

PLEASE DO NOT REDISTRIBUTE



CONSUMER LEISURE

<sup>SOUNDINGS</sup>  
**Trade Only**

BAIRD

# MRAA/Baird/Trade Only Marine Retailer Pulse Report

*February 6, 2024*

**Craig Kennison, CFA**

Senior Research Analyst

*ckennison@rwbaird.com*

*414.765.3870*

**Alice Wycklendt**

Senior Research Associate

*awycklendt@rwbaird.com*

*414.298.7596*

**Kevin Condon**

Senior Research Associate

*kpcondon@rwbaird.com*

*414.765.7054*

This page intentionally left blank.

# Overview

---



Robert W. Baird, in partnership with Marine Retailers Association of the Americas (MRAA) and Soundings Trade Only, is pleased to present the January 2024 Marine Retailer Pulse Report.

We recently surveyed 49 marine retailers to assess recent trends in North America.

Thank you to each of the retailers who participated in this survey.

If you have any questions or comments that you would like to direct to MRAA, please contact Matt Gruhn, President of MRAA, at 763.333.2421.

If you have any questions or comments, would like additional research on the marine industry, or are a retailer and would like to participate in our next survey, please email Senior Analyst Craig Kennison [ckennison@rwbaird.com].

Note: This is not a scientific survey, rather it is meant to give investors an indication of current industry trends. Some quotes have been edited to protect the anonymity of respondents.

# Table of Contents

---



## Marine Retailer Pulse Report

Retailer Profile	5
Retailer Sentiment	6
Retail Trends	7 – 10
Revenue Trends	11
Inventory	12
Comments	13 – 19

## Key Statistics

Macro Overview	20 – 21
U.S. Powerboat Retail	22 – 24
U.S. Retail by Category	25 – 27
Stock Performance	28
Stock Seasonality	29

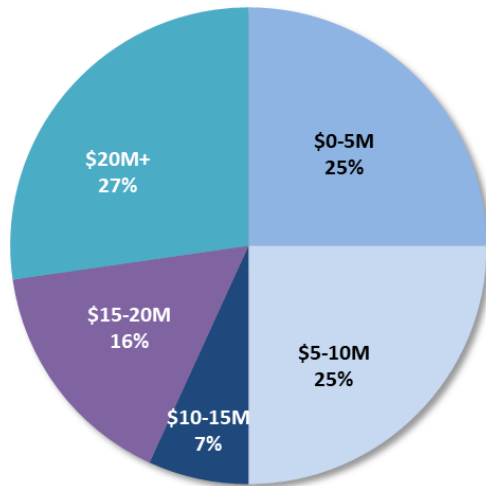
## Disclosures

30 – 34

# Retailer Profile

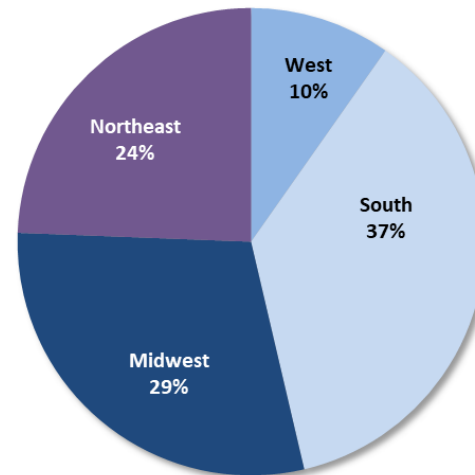
49 retailers participated in the MRAA/Baird/Trade Only Marine Retailer Pulse Report.

### Dealer Annual Revenue Profile



Source: Baird research

### Dealer Participation - By Geography



Source: Baird research

# Retailer Sentiment

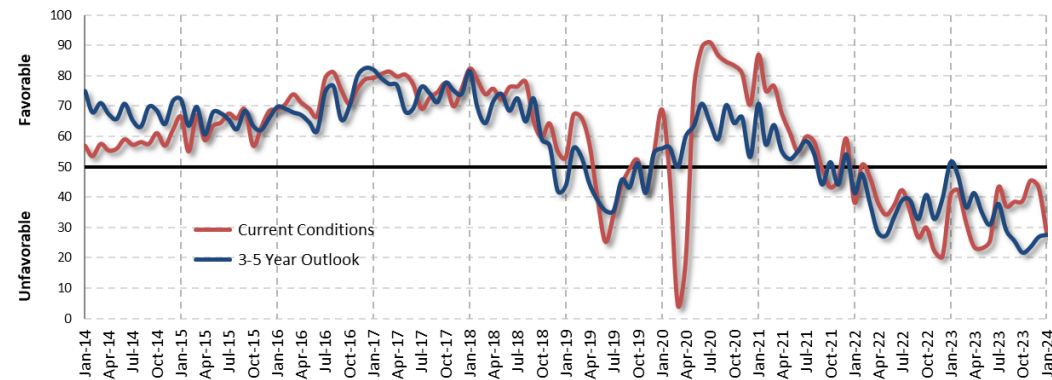
We have established the first **Marine Retailer Sentiment Index**, capturing both current and longer-term (3-5 year) retailer sentiment.

Sentiment on **current conditions** decreased in January (**28 vs. 43** in December), while the **3-5 year outlook** ticked higher (**28 vs. 27** in December).

For context, sentiment readings can range from 0-100, with 50 providing a “neutral” outlook.

### MRAA/Baird/Trade Only Marine Retailer Sentiment Index

Aggregate Response



Source: Baird research

# Retail Results

## January Retail Trends

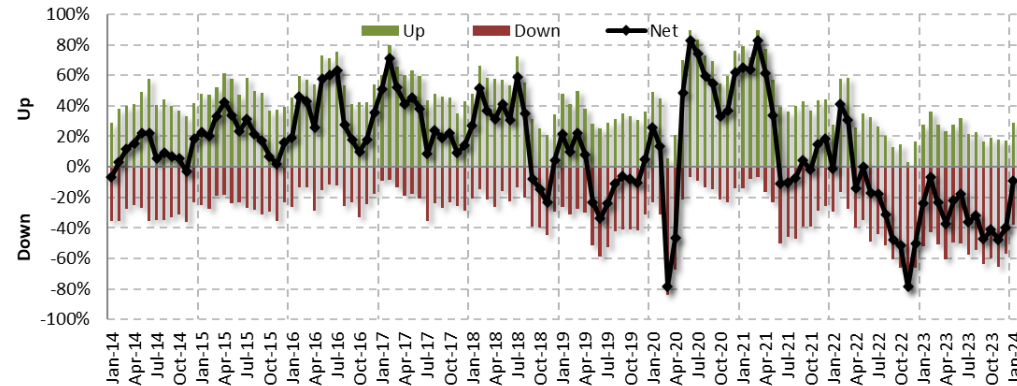
More dealers reported retail declines in January (38%) than growth (29%), but trends improved from recent months.

Dealers also reported used boat retail declines, with 37% reporting a decline versus 26% reporting growth.

January typically represents ~3% of annual retail sales.

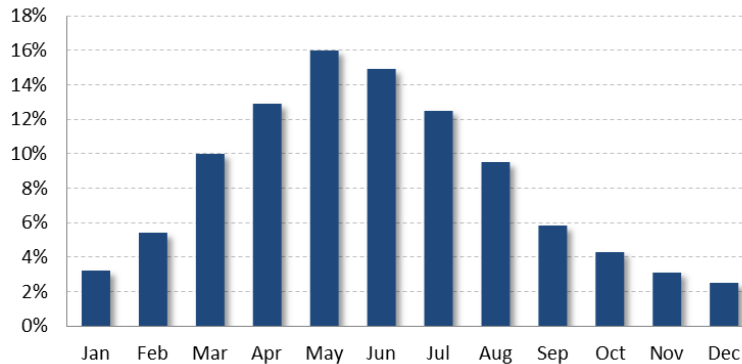
### New Boat Retail Trends

"Rate retail trends during the month"



Source: Baird research

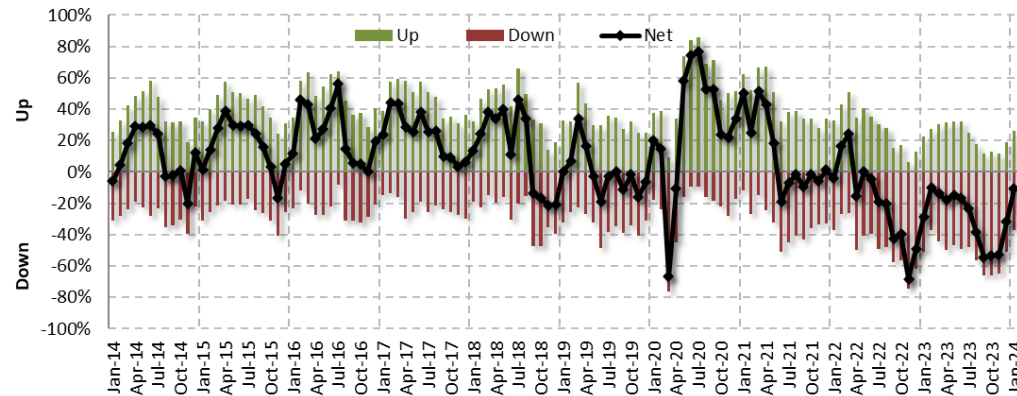
### U.S. Powerboat Retail - Seasonality



Source: Brunswick, NMMA, Baird research

### Used Boat Retail Trends

"Rate retail trends during the month"



