

State of the Industry Roundtable

Dave McMahon, Powersports Business
Tim Buche, Motorcycle Industry Council
Marc Hamud, GE Capital Commercial Distribution Finance
Jim Woodruff, National Powersport Auctions
Matt Lekawa, Capital One
Tom Etherington, KTM

Powering Profits Track-
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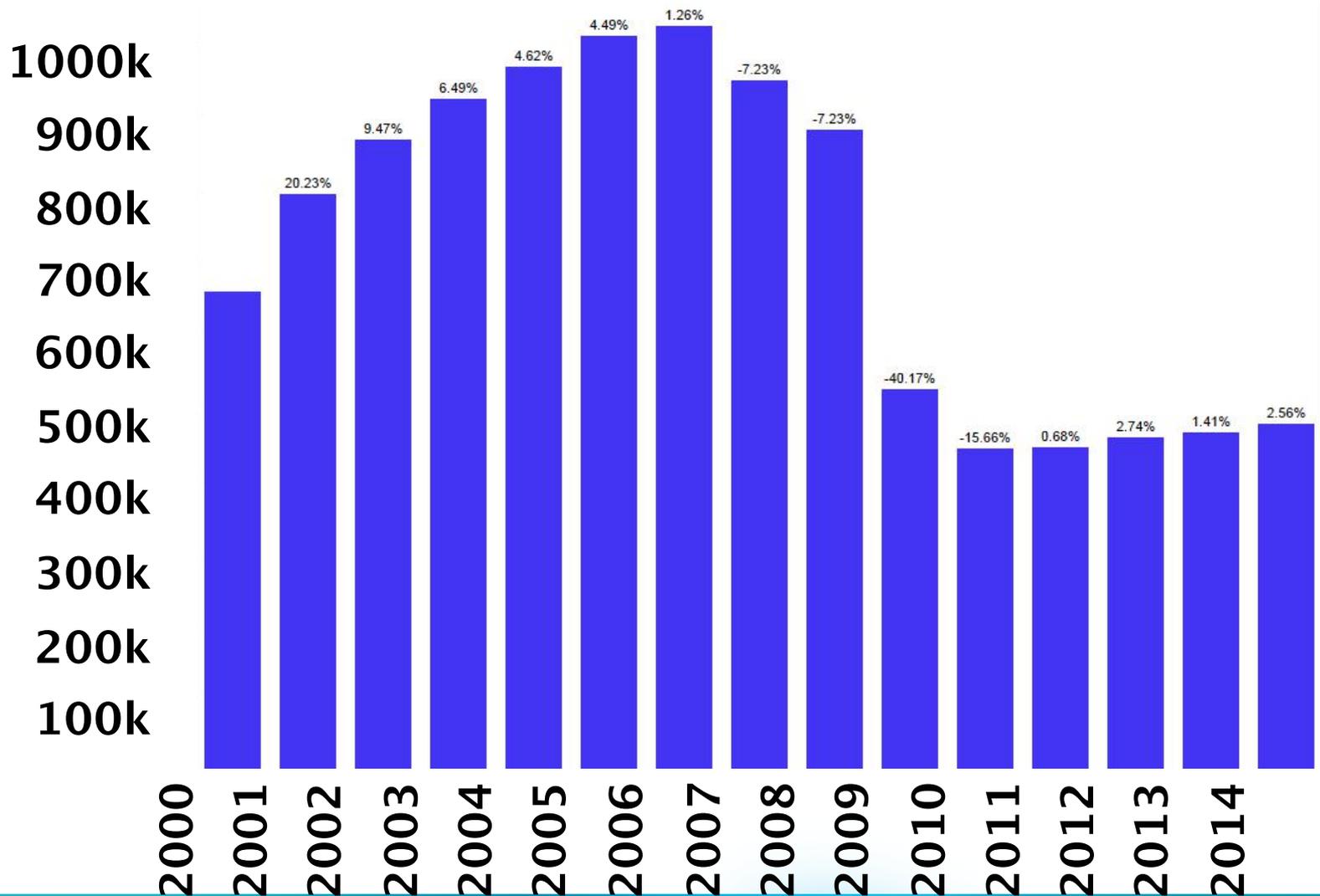


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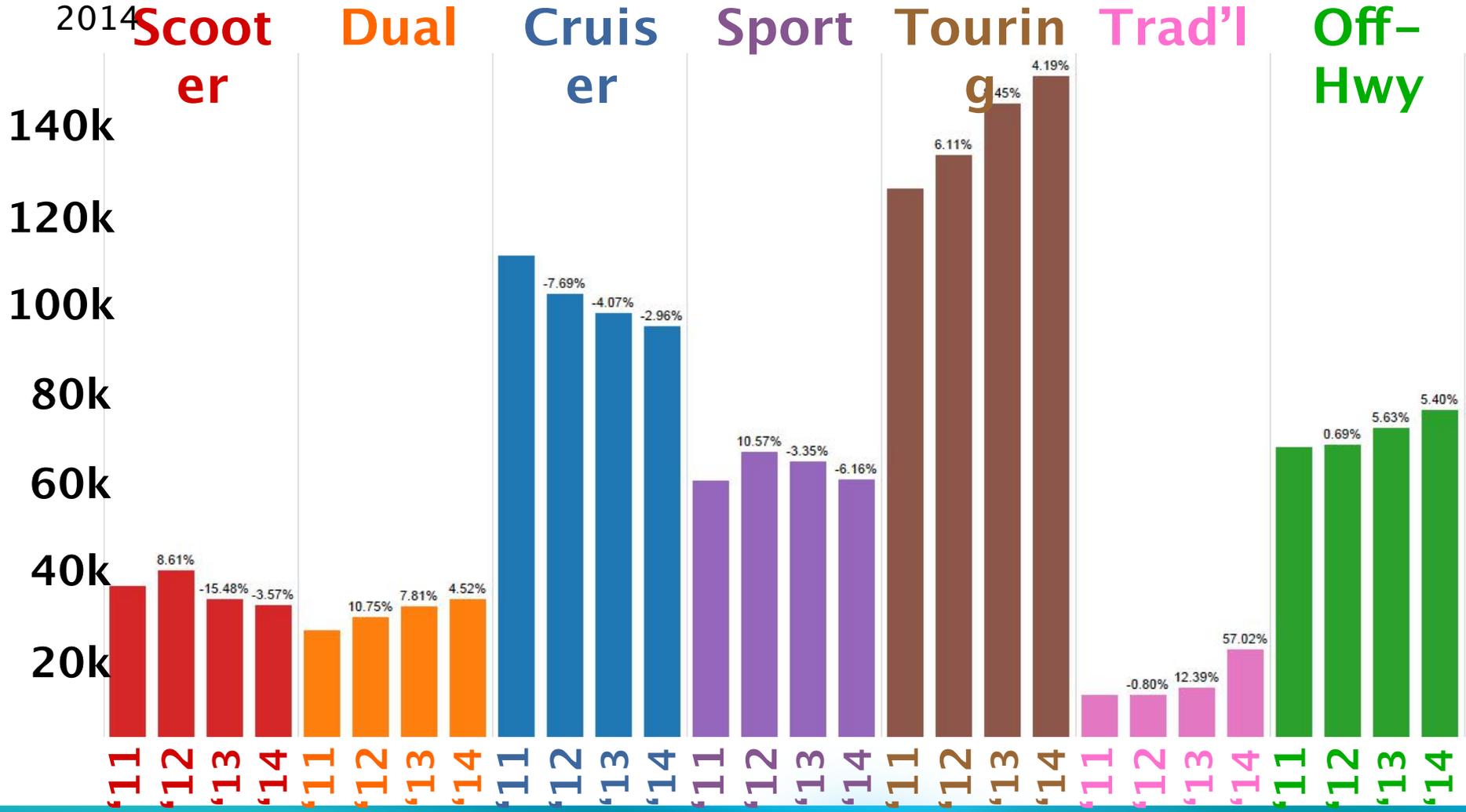


