

Downside Risk: -31.6%

Assumptions

10 Year T-Bill	4.03%
Risk Premium	5.50%
Beta	1.26
WACC	9.89%
Terminal Beta	1.0
Terminal WACC	8.66%
Tax Rate	28.8%
Terminal Growth Rate	3.5%

Discounted Cash Flow Valuation

	Hyper Growth Phase				Transitional Growth Phase				Terminal Year
	2003A	Q4 04E	2005E	2006E	2007E	2008E	2009E	2010E	2011E
Sales									
Marine Engine	\$1,908.9	\$539.3	\$2,437.5	\$2,754.3	\$3,060.1	\$3,341.6	\$3,585.5	\$3,779.2	\$3,911.4
<i>Growth</i>	11.9%	NA	13.0%	13.0%	11.1%	9.2%	7.3%	5.4%	3.5%
Boat	1,616.9	452.7	2028.2394	2,271.6	2,505.6	2,721.1	2,908.8	3,060.1	3,167.2
<i>Growth</i>	15.1%	NA	12.0%	12.0%	10.3%	8.6%	6.9%	5.2%	3.5%
Fitness	486.6	132.6	578.12946	630.2	679.9	726.2	767.6	802.9	831.0
<i>Growth</i>	6.5%	NA	9.0%	9.0%	7.9%	6.8%	5.7%	4.6%	3.5%
Bowling & Billiards	392.4	103.0	432.621	454.3	475.6	496.5	516.9	536.5	555.3
<i>Growth</i>	3.9%	NA	5.0%	5.0%	4.7%	4.4%	4.1%	3.8%	3.5%
Total Sales	\$4,128.7	\$1,157.7	\$5,193.6	\$5,824.1	\$6,430.1	\$6,988.1	\$7,473.8	\$7,864.4	\$8,139.6
<i>Growth</i>	11.2%	NA	12.1%	12.1%	10.4%	8.7%	7.0%	5.2%	3.5%
less: COGS	2,981.0	823.6	3,694.8	4,143.3	4,574.5	4,971.4	5,317.0	5,594.8	5,790.6
<i>% of Sales</i>	72.2%	NA	71.1%	71.1%	71.1%	71.1%	71.1%	71.1%	71.1%
less: SGA	632.5	171.2	768.1	861.3	951.0	1,033.5	1,105.3	1,163.1	1,203.8
<i>% of Sales</i>	15.3%	NA	14.8%	14.8%	14.8%	14.8%	14.8%	14.8%	14.8%
less: R&D	118.2	32.3	144.9	162.5	179.4	194.9	208.5	219.4	227.1
<i>% of Sales</i>	2.9%	NA	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
EBITDA	397.0	130.6	585.8	656.9	725.3	788.2	843.0	887.1	918.1
<i>% of Sales</i>	9.6%	NA	11.3%	11.3%	11.3%	11.3%	11.3%	11.3%	11.3%
less: D&A	150.6	31.5	141.1	158.3	218.0	284.0	354.0	425.5	495.1
<i>D&A/CapEx</i>	44.7%	NA	44.7%	44.7%	55.7%	66.8%	77.9%	88.9%	100.0%
EBIT	246.4	99.1	444.7	498.7	507.3	504.3	489.0	461.6	423.0
<i>% of Sales</i>	6.0%	NA	8.6%	8.6%	7.9%	7.2%	6.5%	5.9%	5.2%
less: Taxes	65.9	28.5	127.9	143.4	145.9	145.0	140.6	132.7	121.6
<i>Effective Tax Rate</i>	26.7%	28.8%	28.8%	28.8%	28.8%	28.8%	28.8%	28.8%	28.8%
EBIT (1 - t)	180.5	70.6	316.8	355.3	361.4	359.3	348.4	328.9	301.4
plus: D&A	150.6	31.5	141.1	158.3	218.0	284.0	354.0	425.5	495.1
Operating Cash Flow (O)	331.1	102.1	458.0	513.6	579.4	643.2	702.4	754.3	796.5
less: CapEx	337.1	70.4	315.9	354.3	391.2	425.1	454.6	478.4	495.1
<i>% of Sales</i>	8.2%	NA	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%
Regular CapEx	159.8	44.8	201.0	225.4	248.8	270.4	289.2	304.3	315.0
<i>% of Sales</i>	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
Acquisition CapEx	177.3	25.6	114.9	128.9	142.3	154.7	165.4	174.1	180.1
<i>% of Sales</i>	4.3%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%
less: ΔNWC	(40.8)	8.8	39.7	44.5	42.8	39.4	34.3	27.6	19.4
FCFF	\$34.8	\$22.8	\$102.3	\$114.8	\$145.5	\$178.8	\$213.5	\$248.4	\$281.9
PV Factor		97.7%	88.9%	80.9%	73.6%	67.0%	60.9%	55.4%	50.5%
PV of FCFF		22.3	90.9	92.8	107.1	119.7	130.1	137.7	
PV of Hyper/Transitional Phase		700.7							
PV of Terminal Phase		2,755.5							
Total PV of FCFF		3,456.2							
plus: Cash and Securities		438.2							
less: Debt		739.7							
less: Options		11.6							
Total Value of Equity		3,143.1							
divided by: Dilluted Shares		98.1							
Intrinsic Value per Share		32.0							
Current Share Price		\$46.85							
Downside Risk		(31.6%)							