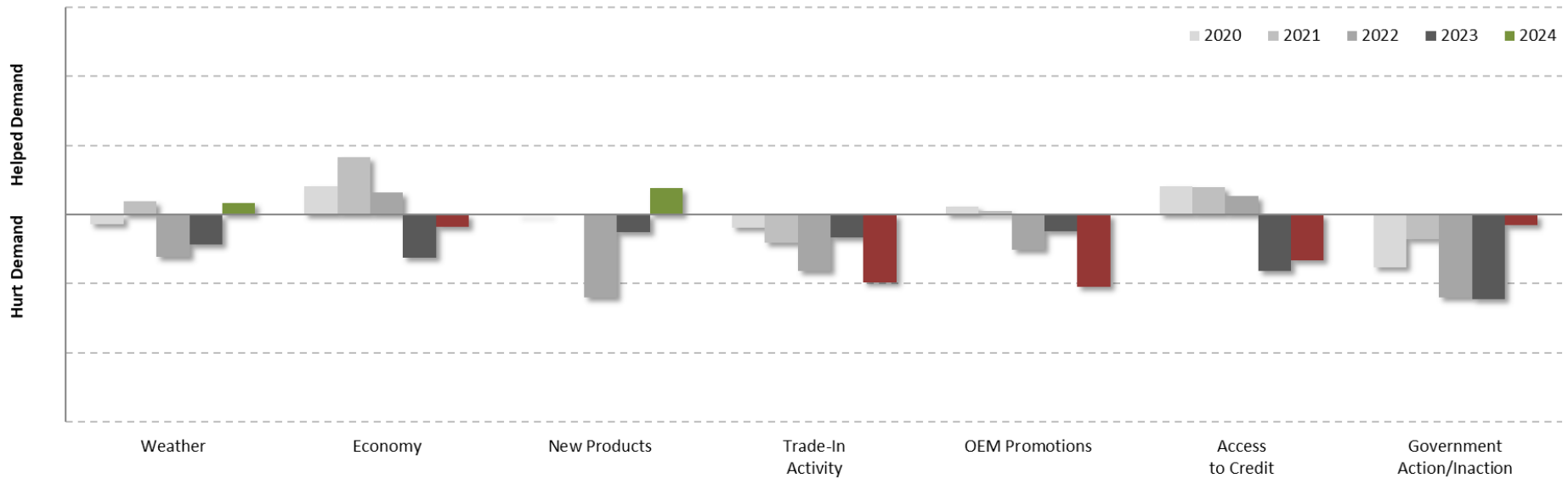
Source: Baird research

# Retail Demand Factors

## January Retail Trends

Retailers indicated that trade-in activity, promotions (or lack of), and access to credit were the primary headwinds to demand in January.