New Unit Motorcycle Sales – US



New Unit Motorcycle Sales – US

Unit Sales 2011 –
2014



Motorcycles in Use

Motorcycle Owning U.S. Households: 7,532,500

Motorcycles Per Household: 1.37

Motorcycles Owned: 10,319,500

Motorcycles in Running Order: 96.7%

= 9,980,000 Motorcycles in Use

Motorcycles NOT in Use

Motorcycle Owning U.S. Households: 1.37 million

Motorcycles Per Household: 1.37

Motorcycles Owned: 10,319,500

Motorcycles in Running Order: 9,980,000

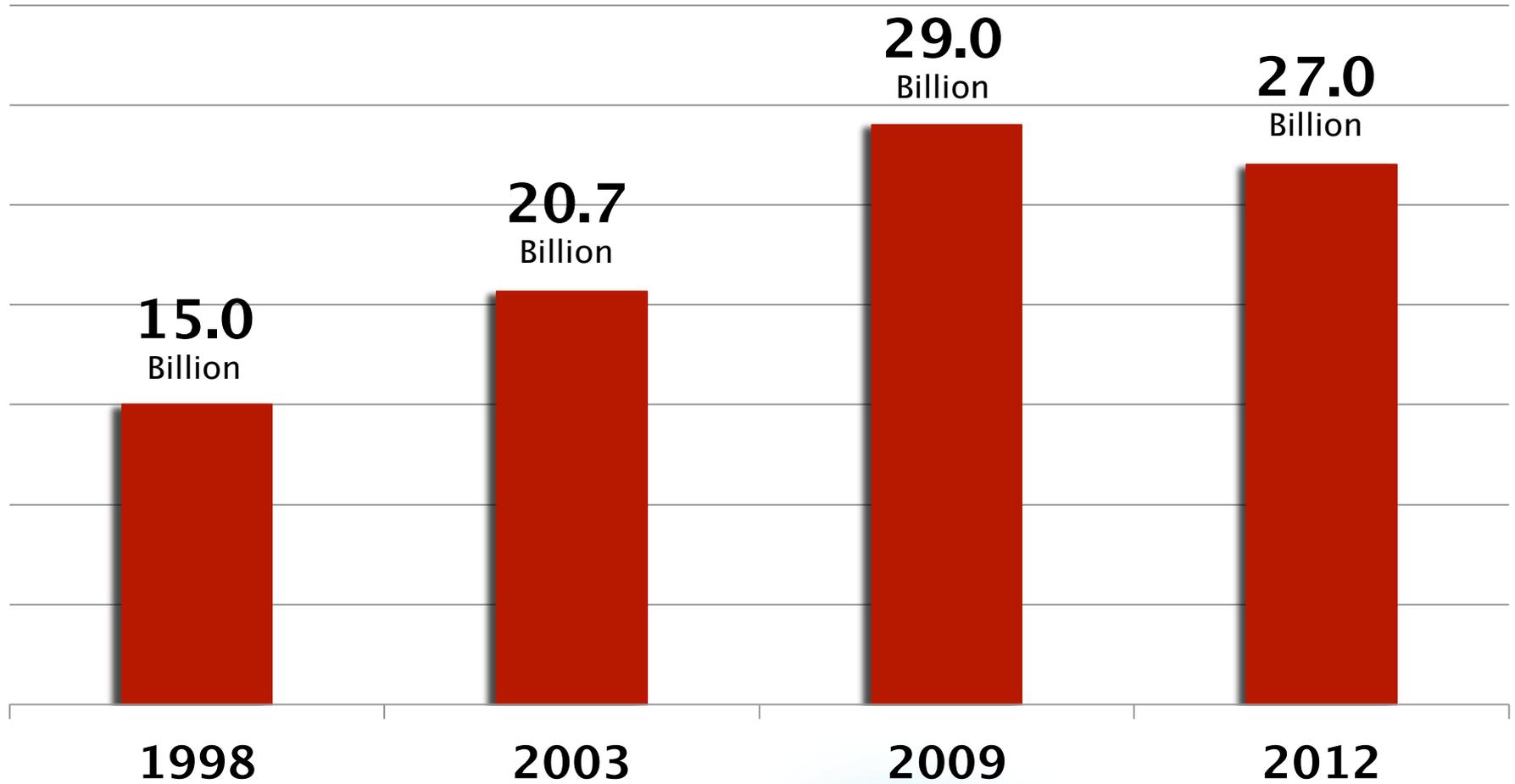
= 9,980,000 Motorcycles in Use



*Note: 340,543 motorcycles need work to get them in running order.
Need some service business?*

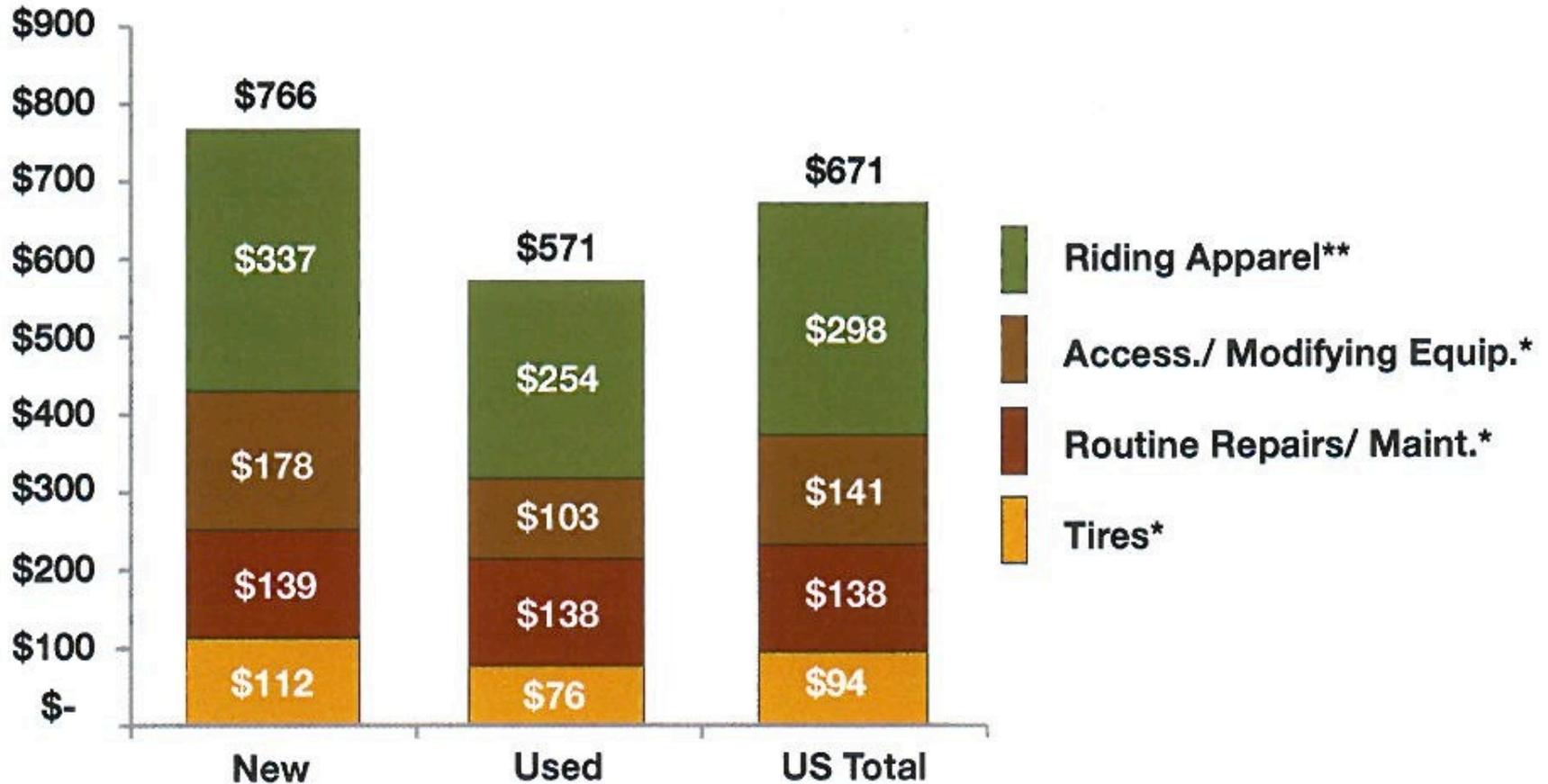
Serving Manufacturers, the Aftermarket, Allied Trades and Dealers

