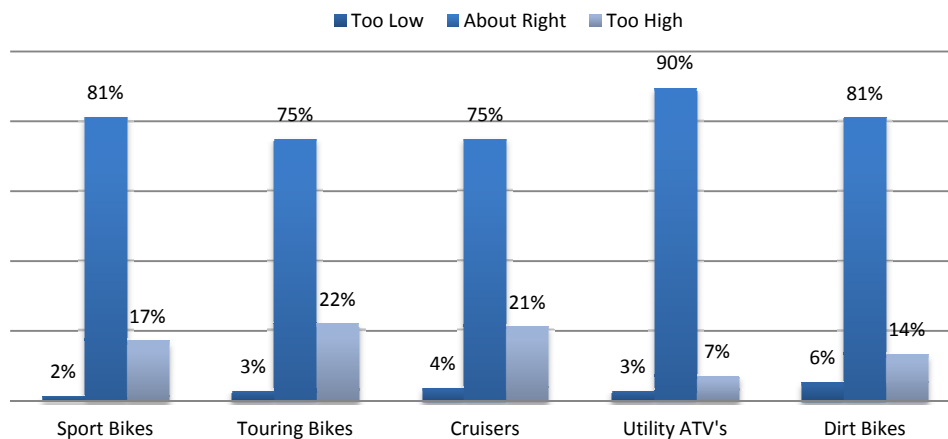
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# 90%

of retailers believe the  
NADAguides Retail Utility ATV  
Values are About Right

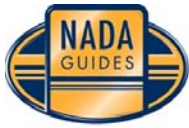
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## Average Retail Values in the NADAguides Powersports CONNECT



This chart reflects the percentage of dealers that feel, by segment, if the NADAguides Average Retail values are too low, about right, or too high, as compared to their local market area.

Source: NADAguides, Inc.



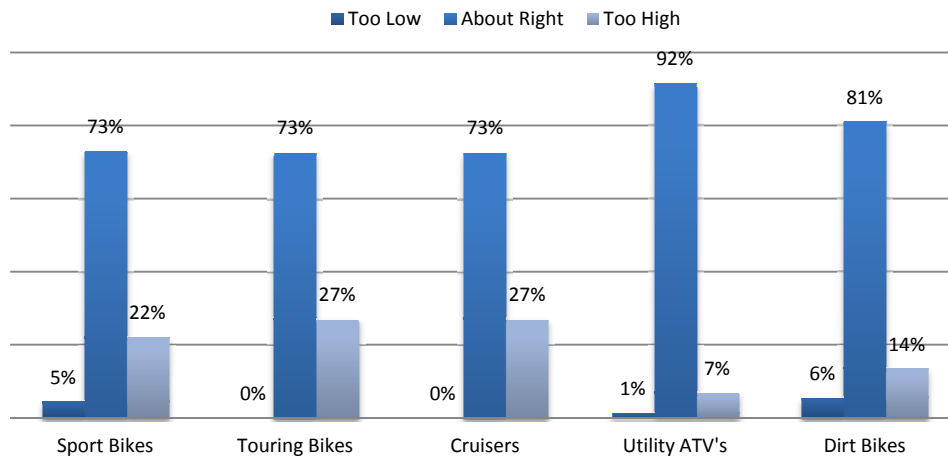
# NADAguides Data Overview

Dealers were surveyed about Clean Trade-In pricing in the September through October 2013 NADAguides Powersports data. The chart below displays the results of dealer opinion about where the NADAguides Clean Trade-In values fall as compared to their local marketplace.

# 92%

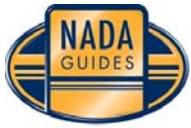
of retailers believe the NADAguides Clean Trade-In Utility ATV Values are About Right

## Clean Trade-In Values in the NADAguides Powersports CONNECT



This chart reflects the percentage of dealers that feel, by segment, if the NADAguides Clean Trade-In values are too low, about right, or too high, as compared to their local market area.

Source: NADAguides, Inc.



# NADAguides Data Overview

Dealers were surveyed about Rough Trade-In pricing in the September through October 2013 NADAguides Powersports data. The chart below displays the results of dealer opinion about where the NADAguides Rough Trade-In values fall as compared to their local marketplace.