Retail Demand Factors - January



Source: Baird research

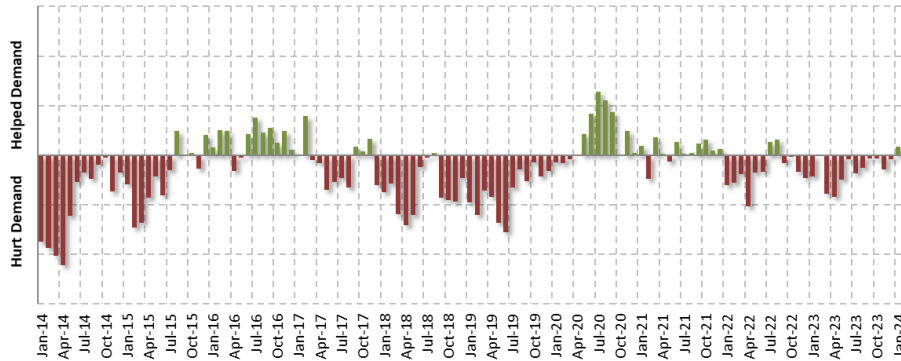


# Retail Demand Factors



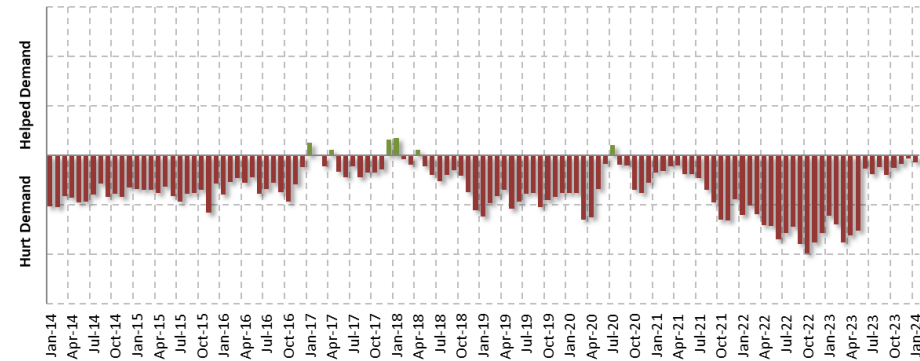
## Detail

**Weather Impact on Demand**



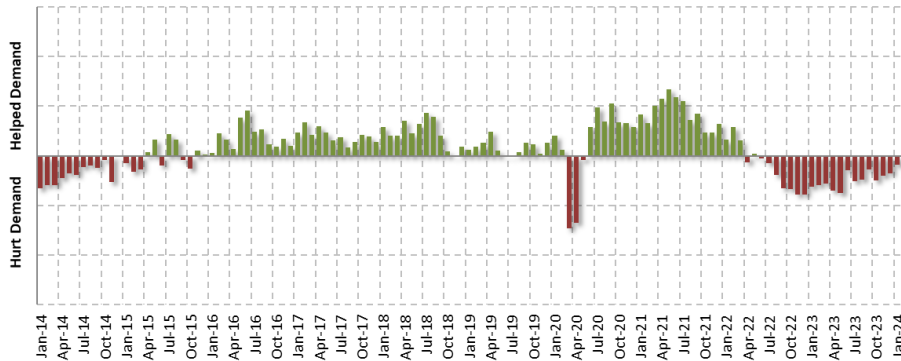
Source: Baird research

**Government Impact on Demand**



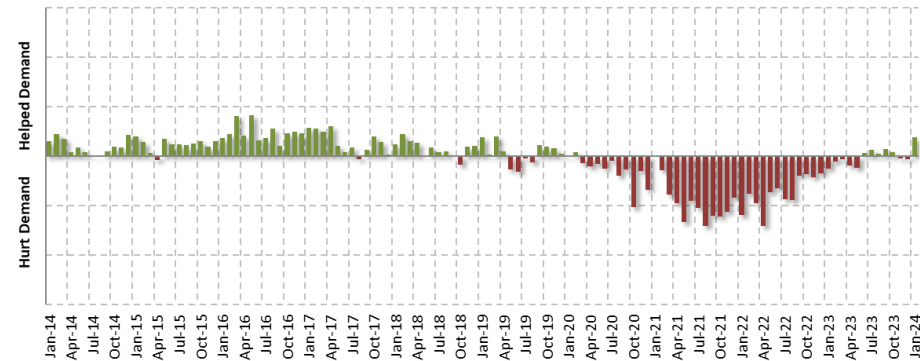
Source: Baird research

**Economy Impact on Demand**



Source: Baird research

**New Products Impact on Demand**



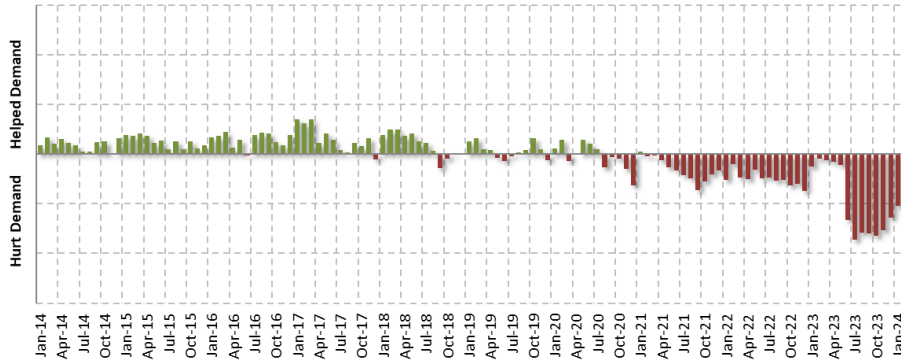
Source: Baird research

# Retail Demand Factors



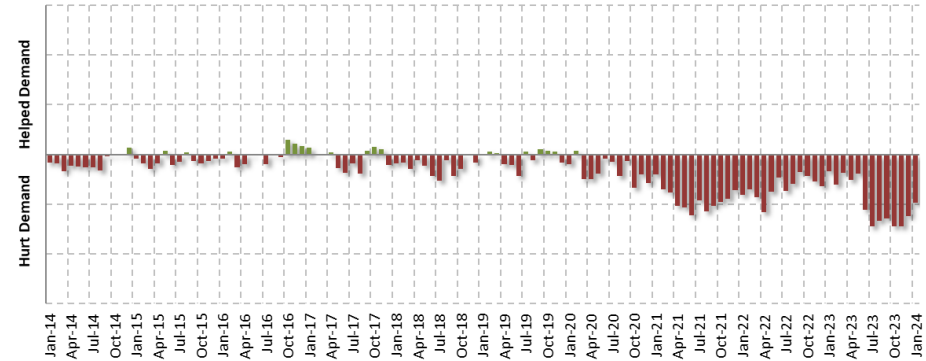
## Detail

OEM Promotions Impact on Demand



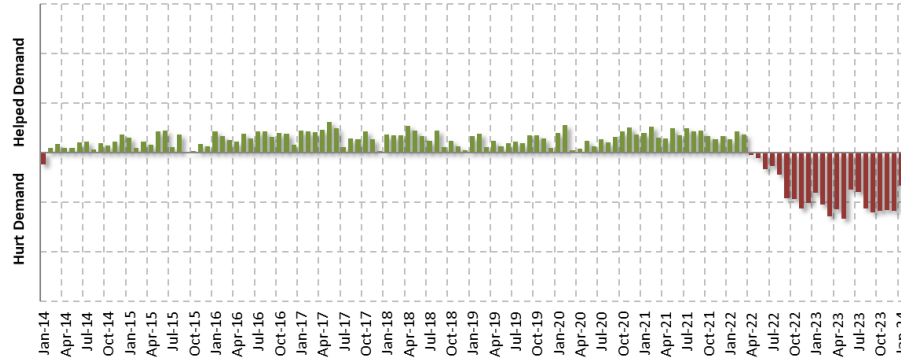
Source: Baird research

Trade-In Activity Impact on Demand



Source: Baird research

Access to Credit Impact on Demand

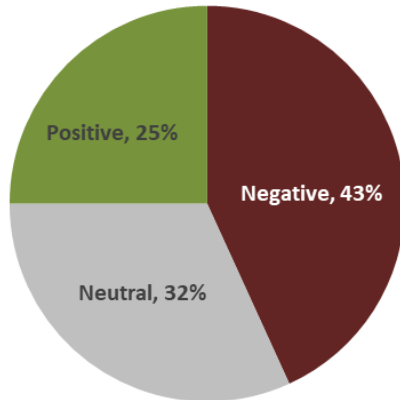


Source: Baird research

# Dealership Revenue Trends

## New Boat Revenue

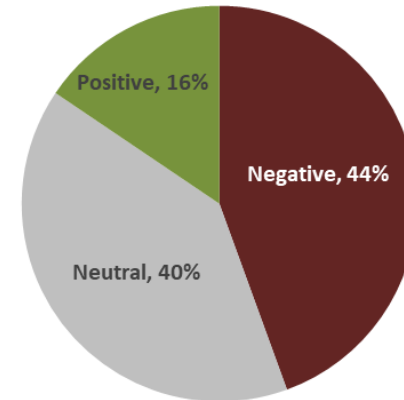
Rate REVENUE trends in the month



Source: Baird research

## Used Boat Revenue

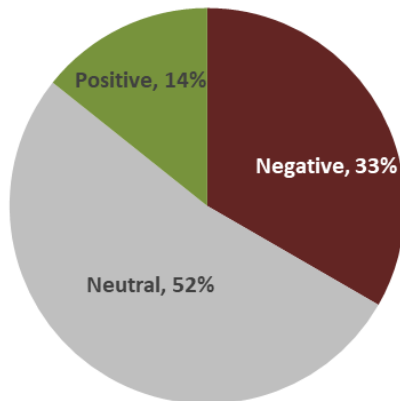
Rate REVENUE trends in the month



Source: Baird research

## Parts and Service Revenue

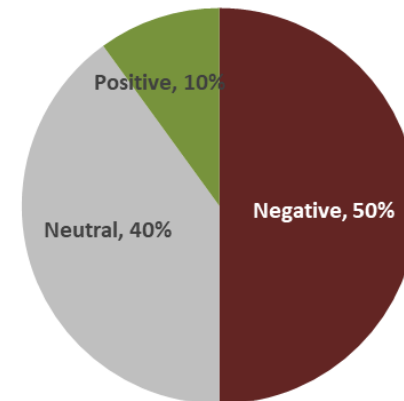
Rate REVENUE trends in the month



Source: Baird research

## Finance and Insurance Revenue

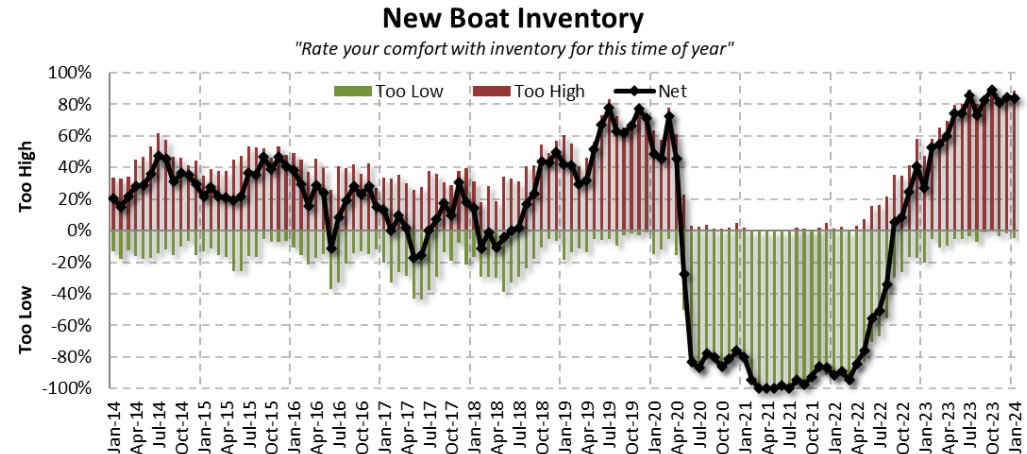
Rate REVENUE trends in the month



Source: Baird research

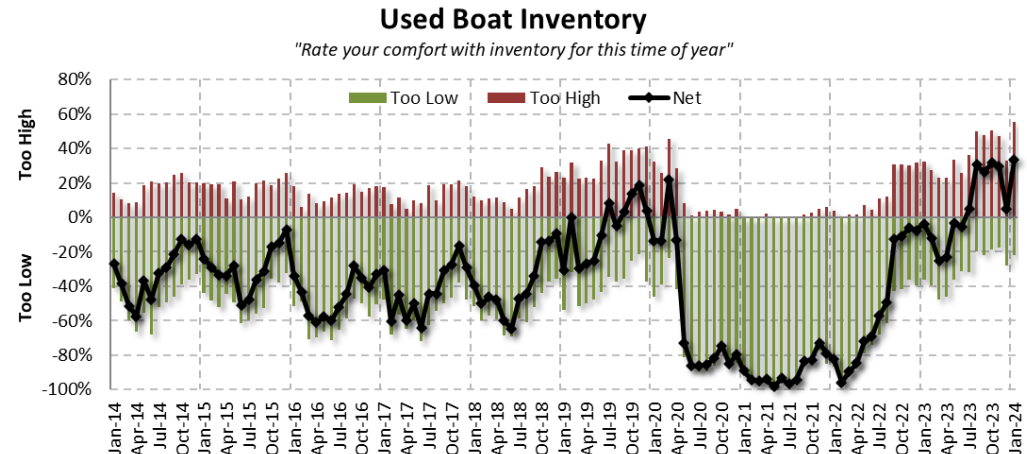
# Inventory

**New boat inventory** remained higher than dealers would like. 89% of dealers reported new boat inventory was “too high” and just 5% dealers reported new boat inventory was “too low” in January.



Source: Baird research

**Used boat inventory** also was higher than dealers would like, with 56% of dealers responding it is “too high” and 22% responding “too low.”



Source: Baird research

# What's Working

---



## Comments

- " *Hard work... Being very much a micro manager.*"
- " *European brands. Boat shows. More expensive models.*"
- " *Staffing, engaging in other avenues for marketing, fresh online appearance and restructuring internal processes.*"
- " *Nothing.*"
- " *Pontoons are moving and our high-end glass fishing boats.*"
- " *It is still a buyer's market with heavy price discounts required to move any unit. Coupled with high interest rates, consumers are still timid when it comes to buying a unit. Manufacturer promotions are helping drive traffic, but still with a lot of tire kickers, rather than buyers.*"
- " *Brokerage sales are the only deals that are moving forward.*"
- " *We had our own Open house/Boat show and could offer better discounts because we didn't have all the costs of going to a big show. This is our second year, and we doubled our sales from last year. I call it a win!!"*
- " *Cobalt, Cobalt, and more Cobalts.*"
- " *Heavy discounts.*"
- " *Customer service, storage, dockage, having a diverse business model to navigate slower sales times.*"
- " *Our Nautique brand is working the best for us.*"
- " *Promotions are helping drive buyers currently, but nothing is making a huge impact for us.*"
- " *Some repower programs.*"
- " *Couple of new boat designs are getting at least some eyeballs. Too early to tell how the year will come together.*"
- " *Used products priced right seem to be in demand.*"

# What's Not Working

---



## Comments

- " *Domestic brands. Entry-level models.*"
- " *Average-level glass product is still very soft.*"
- " *Trying to conserve profit margins are gone. Buyers know the market is slow and inventory high, so price and discounts are the only thing that is moving units. Deep discounts seem to be the only thing that is working.*"
- " *Most manufacturers, DC and liberals with democrats their lap dogs.*"
- " *New boat sales have completely stalled. Trades on boats less than two years old are impossible to get completed.*"
- " *Honda has come out with a good promotion.*"
- " *Pontoons, our market is saturated and everyone is trying to get rid of their inventory at low prices.*"
- " *Facebook has declined unless you pay a lot, people are not seeing the adds and they are changing the demographics.*"
- " *Runabout boats are not doing well.*"
- " *Inventory is our main concern. We have too much, it is aging, and costing way too much to hold.*"
- " *Weak rebates from boat manufacturers and then they are tied to repurchases.*"
- " *Consumers are pretty jaded regarding rebates. Most believe the price has been adjusted upwards to offset the rebate. We know that's not true, but being untruthful has become a national pastime in America.*"