Total Vehicle Miles Traveled



Retail Value of Owners

Annually, the typical motorcycle owner spends...



Non-Owners in a Motorcycle-Owning Household

	RESIDE IN OWNING HOUSEHOLDS	RESIDE IN NON-OWNING HOUSEHOLDS	TOTAL RIDERS
WHERE TO RIDE			
Ride On-Highway Only	5,562,850	7,781,120	13,343,970
Ride Off-Highway only	1,210,060	4,291,360	5,501,420
Ride Both On & Off-Hwy	3,177,669	5,014,730	8,192,390
Total	9,950,570	17,087,210	27,037,780
GENDER			
Male Operators	7,648,680	12,687,250	20,335,930
Female Operators	2,301,890	4,399,960	6,701,850
Total	9,950,570	17,087,210	27,037,780

Serving Manufacturers, the Aftermarket, Allied Trades and Dealers

Non-Owners in a Motorcycle-Owning Household

Motorcycle-Owning Households

ü 1,000,000 Women rode who do not own, yet someone else in the home owns.

Non Motorcycle-Owning Households

ü 12,687,250 Men and 4,399,960 Women rode a motorcycle owned by someone not living in their home.

Note: 20.6mm Households have owned in the past, but do not currently own.

The previous slides have identified the market you and your customers already know.

MIC's Business Intelligence introduces you to the customers you haven't met yet.



MIC Business Intelligence

MIC Motorcycle Retail Outlet Profile Survey...

MIC Motorcycle/ATV Owner Survey...

MIC Motorcycle Statistical Annual Report...

State Legislative Monthly Report...

MIC Motorcycle Retail Sales Report...

MIC ATV Retail Sales Report...

MIC Motorcycle & ATV Retail Sales Summary...

MIC Motorcycle Retail Outlet Audit...

R.L. Polk Vehicle Registration Data...

MIC MAX Model Attribute Matrix...

MIC/Experian Targeted Digital Ad Platform...

Executive Reports & News Releases...

Research Reports...

Government Relations Bulletins...

Technical Notices...

Annual MIC Communications Symposium...

Financial and Tax Planning Advisory Bulletins...

And many, many, many...

More...



Serving Manufacturers, the Aftermarket, Allied Trades and Dealers

MIC/Experian Targeted Digital Ads

- The MIC is launching a digital ad platform for dealers
- Through the partnership, Experian has scored each household for a propensity towards powersports, with 8 sub-segments (e.g. “Cruiser”)
- Allows dealers to reach consumers at the margin where interest exists but may not yet own (conquest), or campaigns where current ownership is likely (trade-up)

How the Program Works

- Campaigns customized to your needs
- Leading OEMs to offer co-op funding
- Experian's trading desk gets the best advertising values
- Return On Investment Reports

5 Takeaways...

Special thanks to...

Dr. Paul Leinberger, Managing Director,
HLDC Strategy Partners



1. Sell New Experiences



1. Sell New
Experiences



2. Get More Involved
in Community



1. Sell New Experiences



2. Get More Involved in Community

3. Eliminate / Reduce Risk



1. Sell New Experiences

4. Mobile is No Longer Optional



2. Get More Involved in Community



1. Sell New Experiences

4. Mobile is No Longer Optional

5. We No Longer "Go" Shopping. We're Always Shopping.

2. Get More Involved in Community



**1. Sell New
Experiences**

**2. Get More Involved
in Community**

**3. Eliminate /
Reduce Risk**

**4. Mobile is No
Longer Optional**

**5. We No Longer
“Go” Shopping**

We're Always Shopping



Cautious Optimism

Disruptive Strategies
for a
Cautious Marketplace



**See MIC Staff
around the show
or at the
MIC Business Center**

The MIC Business Center:
West Building, 2nd Floor, W204B



Tim Buche

President, Motorcycle Industry Council

tbuche@mic.org
mic.org
motorcycles.org



Brought to you by:



GE: Powersports Update

State of the industry from GE's perspective

Presented by:
Marc Hamud
Senior Vice President
GE Capital, Commercial Distribution Finance
1-949-225-2074
marc.hamud@ge.com

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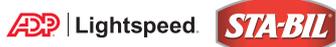


Industry is healthy and growing

- Dealer performance is strong:
 - Sept YTD volume up 16% versus prior year
 - Dealer inventory turn strong at over 2x
 - Aging is healthy under 6%
- Pre-owned market on the rise:
 - 12% increase in pre-owned volume compared to last year
- Increased investment by OEMs in R&D:
 - New models across price points contributing to industry growth



Brought to you by:



Source: GE portfolio



GE Capital - Value beyond lending

- Focused on helping dealers manage their business with:
 - Flexible financing
 - Industry expertise
 - Online tools & analytics
 - Access GE



Brought to you by:



Listening to our customers

Strategy

Customer Advisory Boards

Dealer Focused Advisory Councils focused on enhancing customer experience and exploring mutual opportunities to improve and grow

Customer Service

Enterprise Feedback Management

Launched company wide feedback management tool capturing real time transactional feedback on 3 key touch points:
Account Activation Experience
Floor Check Experience
Customer Care Experience

Measure

Monthly Customer Experience Dashboard

Monthly dashboard tracking and measuring voice of customer inputs and corresponding actions/projects assigned to resolve



Brought to you by:



Industry Roundtable

National Powersport Auctions Pre-Owned Market Trends

Presented by: JIM WOODRUFF
NATIONAL POWERSPORT AUCTIONS
858-413-1118
jwoodruff@npauctions.com

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Brought to you by:



NPA's View into Pre-Owned Market

- NPA is the Wholesale Channel for Powersports
 - Dedicated Avenue For Banks, OEMs And Dealers
 - Decade+ Database Of Nearly \$5B In Transactions
- Real-Time Perspective
 - Live Updates Nationwide, In-Lane & Online
 - Most Comprehensive Data On The Planet
 - Available via NPA Value Guide™, Market Reports, etc



Brought to you by:



2014 Wholesale Market Recap

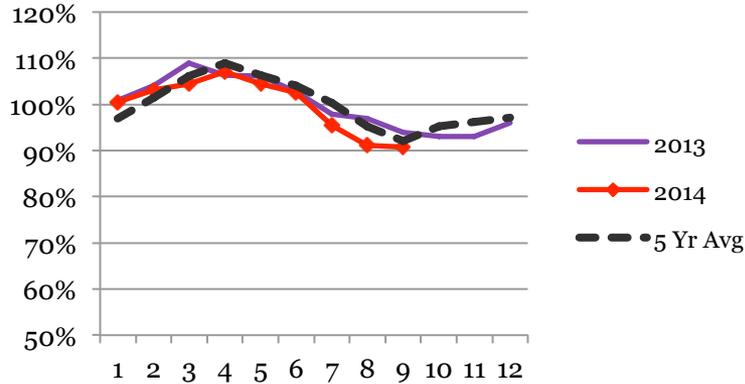
- Auction Volume 11% over 2013
 - Growth in both Repo and Dealer Consignments
- Average Wholesale Price (AWP) up 8% over 2013
 - Most segments down, but product mix shifted
 - More Domestic Cruisers, Less Off-Road
- Bidder Participation up 2% over 2013
 - Greater Online Participation in both eSale & Simulcast



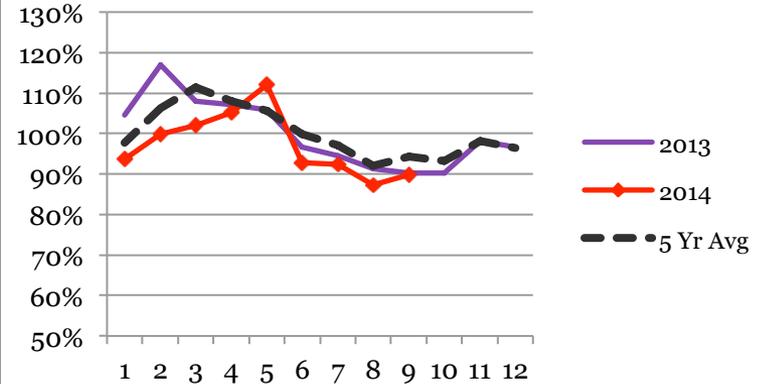
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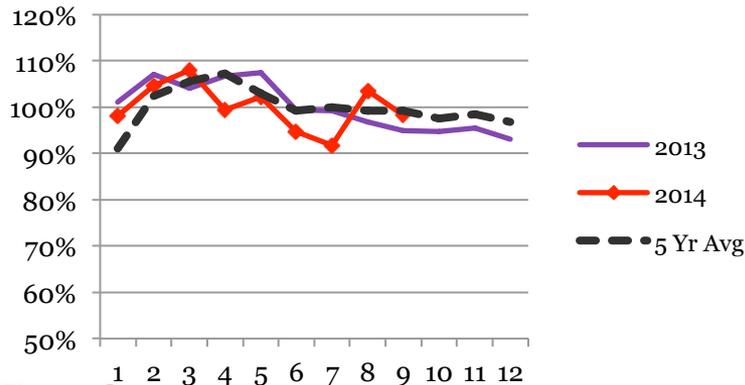
**Seasonal ASP
Cruiser-Domestic**