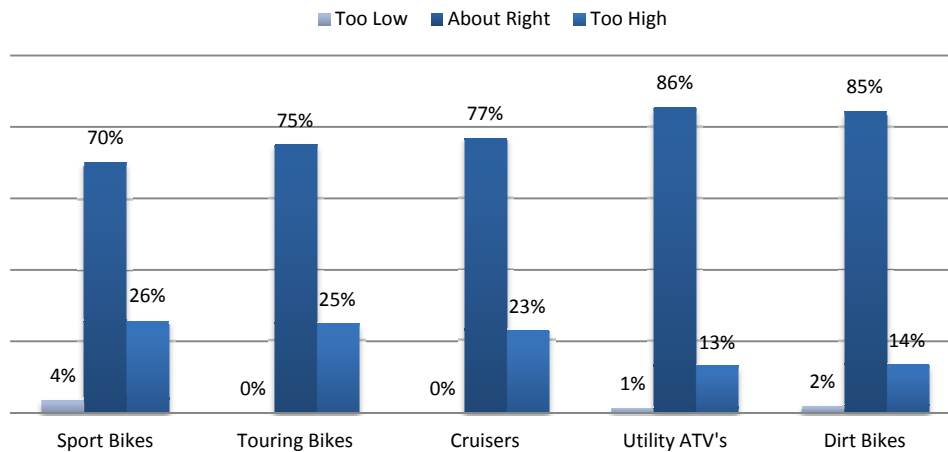
---

# 86%

of retailers believe the  
NADAguides Retail Utility ATV  
Values are About Right

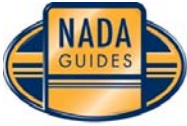
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## Rough Trade-In Values in the NADAguides Powersports CONNECT



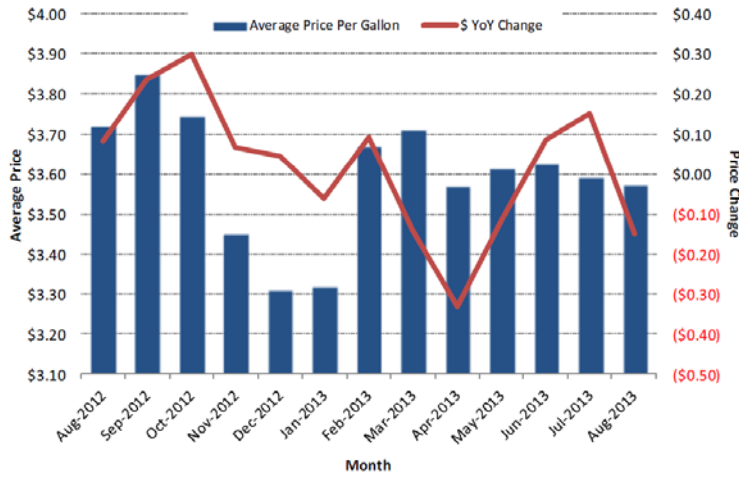
This chart reflects the percentage of dealers that feel, by segment, if the NADAguides Rough Trade-In values are too low, about right, or too high, as compared to their local market area.

Source: NADAguides, Inc.



# NADAguides Fuel Price Data

**Regular Grade Gasoline Prices (all formulations)**



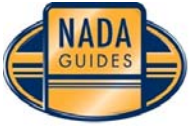
Source: EIA

**U.S Regular Gasoline Prices (dollars per gallon, all formulations)**

|                | Change From |        |        |            |            |
|----------------|-------------|--------|--------|------------|------------|
|                | Aug-13      | Jul-13 | Aug-12 | Month Ago  | Year Ago   |
| US             | \$3.57      | \$3.59 | \$3.72 | ● (\$0.02) | ● (\$0.15) |
| East Coast     | \$3.58      | \$3.56 | \$3.68 | ● \$0.01   | ● (\$0.11) |
| Midwest        | \$3.52      | \$3.54 | \$3.78 | ● (\$0.01) | ● (\$0.25) |
| Gulf Coast     | \$3.40      | \$3.41 | \$3.51 | ● (\$0.01) | ● (\$0.11) |
| Rocky Mountain | \$3.64      | \$3.62 | \$3.52 | ● \$0.01   | ● \$0.12   |
| West Coast     | \$3.81      | \$3.92 | \$3.94 | ● (\$0.10) | ● (\$0.12) |