# Closing Sales

---



*What approach to the closing process is more efficient for your dealership?*

- “ Overcoming objections with next level financing.*
- “ You have to ask for the sale, a boating store is a destination store not an impulse buyers store. If someone walks into your showroom there is more than likely a reason for him being there even if it is slight interest there is at least some interest in buying, you just have to get them over the hump.”*
- “ We now focus heavily on value versus pricing. We show and demonstrate the features and options, then explain why they can use that option and how it works for them to have a better experience.”*
- “ Begin closing at the start of the process ;- ) ”*
- “ Give-aways, freebies.”*
- “ Customers are calling from about five hours away for a quote then going to their local dealer and asking to beat this price.”*
- “ Follow-up is very important.”*
- “ Having to be willing to negotiate more on price and trades.”*
- “ One-on-one close and then to the finance department. No sales tower.”*

# Customer Financing



*What tactics has your dealership installed to help reduce your customers' fear and anxiety surrounding credit scores, term lengths and monthly payments when entering the financing process??*

- " Act normal, be positive of what a boat can bring to be distraction form what is going on in country and world."*
- " Selling value and experience in the new economy."*
- " Maybe if you lie to them first you have to get someone to buy."*
- " We have not experienced much of that, our customers do not seem scared off by the interest or term of the loan if they are borrowing to buy."*
- " We focus on the enjoyment of use and family time, rather than the finance equation. Even with that, however, consumer anxiety seems prevalent with every non-cash buyer."*
- " We are fortunate to not do many deals associated with financing."*
- " We offer two terms 180 months or 240 months - the longer term has high rates but lower payments."*
- " Most of the buyers have been mentally prepared to refinance down the road if the opportunity arises."*
- " Sympathize with them and try to get as close to their needs as possible."*
- " Increased presence in social media and digital space."*



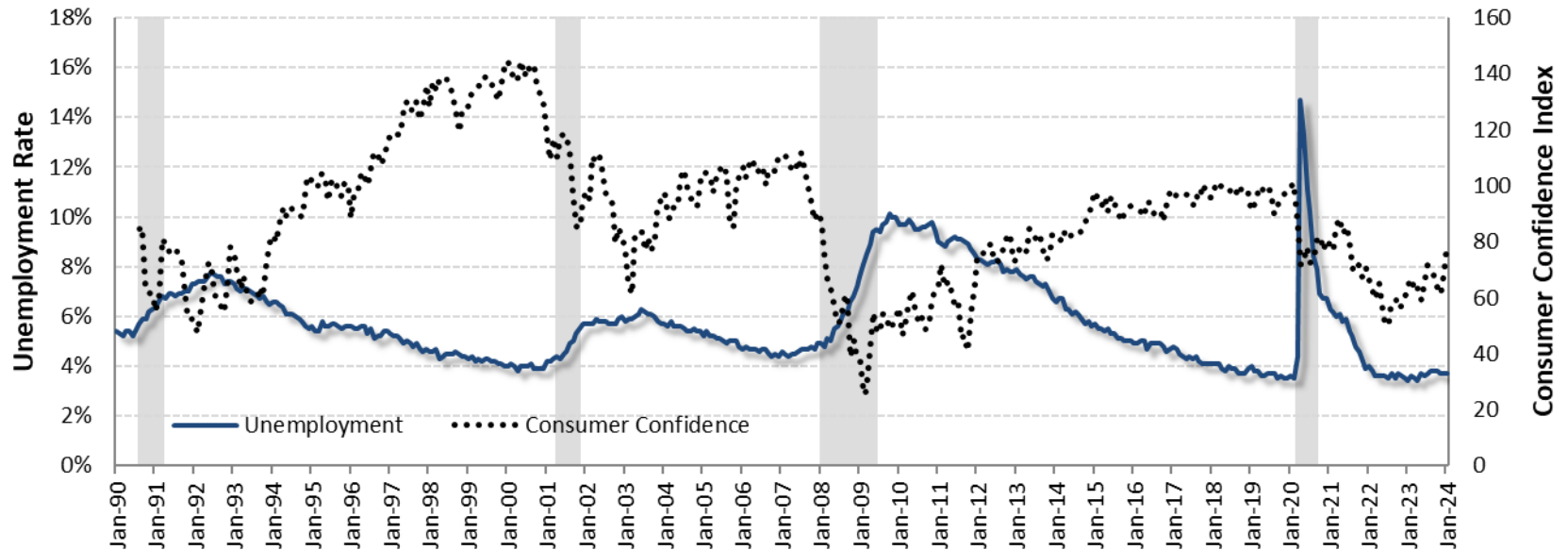
# Additional Comments

---



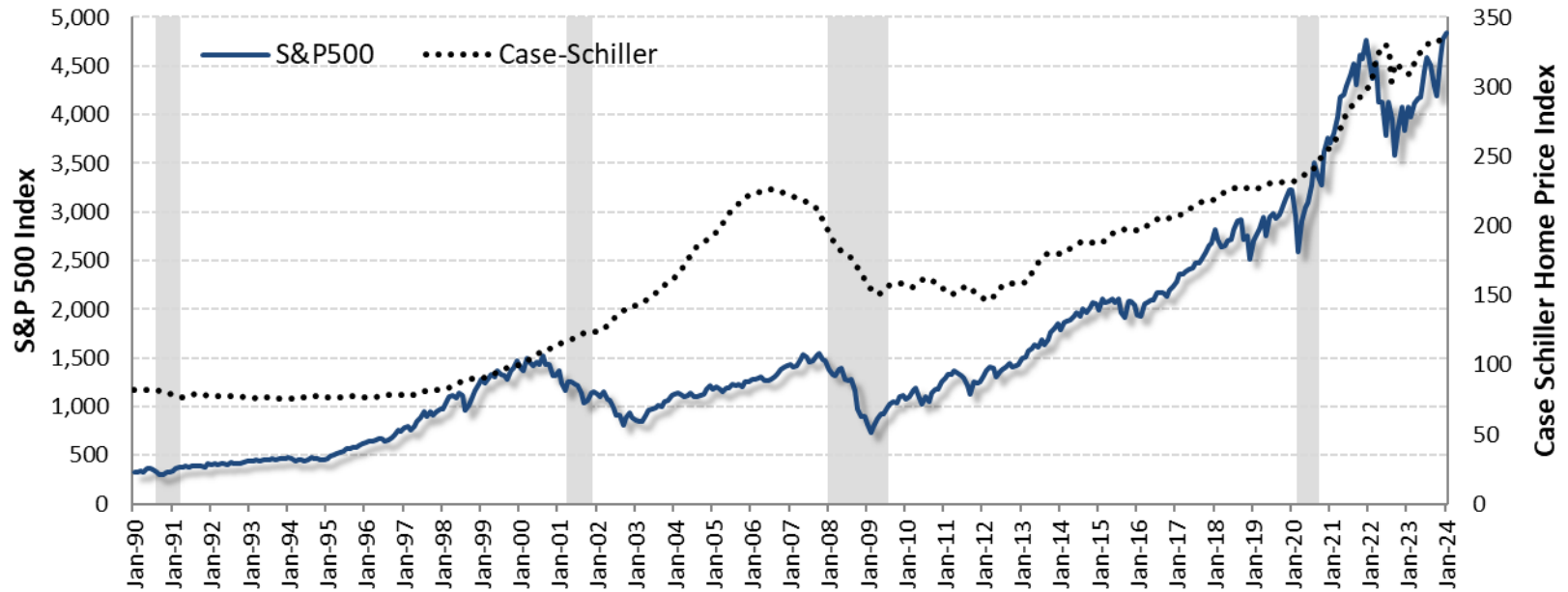
- “ *We really have only one manufacturer--WRMG that is on top of their game. Industry needs a purging of 10-25% of manufactures and 15-20% of dealers. To many businesses splitting a piece of industry. Look at auto and RV number of dealers vs. number of retailers.”*
- “ *Boat show season has started and for us is coming soon... the turnout there along with the mindset of the customers will set the tone for the next several months for sales.”*
- “ *Government inaction.”*
- “ *High interest rates, stricter loan underwriting, and much higher prices are killing the market. Buyers are anxious, lenders are anxious, and dealers should definitely be anxious. If dealers are going to make it, we all need interest rate cuts, a settled economy, and stability in our government. A tall order indeed.”*
- “ *We will know more in a month or two. Customers need to get past the holidays and winter doldrums.”*
- “ *Focus on margins and less on volume.”*
- “ *We are getting killed on our floor plan interest rate by both Huntington Bank and Wells Fargo.”*
- “ *Between high boat cost, high interest rates and the general high cost of living it is very hard for most to justify a \$700 and up boat payment for 15 years.”*