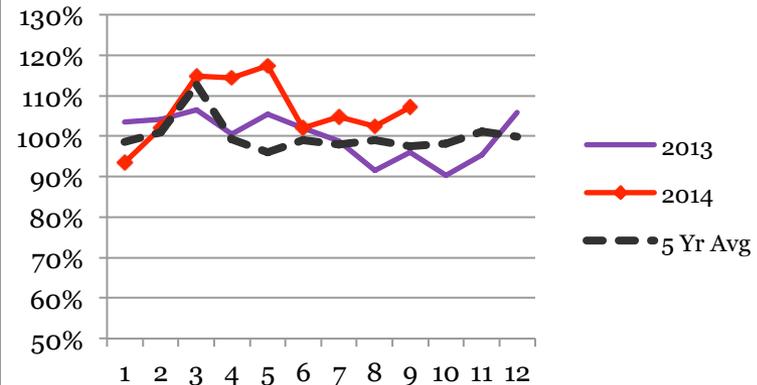
**Seasonal ASP
Cruiser-Metric**



**Seasonal ASP
Sport**



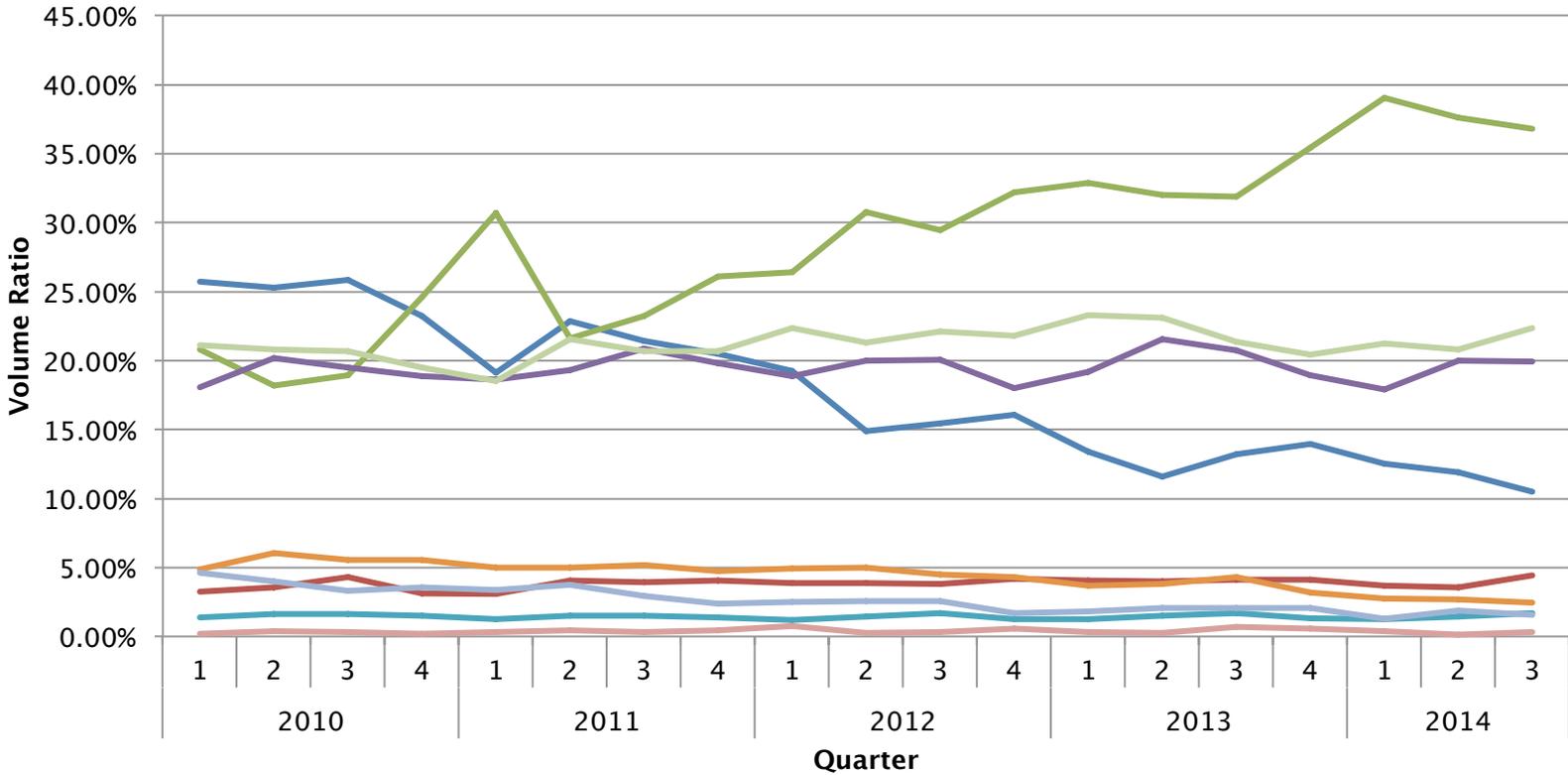
**Seasonal ASP
MX**



Brought to you by:

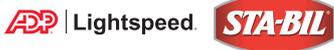


Wholesale Powersports Product Mix



- ATV
- ATV--SIDE BY SIDE
- CRUISER-DOMESTIC
- CRUISER-METRIC
- DUAL SPORT
- MX
- PWC
- SNOWMOBILE
- SPORT

Brought to you by:



Current Wholesale Trends

- OEMs Endorsing Pre-Owned Dealer Efforts
 - Growing Support for Strong Pre-Owned Segment
- Technology Usage Growing
 - Increased Access to Real-time Data Via Mobile
- More Industry Players Working Together
 - Growing Emphasis on Dealer Education



Brought to you by:



Current Wholesale Trends

- Better Data-Driven Decision Making
 - **NPA Value Guide™ Usage**
- Trickle-Down Impact of OEM Recalls
 - **OEMs beginning to reach into Auction inventory**



Brought to you by:



Expectations for 2015

- Stable Wholesale Pricing
 - Continued strength in Off-Road
 - Mild recovery in Domestic Cruiser
- Modest Volume Increases
 - Gradual recovery of Repo market
- Similar Product Mix
 - Off-Road will remain light, Domestic strong



Brought to you by:





Newest lender in Powersports is on the gas!

Presented by: Matt Lekawa

Capital One

312.802.0860

Matthew.Lekawa@CapitalOne.com

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Who are we?



- \$313 billion in assets, \$206 billion in loans and \$213 billion in deposits
 - 6th largest bank based on U.S. deposits
 - 4th largest credit card issuer in the U.S.
 - 3rd largest independent auto loan originator
 - Largest US direct bank
- Major operations in 15 U.S. cities, Canada, U.K.
- More than 65 million customer accounts and 44,000 associates
- Numerous recent awards including:
 - Named to 100 Best Companies to Work For by *FORTUNE* Magazine
 - Listed in Top 50 Companies for Diversity by *Diversity Inc.*
 - Named to Information Week 500 (#143)
 - Received J.D. Power & Associates Call Center Certification
 - *Fortune* Top Companies for Leaders
 - Named to *Working Mother's* 100 Best Companies list & Best Companies for Hourly Workers



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Why are we here?

Large and growing list of
marquee partners

 DELTA

 COSTCO
WHOLESALE

SAKS
FIFTH
AVENUE



 KAWASAKI

SONY

KOHL'S

 YAMAHA

 POLARIS

 GM

Neiman Marcus

 IHG
InterContinental Hotels Group

Taken a deliberate path to
growing this business

2007-2009: Preparation

- Built out Co-brand infrastructure

2010-2011: Growth

- Enhanced infrastructure (Sony)
- Entered PLCC industry with Kohl's

2012+: Rapid Growth

- Completed acquisition of HSBC's partnership Card business

Track record of success
growing strategic priorities

- Top 5 US Credit Card issuer
- Top Small Business credit card issuer
- 6th largest bank

Partnerships is the most important strategic growth vector in our Card business and we have taken a deliberate path for growth.



Capital One is 100% committed to the Powersports industry



Currently partnered with industry leaders such as:



Since 1988



Since 1994



Since 2005



Since 2013

Current strategy within Powersports arena:

- **Top priority** within our Partnerships business
- **Goal is to be #1** in Powersports and have launched **redefined strategy**
- **Actively pursuing and signing up new Powersports partners**

Capital One is the only national player to offer a revolving Powersports financing product



Brought to you by:



Capital One updated its mission:

Capital One mission

CHANGE BANKING
FOR **GOOD**

Bring ingenuity, simplicity, and humanity to banking
Dare to dream, disrupt, and deliver a better way



In Powersports, this means:

- **No default rate or loss of promotion due to delinquency**
- Clear monthly statements
- > 1% principle reduction minimum payments
- “Installment-like” product (fixed payment, fixed APR)
- No pre-payment penalties



Brought to you by:



Why a dealer should use Capital One's program?



Geared to help you move units fast, easily and more profitably!

We are Fast

- Instant Credit Decisions
- Funding Up Front
- Shorter Application

We Make It

Easy

- Less Paperwork Required (no loan contract)
- Automated Decisions 24/7

We are Flexible

- Open When Dealers Are
- Always Try To Make A Deal
- Variety of Promotional Offers with NO Default Rate

Drive repeat purchases without having to re-apply

Open line of credit allows add-on sales (apparel, parts, service, warranties, trade-ins and more)

We can help drive customers and profits back into your store!



What can the industry expect?

- Focus on ensuring customers walking through the door get approved and at the best tier!
 - Re-tiered
 - November 1.....
- Putting the relationship back into lending
 - Current pilot tests - Operational
 - Initial feedback has been very positive



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Thank you!

Questions?



KTM North America, Inc.

Presented by: Tom Etherington, *Sales Manager, North America*

KTM North America, Inc.

951-600-8007

tetherington@ktmnorthamerica.com

Orlando, FL - United States

October 2014

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READY TO »» RACE



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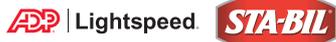


“Ready to Race is far more than a simple slogan **LIFE**
- it's our *Hubert Trunkenpolz, CSO*



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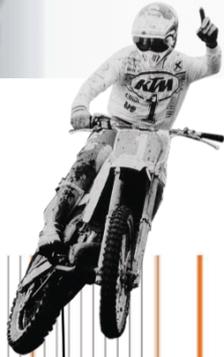
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HISTORY 1953 - 2011

1955
First engagement
in road racing



1984
Heinz Kinigadner
became World
Champion in
250cc Motocross
Foundation of
„KTM Kühler“



1994
Entry street market



2001-2012
Rally Dakar, first of eleven consecutive victories



2004
First victory in the road racing GP:
Casey Stoner, GP 125, Sepang/Malaysia

1953

1960

1970

1980

1990

1991

**1991
TAKE OVER
BY CROSS**

2000

2012



1953
Start of industrial production of
motorcycles: Company name
„Kronreif, Trunkenpolz,
Mattighofen“



1991
Restart under new ownership
(KTM Sportmotorcycle AG)



1998
Opening of the
new Factory
in Mattighofen

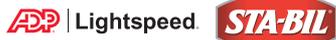


2008
Launch of the first KTM
Superbike - the 1190 RC8, serial
production of supersports
car X-Bow

2010



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**SINCE
1953**



**POWERSPORTS
BUSINESS
INSTITUTE**
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11 CONSECUTIVE DAKAR WINS 2001-2012