Source: EIA

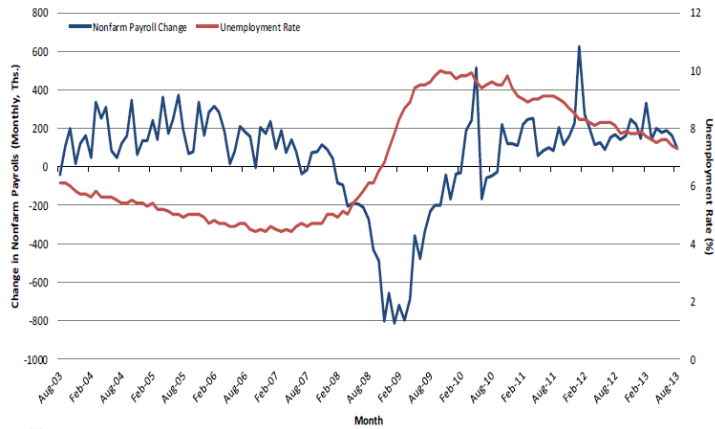
A view of the national average gas price and regional year over year change over the last year, is supplied to provide support to longer-term strategic planning.



# NADAguides Economic Data

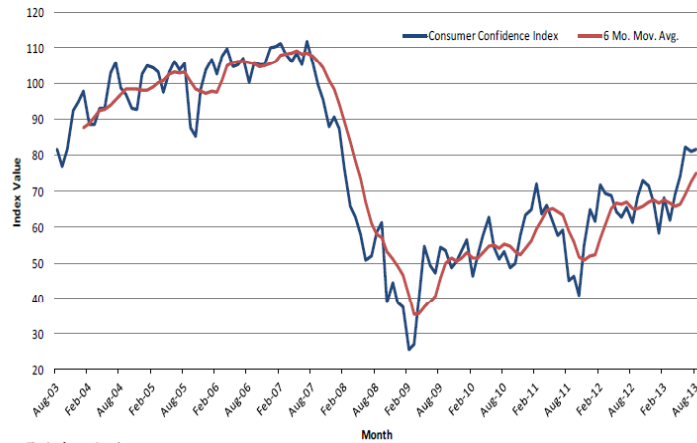
## Employment

Total Nonfarm Payrolls & Unemployment Rate, SA



Source: BLS

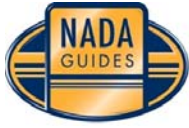
## Consumer Confidence Index



Source: The Conference Board

Economic Factors: A number of important factors affect the powersports market, including the unemployment rate, consumer confidence, the housing market, Consumer Price Index (a measure of inflation), retail sales, and industrial production. These factors can be interpreted to represent the consumer's ability and willingness to make a new or used motorcycle or ATV purchase.