## Unemployment Rate and Consumer Confidence



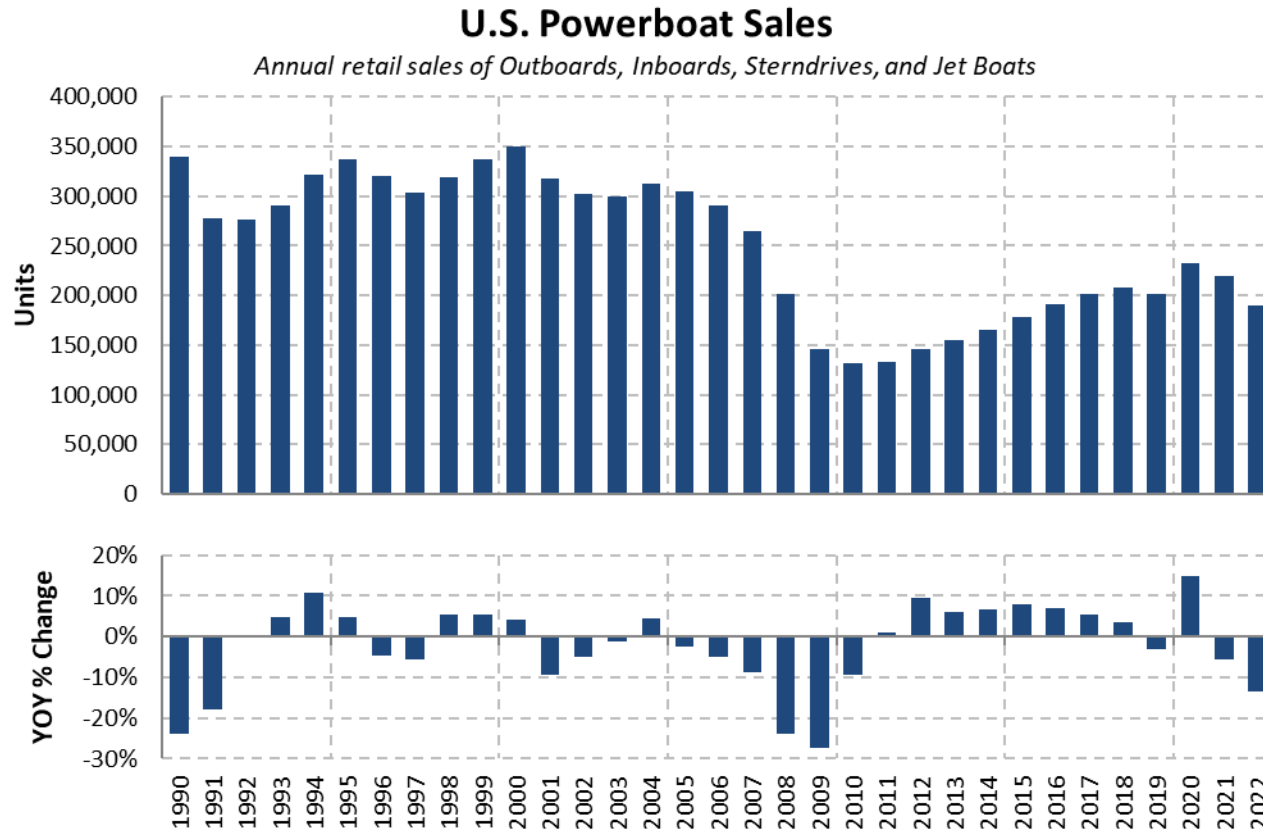
Source: Conference Board, Federal Reserve Bank of St. Louis, Baird research

## Stock Market and Home Prices



Source: Standard and Poors, Baird research

# U.S. Powerboat Retail

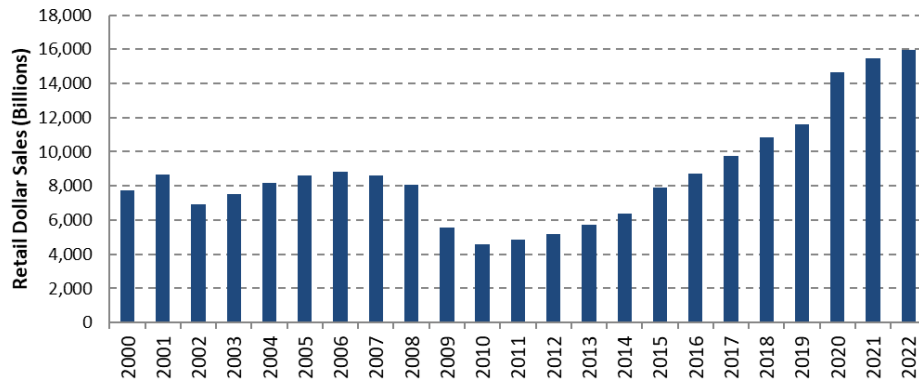


Source: NMMA, Baird research

# U.S. Powerboat Retail Dollar Sales

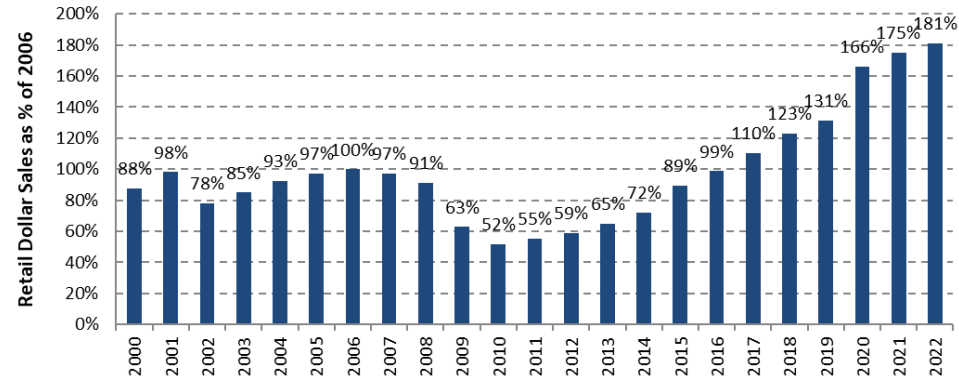


**Annual Retail Dollar Sales - Traditional Powerboats<sup>1</sup>**



<sup>1</sup> Includes outboard, inboard-cruiser, inboard ski/wake, sterndrive, and jet boat categories  
 Source: NMMA, Baird research

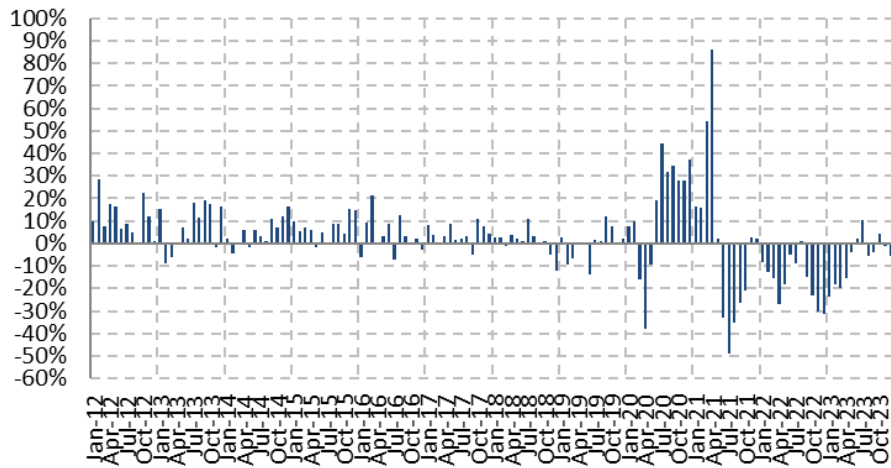
**Annual Retail Dollar Sales - Traditional Powerboats<sup>1</sup>**



<sup>1</sup> Includes outboard, inboard-cruiser, inboard ski/wake, sterndrive, and jet boat categories  
 Source: NMMA, Baird research