2001 - FABRIZIO MEONI
 2002 - FABRIZIO MEONI
 2003 - RICHARD SAINCT
 2004 - NANI ROMA
 2005 - CYRIL DESPRES
 2006 - MARC COMA
 2007 - CYRIL DESPRES
 2008 - CANCELLED
 2009 - MARC COMA
 2010 - CYRIL DESPRES
 2011 - MARC COMA
 2012 - CYRIL DESPRES

203 WORLD CHAMPION TITLES

MOTOCROSS

MX 1
 MX 2

**BORN IN EUROPE
 THE OFF-ROAD RACING
 LEGEND**

KTM

STREET RACING

ENDURO

MARTIN BAUER
 TADY BLAZUSIL

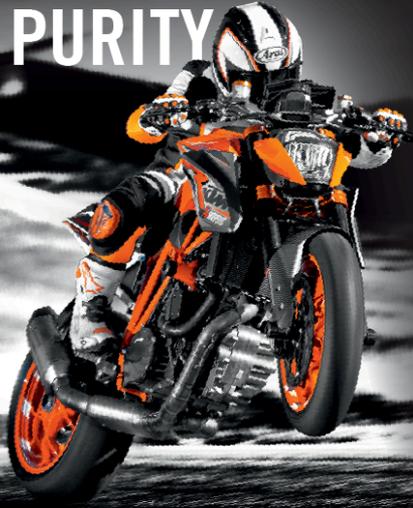
THE TOUGHEST RALLY ON THE FACE OF THIS PLANET



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PURITY



PERFORMANCE

READY TO RACE



ADVENTURE



EXTREME



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» KTM North America, Inc. is the Largest of 25 Worldwide Subsidiaries

» 92% Retail Sales Growth Since 2010

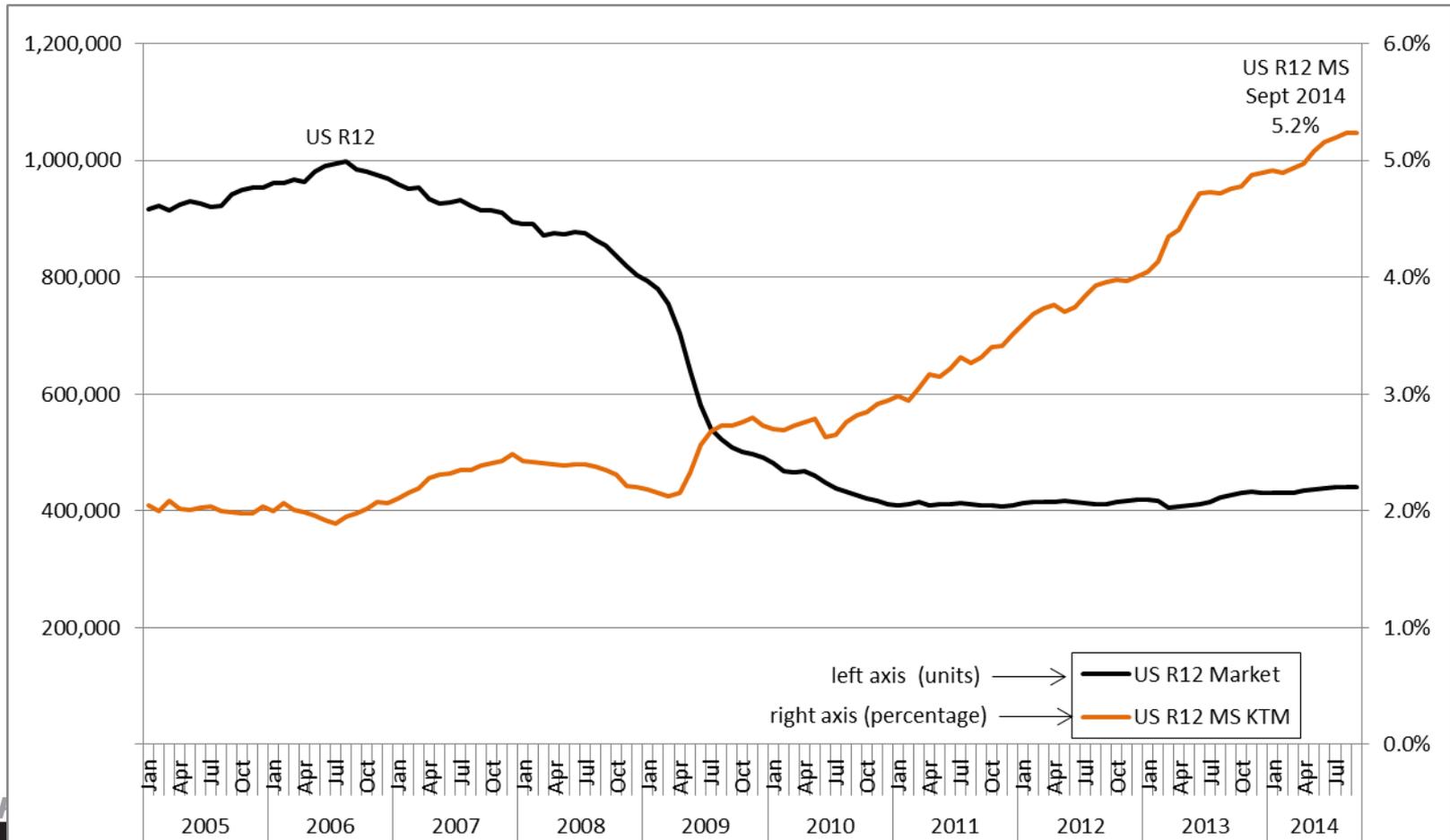
 » Fastest Growing OEM in 2013

 » 2nd Fastest Growing OEM in 2014

Brought to you by:



US Market Share Development





**50M US-DOLLAR
INVESTMENT IN R+D**

**300 EMPLOYEES IN R+D
(17.5 % OF TOTAL EMPLOYEES)**

 **BUSINESS
INSTITUTE**
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 |  | 



***"BE THE MOST SOUGHT AFTER DE IN THE
NORTH AMERICAN DEALER NETWORK"***



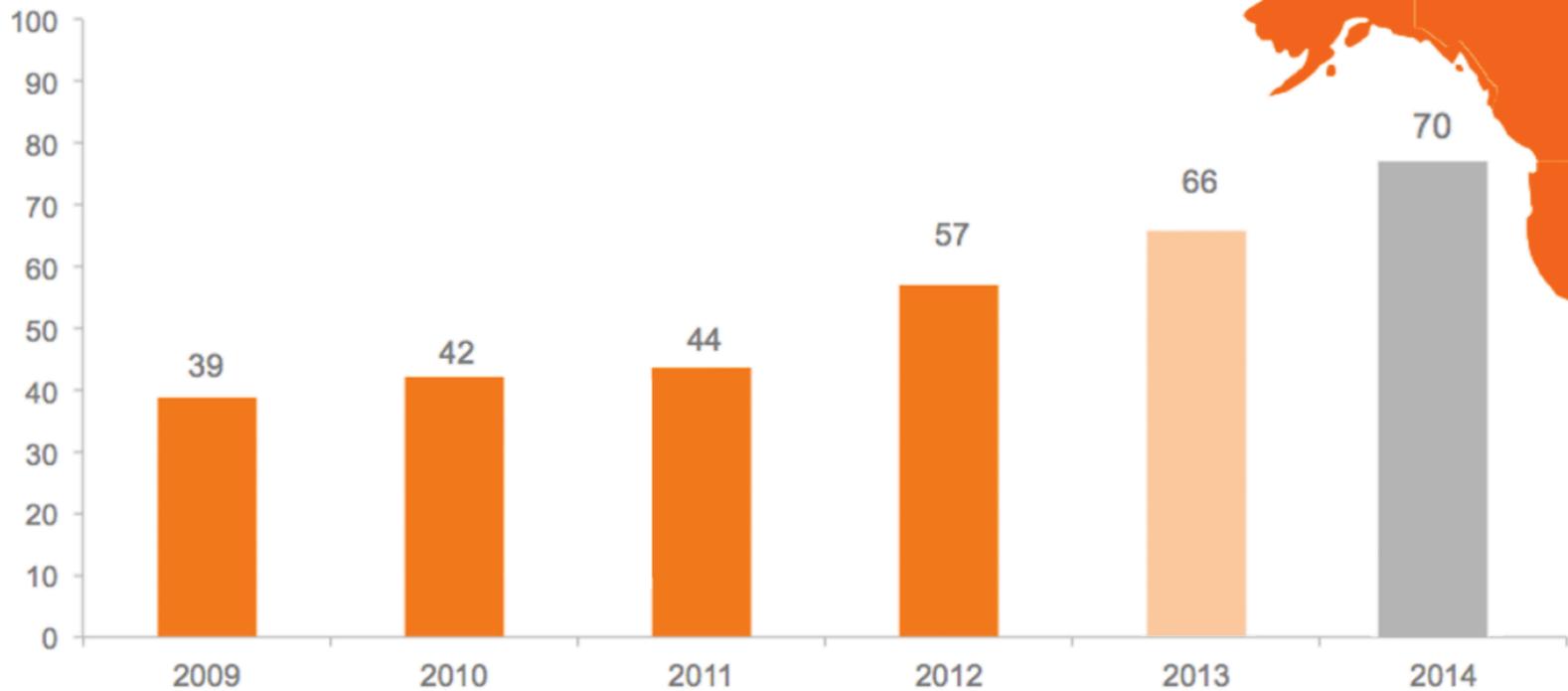
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AVERAGE UNITS PER DEALER

2009-2015
NORTH AMERICA



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PROFITABLE PARTNERSHIP

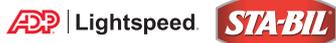
**STRONG
BRAND**



**STRONG
DEALERSHIP**



Brought to you by:



Complete Model Range

“There's no ‘season end’ with the KTM model range, offering both offroad and street bikes.”

Super diverse range of class-leading machines from 50cc to 1290cc, covering all segments and ages.

360°
package



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Brought to you by:



Complete Model Range

Exclusive PG&A line-up

"KTM on the bike and around the bike."

Functional and casual PowerWear, accessories and merchandise for bike and rider unrivalled for diversity, value and choice.

**360°
package**



KTM ORIGINAL SPARE PARTS



KTM POWERPARTS



KTM POWERWEAR

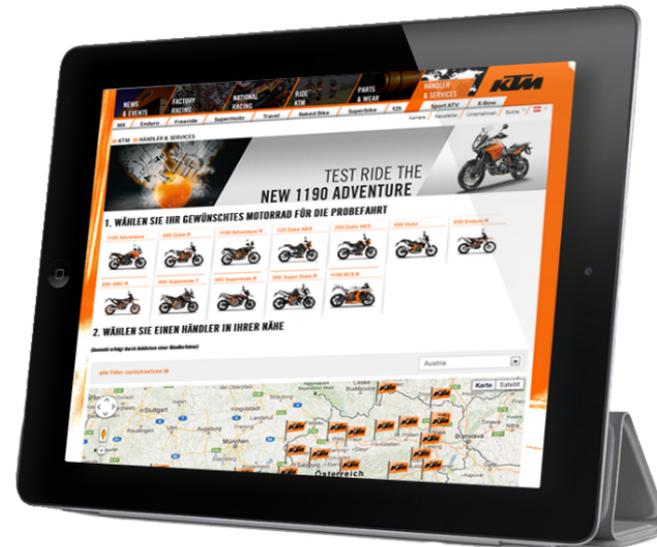


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»» Expand Dealer Demo Program on Street bikes (feedback from Dealer Council)



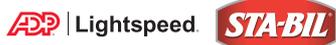
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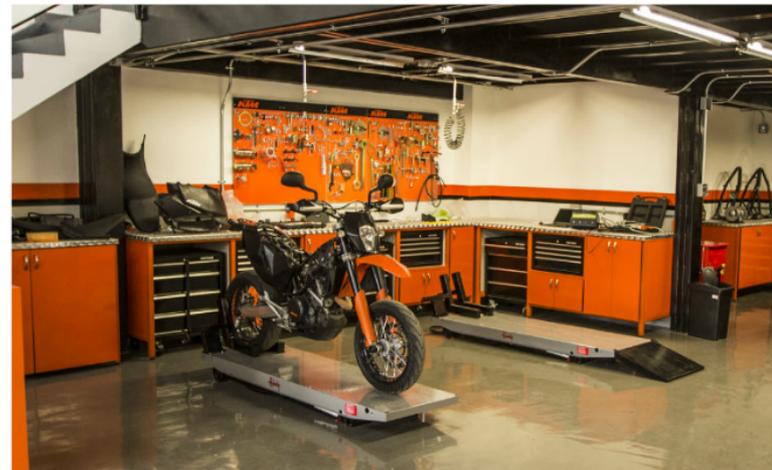
» orange bleeder development and training



Brought to you by:



- » Grow and develop our dealer network relationships
 - » Top tier customer service B2B and B2C



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» Invest in physical showroom and technology to improve the consumer retail experience

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US Racing success and championships

Current No. 1 plate holder 450 Motocross

Caselli 1st American to factory Dakar team

Current leading GNCC, Hare and Hound, National Enduro and Enduro X

Return of KTM Junior SX Challenge

1st SX Lites title

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»» Ongoing Product improvements and Pipeline full for the future



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Welcome to the new age!