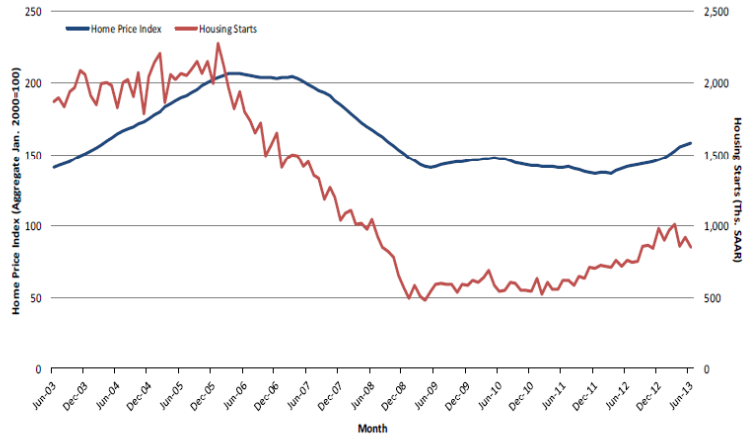




# NADAguides Economic Data

## Housing

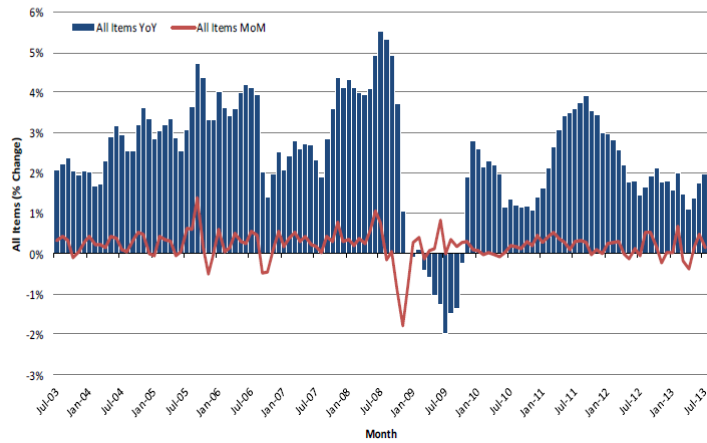
S&P/Case-Shiller Home Price Index (20-Metro Composite) & Housing Starts (Total Private)



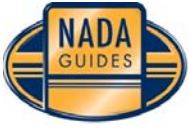
Source: S&P Case-Shiller, U.S. Census Bureau

## Consumer Price Index (CPI)

All Items



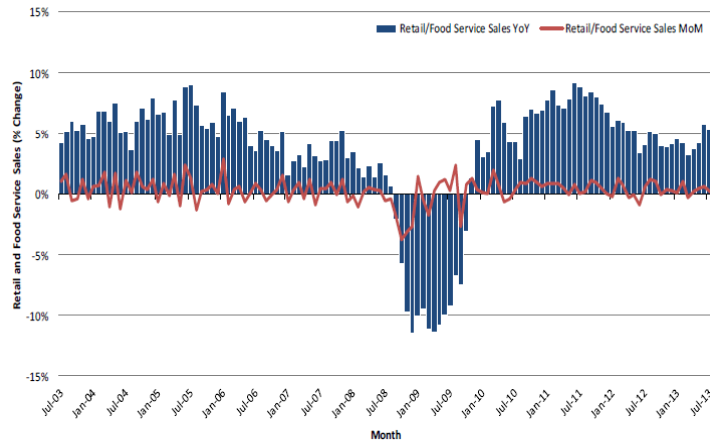
Source: U.S. Bureau of Labor Statistics



# NADAguides Economic Data

## Retail Sales

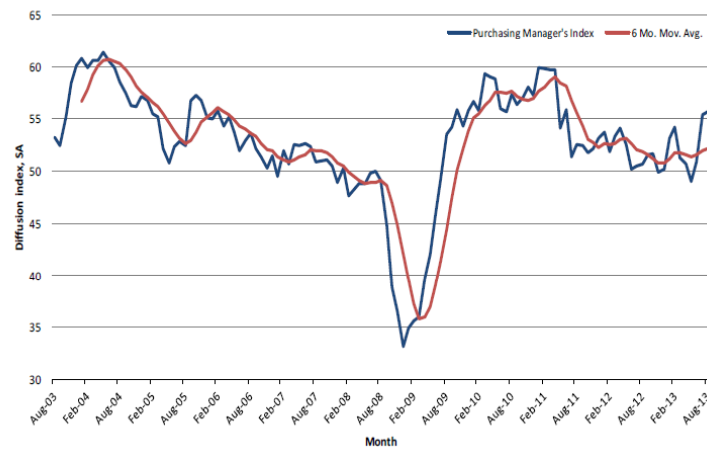
Retail & Food Service Sales, SA



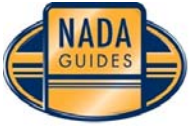
Source: BLS

## Industrial Production

Purchasing Manager's & Inventories Indices



Source: Institute for Supply Management



# NADAguides

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