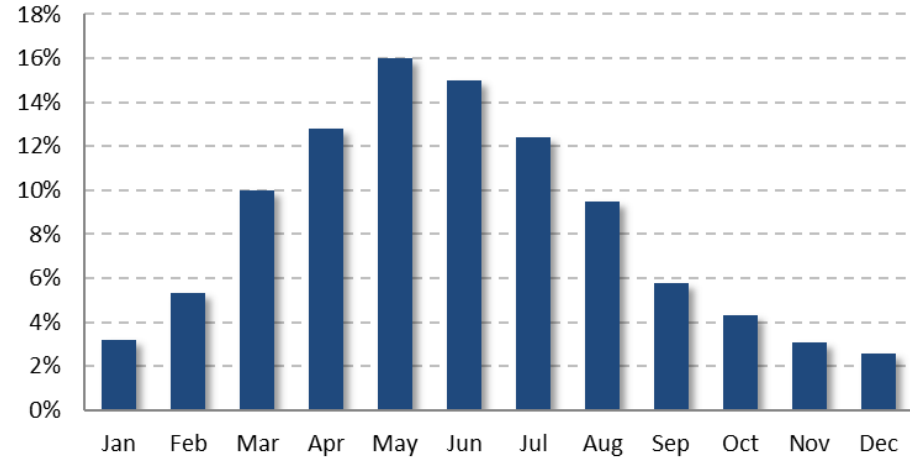
# U.S. Powerboat Retail

### Total U.S. Powerboat Retail - Monthly



Source: SSI, Trade Only Today, Baird research

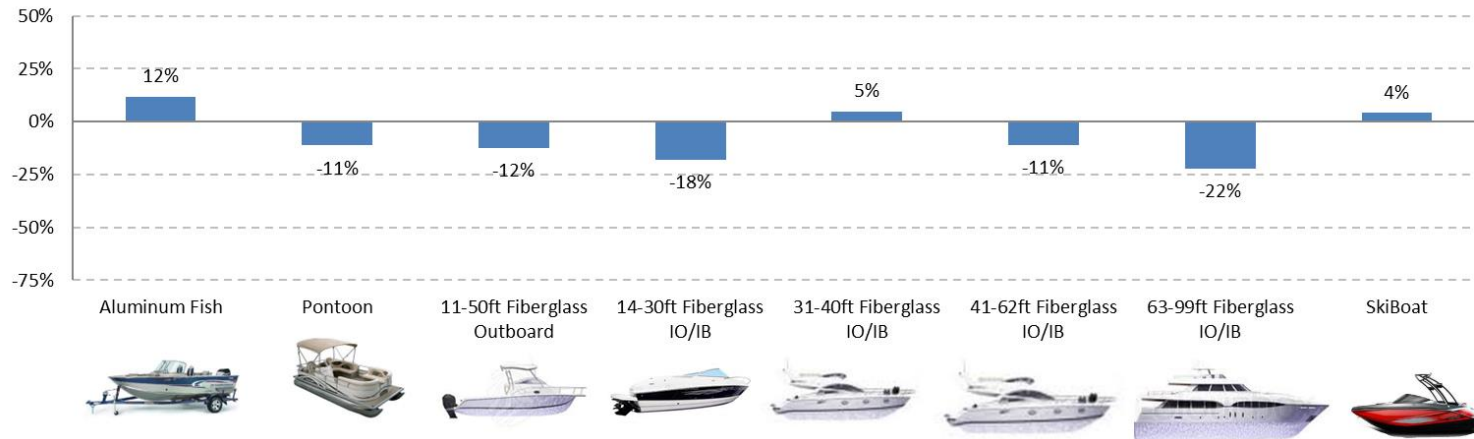
### U.S. Powerboat Retail - Seasonality



Source: Brunswick, NMMA, Baird research

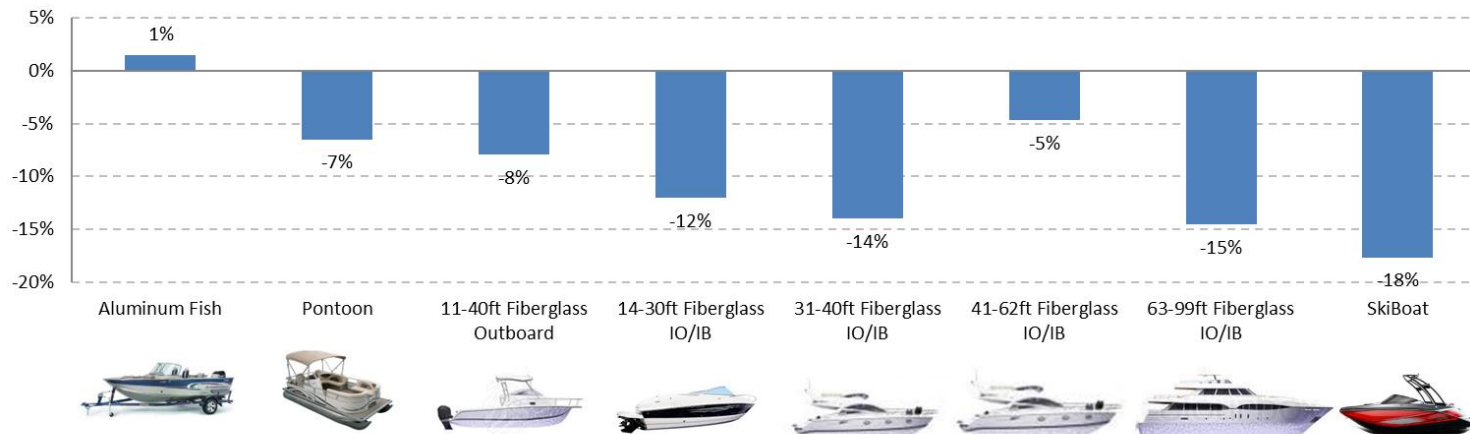
# U.S. Retail by Category

### U.S. Retail Growth by Category - December 2023



Source: SSI, Trade Only Today, Baird research

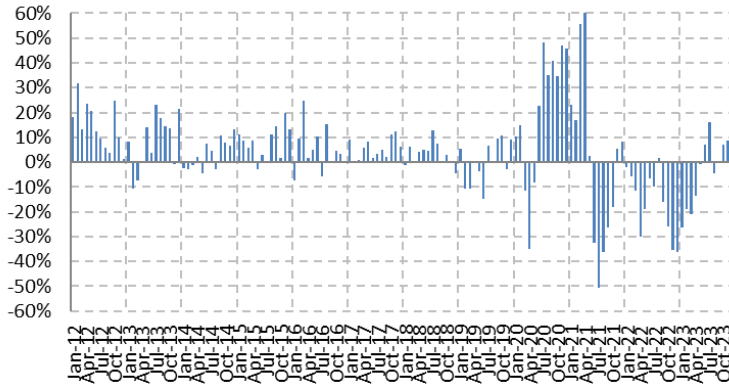
### U.S. Retail Growth by Category - YTD



Source: SSI, Trade Only Today, Baird research

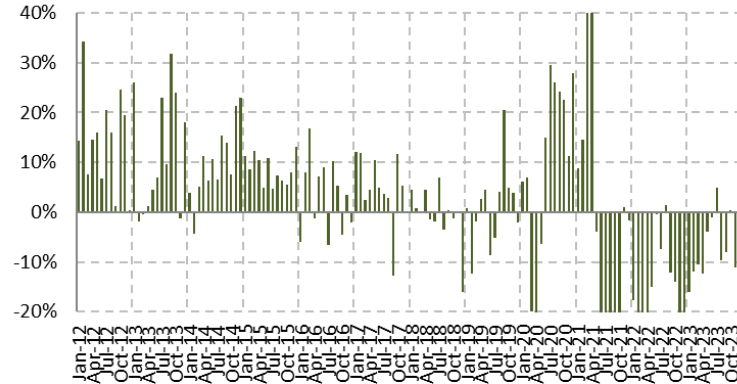
# U.S. Retail by Category

**Aluminum >16ft**



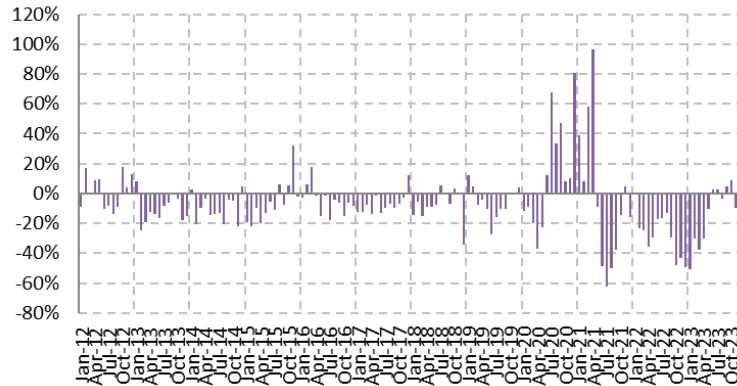
Source: SSI, Trade Only Today, Baird research

**Fiberglass Outboard**



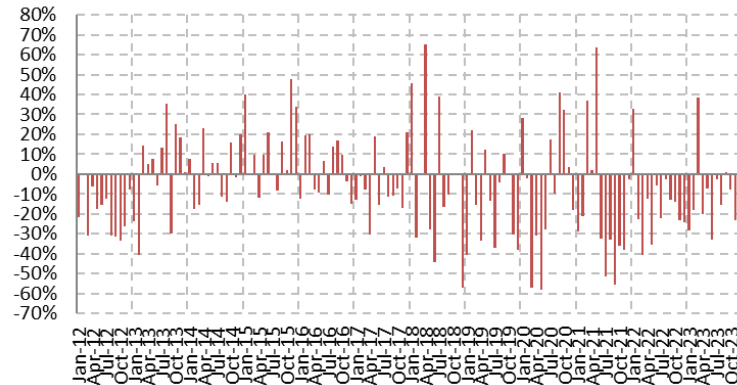
Source: SSI, Trade Only Today, Baird research

**Fiberglass Sterndrive <30ft**



Source: SSI, Trade Only Today, Baird research

**Fiberglass Sterndrive 30ft+**

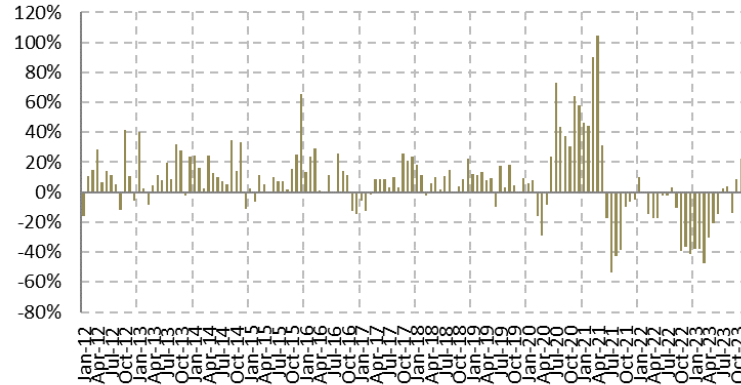


Source: SSI, Trade Only Today, Baird research



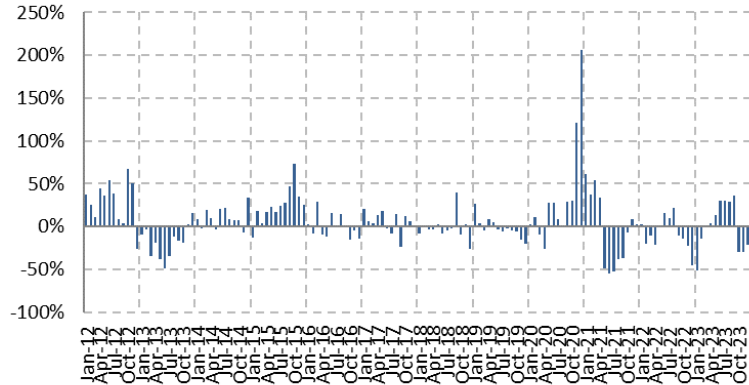
# U.S. Retail by Category

**Ski**



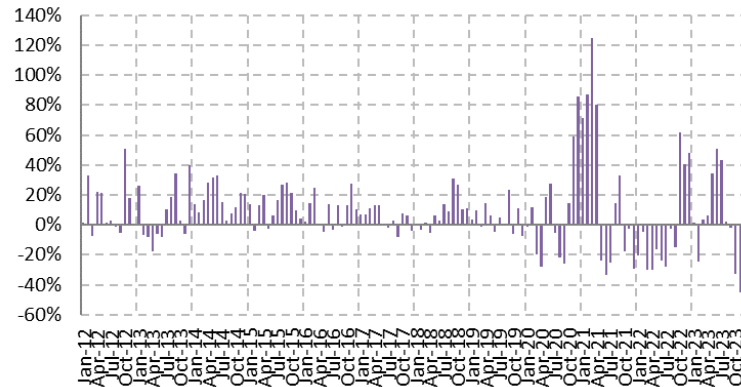
Source: SSI, Trade Only Today, Baird research