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STREET PRODUCT DEVELOPMENT **PUSH, PUSH, PUSH**

- » Outstanding introduction of small cc Duke lineup
- » 690 Duke has potential to become a KTM top seller
- » “World motorcycle 390 Duke” in the pipeline
- » New SuperDuke generation launched in 2013
- » Big efforts for Moto 3 in factory racing, customer sports and serial production



KTM 125 DUKE



MOTO 3



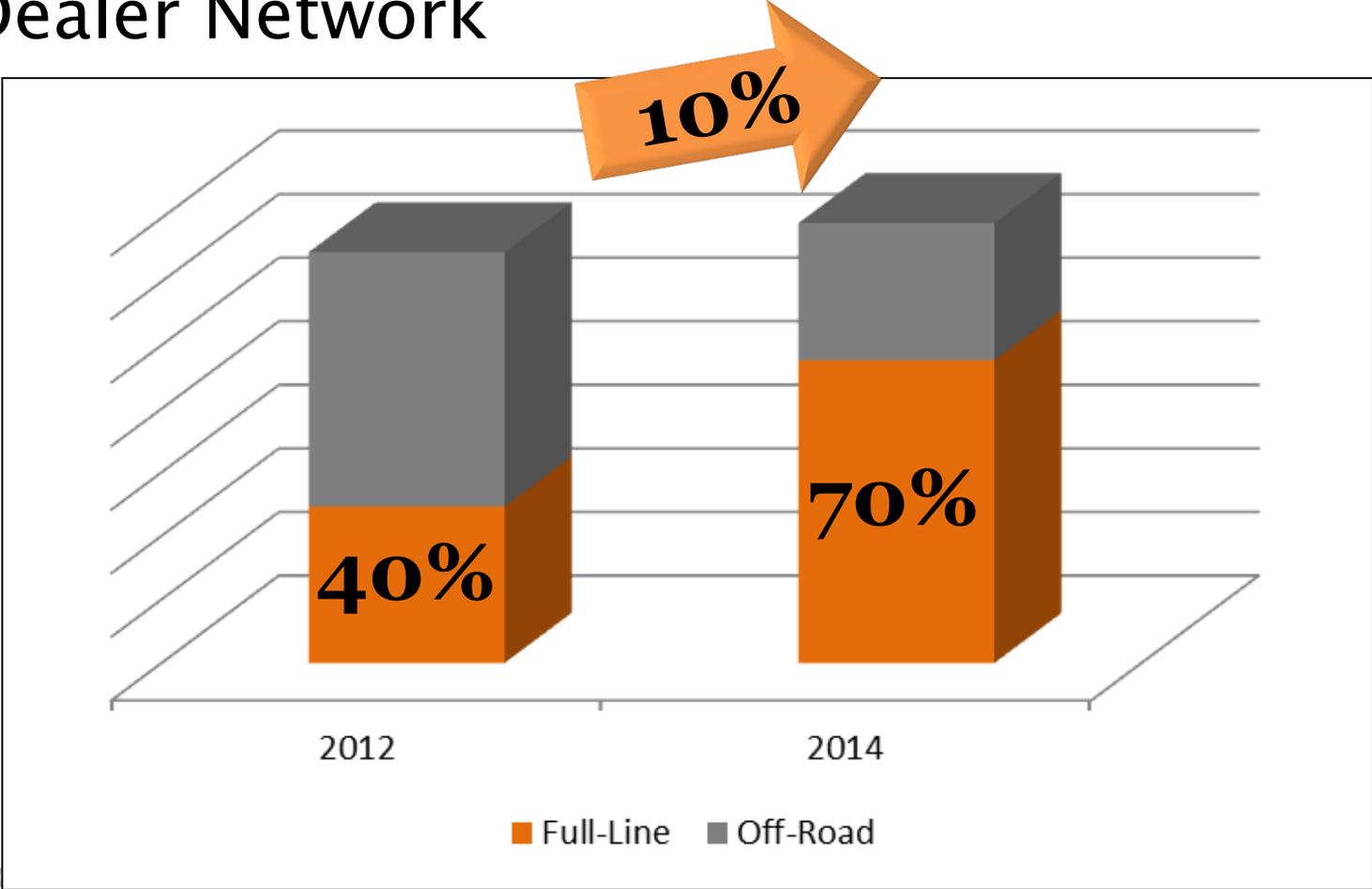
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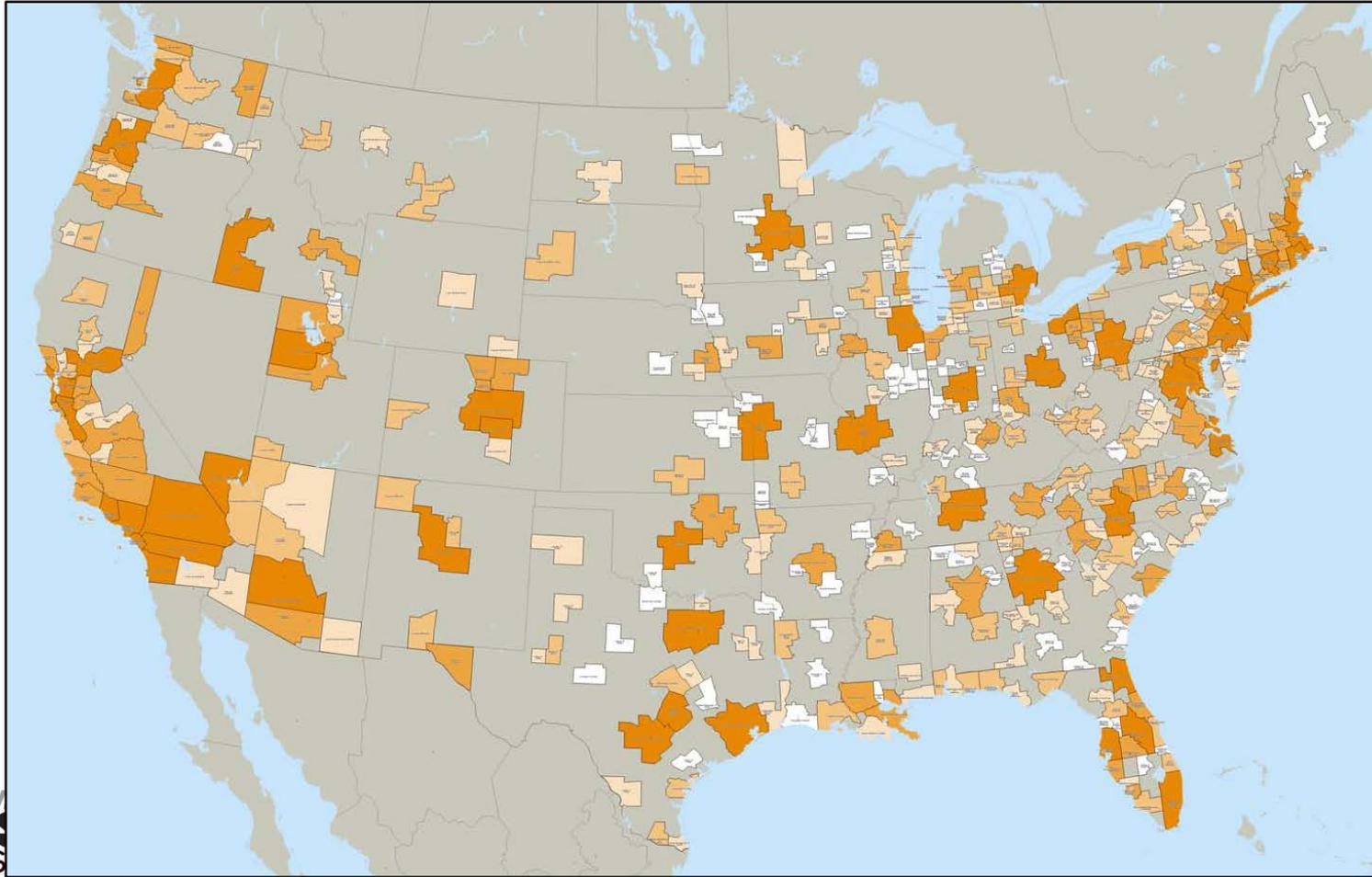
Dealer Network



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Top Markets



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Dealer Development

» 951-600-8007 ext. 4115

» <http://www.ktm.com/us/ready-to-race.html>



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READY TO »» RACE



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