**Jet Boat**



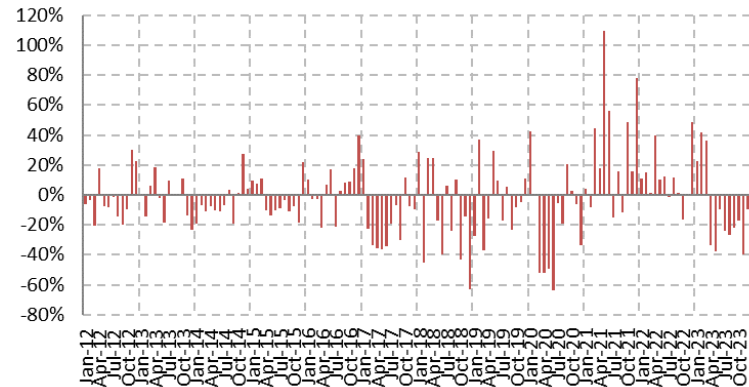
Source: SSI, Trade Only Today, Baird research

**Personal Watercraft (PWC)**



Source: SSI, Trade Only Today, Baird research

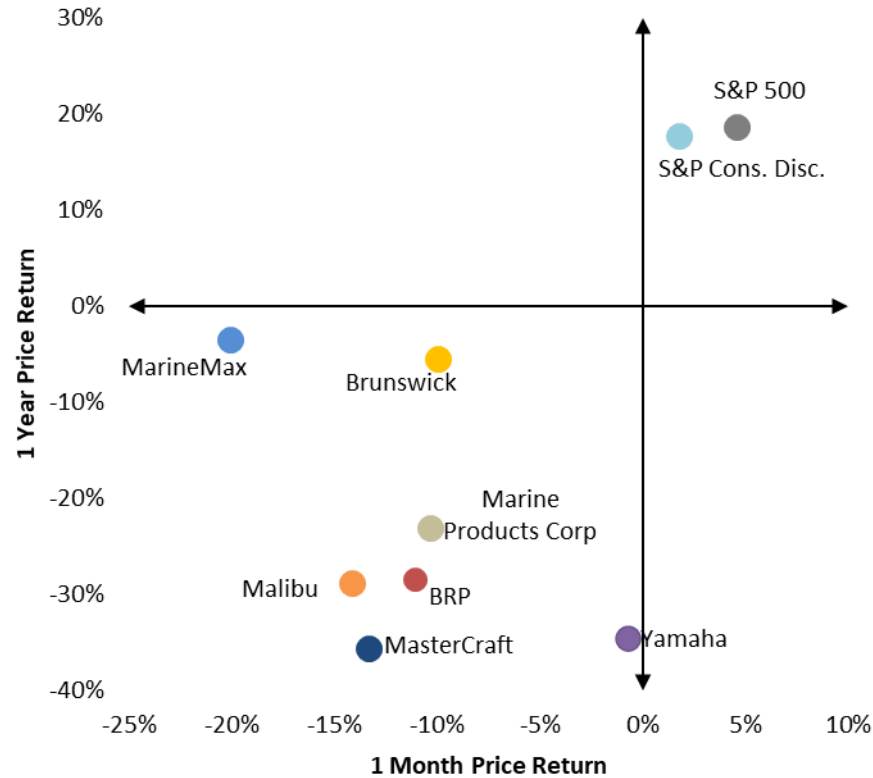
**Sailboat**



Source: SSI, Trade Only Today, Baird research

# Stock Performance

### Marine Stock Performance



Source: Factset, Baird research

# Stock Seasonality



## Brunswick Monthly Excess Return versus S&P 500

*assumes reinvested dividends*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2015	9%	-5%	-3%	-4%	1%	2%	2%	0%	-1%	4%	-2%	-2%
2016	-16%	8%	6%	0%	-2%	-5%	6%	-7%	6%	-9%	12%	7%
2017	8%	-3%	2%	-8%	-3%	13%	-12%	-7%	5%	-12%	7%	-1%
2018	8%	-5%	7%	1%	4%	1%	-4%	1%	0%	-15%	1%	-3%
2019	0%	2%	-6%	-2%	-12%	4%	6%	-3%	10%	10%	-2%	-1%
2020	5%	-7%	-21%	22%	11%	15%	-1%	-14%	-1%	11%	7%	-2%
2021	15%	0%	4%	7%	-5%	-5%	3%	-10%	3%	-9%	2%	3%
2022	-5%	9%	-19%	2%	0%	-5%	13%	-2%	-3%	0%	0%	3%
2023	11%	7%	-10%	2%	-11%	8%	-3%	-6%	5%	-10%	5%	18%
2024	-18%											
<b>Year Average</b>	<b>2%</b>	<b>1%</b>	<b>-4%</b>	<b>1%</b>	<b>-1%</b>	<b>2%</b>	<b>1%</b>	<b>-5%</b>	<b>2%</b>	<b>-2%</b>	<b>3%</b>	<b>3%</b>
<b>% of Years Outperformed</b>	<b>70%</b>	<b>50%</b>	<b>50%</b>	<b>50%</b>	<b>40%</b>	<b>60%</b>	<b>50%</b>	<b>30%</b>	<b>60%</b>	<b>40%</b>	<b>80%</b>	<b>50%</b>

Source: FactSet, Baird research

Past performance is no guarantee of future results.

# Appendix – Important Disclosures and Analyst Certification

---

## Covered Companies Mentioned

All stock prices below are the 2/5/2024 closing price.

Brunswick Corporation (BC - \$84.25 – Outperform)

LCI Industries (LCII - \$109.16 – Outperform)

Malibu Boats, Inc. (MBUU - \$45.01 – Outperform)

MasterCraft Boat Holdings, Inc (MCFT - \$19.67 – Outperform)

OneWater Marine Inc. (ONEW - \$26.00 – Outperform)

Patrick Industries, Inc. (PATK - \$100.91 – Outperform)

See recent research reports for more information

# Appendix – Important Disclosures and Analyst Certification

Robert W. Baird & Co. Incorporated (“Baird”) and/or its affiliates expect to receive or intend to seek investment-banking related compensation from the company or companies mentioned in this report within the next three months.

Baird may not be licensed to execute transactions in all foreign listed securities directly. Transactions in foreign listed securities may be prohibited for residents of the United States. Baird may act as principal for its own account or as agent for another person in connection with securities transactions effected through Baird. Please contact a Baird representative for more information.

**Investment Ratings: Outperform (O)** - Expected to outperform on a total return, risk-adjusted basis the broader U.S. equity market over the next 12 months. **Neutral (N)** - Expected to perform in line with the broader U.S. equity market over the next 12 months. **Underperform (U)** - Expected to underperform on a total return, risk-adjusted basis the broader U.S. equity market over the next 12 months.

**Risk Ratings: L - Lower Risk** – Higher-quality companies for investors seeking capital appreciation or income with an emphasis on safety. Company characteristics may include: stable earnings, conservative balance sheets, and an established history of revenue and earnings. **A - Average Risk** – Growth situations for investors seeking capital appreciation with an emphasis on safety. Company characteristics may include: moderate volatility, modest balance-sheet leverage, and stable patterns of revenue and earnings. **H - Higher Risk** – Higher-growth situations appropriate for investors seeking capital appreciation with the acceptance of risk. Company characteristics may include: higher balance-sheet leverage, dynamic business environments, and higher levels of earnings and price volatility. **S - Speculative Risk** – High growth situations appropriate only for investors willing to accept a high degree of volatility and risk. Company characteristics may include: unpredictable earnings, small capitalization, aggressive growth strategies, rapidly changing market dynamics, high leverage, extreme price volatility and unknown competitive challenges.

**Valuation, Ratings and Risks.** The recommendation and price target contained within this report are based on a time horizon of 12 months but there is no guarantee the objective will be achieved within the specified time horizon. Price targets are determined by a subjective review of fundamental and/or quantitative factors of the issuer, its industry, and the security type. A variety of methods may be used to determine the value of a security including, but not limited to, discounted cash flow, earnings multiples, peer group comparisons, and sum of the parts. Overall market risk, interest rate risk, and general economic risks impact all securities. Specific information regarding the price target and recommendation is provided in the text of our most recent research report.

**Distribution of Investment Ratings** As of January 31, 2024, Baird U.S. Equity Research covered 714 companies, with 61% rated Outperform/Buy, 38% rated Neutral/Hold and 1% rated Underperform/Sell. Within these rating categories, 4% of Outperform/Buy-rated, and 2% of Neutral/Hold-rated companies have compensated Baird for investment banking services in the past 12 months and/or Baird managed or co-managed a public offering of securities for these companies in the past 12 months.

**Analyst Compensation.** Research analyst compensation is based on: (1) the correlation between the research analyst's recommendations and stock price performance; (2) ratings and direct feedback from our investing clients, our institutional and retail sales force (as applicable) and from independent rating services; (3) the research analyst's productivity, including the quality of such analyst's research and such analyst's contribution to the growth and development of our overall research effort; (4) compliance with all of Baird's internal policies and procedures; and (5) other considerations, such as Baird's assessment of the prevailing market rates for talent in the sector the research analyst covers, but excluding the analyst's contributions to Baird's investment banking services activities. This compensation criteria and actual compensation is reviewed and approved on an annual basis by Baird's Research Oversight Committee. Analyst compensation is derived from all revenue sources of the firm, including revenues from investment banking. Baird does not compensate research analysts based on specific investment banking transactions.

A complete listing of all companies covered by Baird U.S. Equity Research and applicable research disclosures can be accessed at <http://www.rwbaird.com/research-insights/research/coverage/third-party-research-disclosures.aspx>. You can also call 800-792-2473 or write: Robert W. Baird & Co., Equity Research, 777 E. Wisconsin Avenue, Milwaukee, WI 53202.

### **Analyst Certification**

The research analyst primarily responsible for the preparation of this research report certifies that the views expressed in this research report and/or financial model accurately reflect such research analyst's personal views about the subject securities or issuers and that no part of his or her compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in the research report.

### **Disclaimers**

#### **Baird prohibits analysts from owning stock in companies they cover.**

This is not a complete analysis of every material fact regarding any company, industry or security. The information, opinions, estimates, and forecasts contained herein are as of the date hereof and are subject to change without prior notification. The information has been obtained from sources we consider to be reliable, but we cannot guarantee its accuracy.

#### **ADDITIONAL INFORMATION ON COMPANIES MENTIONED HEREIN IS AVAILABLE UPON REQUEST**

The Dow Jones Industrial Average, S&P 500, S&P 400 and Russell 2000 are unmanaged common stock indices used to measure and report performance of various sectors of the stock market; direct investment in indices is not available. Baird is exempt from the requirement to hold an Australian financial services license. Baird is regulated by the United States Securities and Exchange Commission, FINRA, and various other self-regulatory organizations and those laws and regulations may differ from Australian laws. This report has been prepared in accordance with the laws and regulations governing United States broker-dealers and not Australian laws.

### **Other Disclosures**

The information and rating included in this report represent the research analyst's views based on a time horizon of 12 months, as described above, unless otherwise stated. In some of our research reports, the subject company may be designated as a "Fresh Pick", representing that, until the expiration date specified in the report or until the analyst removes such designation, certain news, events or catalysts could have a near or medium term impact on the market price of the security discussed in that report, which may be directionally opposite (i.e., bullish/bearish) to the analyst's published, 12-month rating and/or price target contained in the report. The Fresh Pick designation is not a rating and has no impact on the analyst's fundamental rating or price target as defined herein. Baird seeks to keep all our research current, but numerous factors such as rapid changes in market conditions, current events or regulations can impact our analyst's ability to do so. Most of our reports are published at irregular intervals, at the sole discretion of the research analyst. The research analyst(s) named in this report may, at times and at the request of clients or their Baird representatives, provide particular investment perspectives or trading strategies based primarily on the analyst's understanding of the individual client's objectives. These perspectives or trading strategies generally are responsive to client inquiries and based on criteria the research analyst considers relevant to the client. As such, these perspectives and strategies may differ from the research analyst's views contained in this report.

Baird and/or its affiliates may provide to certain clients additional or research supplemental products or services, such as outlooks, commentaries and other detailed analyses, which focus on covered stocks, companies, industries or sectors. Not all clients who receive our standard company-specific research reports are eligible to receive these additional or supplemental products or services. Baird determines in its sole discretion the clients who will receive additional or supplemental products or services, in light of various factors including the size and scope of the client relationships. These additional or supplemental products or services may feature different analytical or research techniques and information than are contained in Baird's standard research reports. Any ratings and recommendations contained in such additional or research supplemental products are consistent with the research analyst's ratings and recommendations contained in more broadly disseminated standard research reports. Baird disseminates its research reports to all clients simultaneously by posting such reports to Baird's password-protected client portal, <https://bol.rwbaird.com/Login> ("BairdOnline"). All clients may access BairdOnline and at any time. All clients are advised to check BairdOnline for Baird's most recent research reports. After research reports are posted to BairdOnline, such reports may be emailed to clients, based on, among other things, client interest, coverage, stock ownership and indicated email preferences, and electronically distributed to certain third-party research aggregators, who may make such reports available to entitled clients on password-protected, third-party websites. Not all research reports posted to BairdOnline will be emailed to clients or electronically distributed to such research aggregators. To request access to Baird Online, please visit <https://bol.rwbaird.com/Login/RequestInstLogin> or contact your Baird representative.

**Dividend Yield.** As used in this report, the term “dividend yield” refers, on a percentage basis, to the historical distributions made by the issuer relative to its current market price. Such distributions are not guaranteed, may be modified at the issuer’s discretion, may exceed operating cash flow, subsidized by borrowed funds or include a return of investment principal.

**United Kingdom (“UK”) disclosure requirements for the purpose of distributing this research into the UK and other countries for which Robert W. Baird Limited holds a MiFID passport.**

The contents of this report may contain an “investment recommendation”, as defined by the Market Abuse Regulation EU No 596/2014 (“MAR”). This report does not contain a “personal recommendation” or “investment advice”, as defined by the Market in Financial Instruments Directive 2014/65/EU (“MiFID”). Please therefore be aware of the important disclosures outlined below. Unless otherwise stated, this report was completed and first disseminated at the date and time provided on the timestamp of the report. If you would like further information on dissemination times, please contact us. The views contained in this report: (i) do not necessarily correspond to, and may differ from, the views of Robert W. Baird Limited or any other entity within the Baird Group, in particular Robert W. Baird & Co. Incorporated; and (ii) may differ from the views of another individual of Robert W. Baird Limited.

This material is distributed in the UK and the European Economic Area (“EEA”) by Robert W. Baird Limited, which has an office at Finsbury Circus House, 15 Finsbury Circus, London EC2M 7EB and is authorized and regulated by the Financial Conduct Authority (“FCA”) in the UK.

For the purposes of the FCA requirements, this investment research report is classified as investment research and is objective. This material is only directed at and is only made available to persons in the EEA who would satisfy the criteria of being “Professional” investors under MiFID and to persons in the UK falling within Articles 19, 38, 47, and 49 of the Financial Services and Markets Act of 2000 (Financial Promotion) Order 2005 (all such persons being referred to as “relevant persons”). Accordingly, this document is intended only for persons regarded as investment professionals (or equivalent) and is not to be distributed to or passed onto any other person (such as persons who would be classified as Retail clients under MiFID).

All substantially material sources of the information contained in this report are disclosed. All sources of information in this report are reliable, but where there is any doubt as to reliability of a particular source, this is clearly indicated. There is no intention to update this report in future. Where, for any reason, an update is made, this will be made clear in writing on the research report. Such instances will be occasional only.

Please note that this report may provide views which differ from previous recommendations made by the same individual in respect of the same financial instrument or issuer in the last 12 months. Information and details regarding previous recommendations in relation to the financial instruments or issuer referred to in this report are available at <https://baird.bluematrix.com/sellside/MAR.action>.

Robert W. Baird Limited or one of its affiliates may at any time have a long or short position in the company or companies mentioned in this report. Where Robert W. Baird Limited or one of its affiliates holds a long or short position exceeding 0.5% of the total issued share capital of the issuer, this will be disclosed separately by your Robert W. Baird Limited representative upon request.

Investment involves risk. The price of securities may fluctuate and past performance is not indicative of future results. Any recommendation contained in the research report does not have regard to the specific investment objectives, financial situation and the particular needs of any individuals. You are advised to exercise caution in relation to the research report. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Robert W. Baird Limited and Robert W. Baird & Co. Incorporated have in place organisational and administrative arrangements for the prevention, avoidance, and disclosure of conflicts of interest with respect to research recommendations. Robert W. Baird Limited's Conflicts of Interest Policy, available [here](#), outlines the approach Robert W. Baird Limited takes in relation to conflicts of interest and includes detail as to its procedures in place to identify, manage and control conflicts of interest. Robert W. Baird Limited and or one of its affiliates may be party to an agreement with the issuer that is the subject of this report relating to the provision of services of investment firms. Robert W. Baird & Co. Incorporated's policies and procedures are designed to identify and effectively manage conflicts of interest related to the preparation and content of research reports and to promote objective and reliable research that reflects the truly held opinions of research analysts. Robert W. Baird & Co. Incorporated's research analysts certify on a quarterly basis that such research reports accurately reflect their personal views.

This material is strictly confidential to the recipient and not intended for persons in jurisdictions where the distribution or publication of this research report is not permitted under the applicable laws or regulations of such jurisdiction.

Robert W. Baird Limited is exempt from the requirement to hold an Australian financial services license and is regulated by the FCA under UK laws, which may differ from Australian laws. As such, this document has not been prepared in accordance with Australian laws.

**Copyright 2024 Robert W. Baird & Co. Incorporated**

This information is prepared for the use of Baird clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of Baird. Any unauthorized use or disclosure is prohibited. Receipt and review of this information constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained in this information (including any investment ratings, estimates or price targets) without first obtaining expressed permission from an authorized officer of Baird. The information in this report may not be used as an input for tools that leverage machine learning or artificial intelligence without express written permission from Baird for each use. To the extent that express written permission is received, Baird reserves the right and interest in intellectual property that is derived from our copyrighted material.