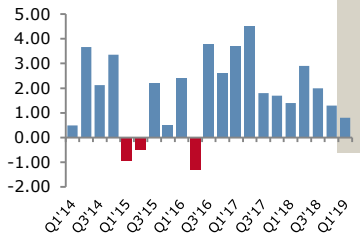


2019 Marine Industry Update: Volume 1

Canada Edition

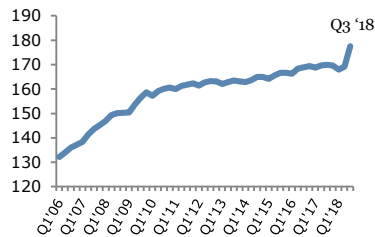
Quarterly annualized GDP % Change

(BoC Monetary Policy Report – Jan. 2019)



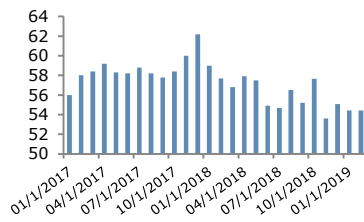
Quarterly Household Debt to Disposable Income

(Statistics Canada – Mar. 2019)



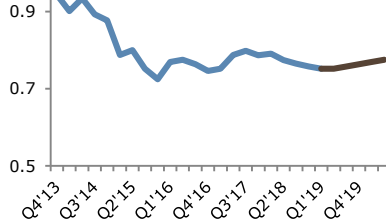
Consumer Confidence Index

(Bloomberg Nanos)



Wells Fargo Securities Currency Forecasts

(WF Securities Mar. 2019 Forecast)



Sources: Statistics Canada (Retail and Wholesale Sales, Unemployment, CPI), Bank of Canada January 2019 Monetary Policy Report, Wells Fargo Securities Monthly FX Update – Mar. 2019

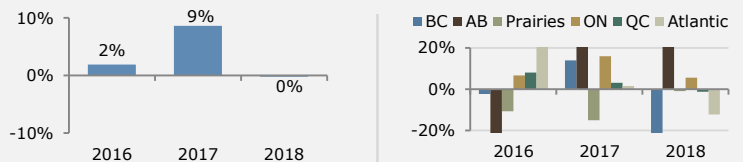
Economic Watch

- Canada's economy grew by a weaker-than-expected 1.3% (q/q GDP annualized) in Q4'18. The Bank of Canada predicts growth at 0.8% for Q1'19.
- Canada Q3'18 household debt-to-income ratio rose to 177% from 169% in Q2'18.
- Retail sales decreased 0.3% in January m/m, while wholesale sales increased 0.6%.
- Canada added nearly 56,000 jobs in February, driven by gains in full-time work. The unemployment rate was unchanged at 5.8%.
- The Bloomberg Nanos Canadian confidence index remained constant at 54.4 in February from January.
- After surging to 3% in July 2018, its highest rate in nearly seven years, Canada's inflation rate eased to 1.4% in January 2019.
- Wells Fargo predicts the Canadian dollar to strengthen in 2019 as the USMCA trade agreement gets approved and oil prices recover.
- The Bank of Canada held its overnight rate at 1.75% on March 6th and reiterated a data-dependent approach to future rate increases.

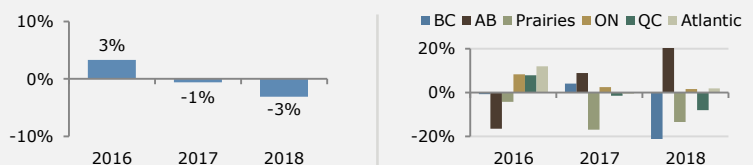
CDF Portfolio Overview

- Total inventory purchases financed by CDF were flat as of February 28th, 2019.** We saw some volume recovery through the months of December-February as dealers brought in product for boat shows and dealers took delivery of purchases from Model Year 2019 orders.
- Y/y outstandings.** Inventory levels are down 3% when compared to the same period last year. Inventory levels continue to see the impact of the decrease in volume from 2018 both regionally and nationally.
- Liquidations (loan repayments resulted from sales) are up 2%.** Despite the impact of retaliatory tariffs on the marine industry, retail activity was strong in 2018 and continued through to the end of the selling season.

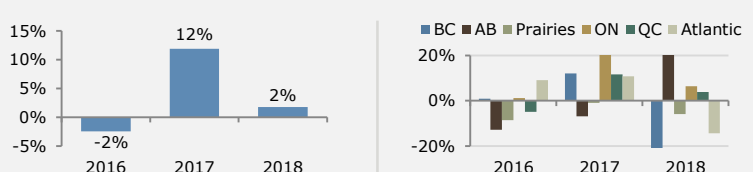
Y/y Volume % Change (Rolling 12-mth @ 2/28)



Y/y Outstanding's % Change (@ 2/28)

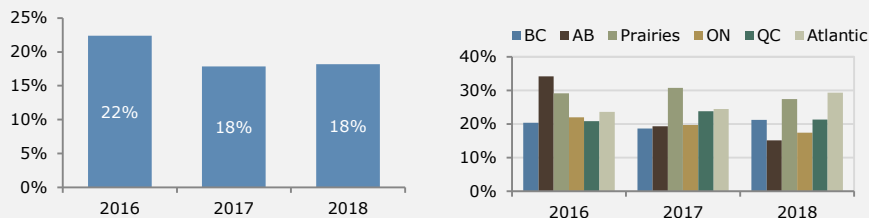


Y/y Liquidations % Change (Rolling 12-mth @ 2/28)



Source: Wells Fargo CDF® Internal Database

Aging (@ 2/28)



Source: Wells Fargo CDF® Internal Database

Aging levels as a percentage of inventory loans outstanding is in line with last year. Aging as of February 28th, 2019 was 18%. This holds true both from a percentage perspective as well as dollar wise. Aged product will be priced favourably when compared to current models and expected to liquidate well through the upcoming selling season.

Headlines

Tariffs drag down Canada's boating industry

(torontoobserver.ca, Jan 19, 2019)

"Canada's boating industry is bracing for a 35 per cent drop in sales and 7,500 lost jobs due to the ongoing trade war over U.S. aluminum and steel tariffs."

"Since Canada imports more than 90 per cent of all boats sold in this country from the U.S., the Canadian industry has been hit hard while the American market is largely unaffected. The result has been higher prices for new boats this side of the border, fewer sales and declining orders."

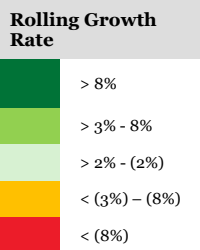
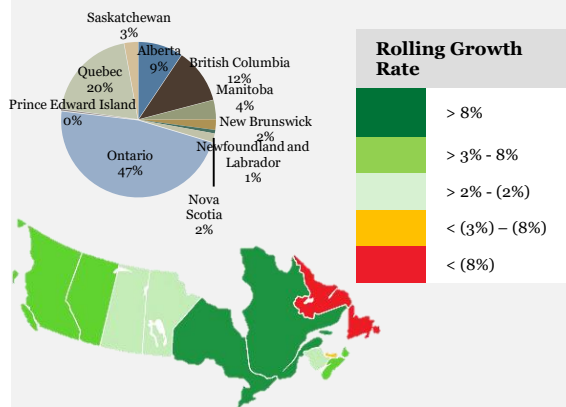
Exhibitors pleased with Toronto show results

(ibinews.com.com, Jan 31, 2019)

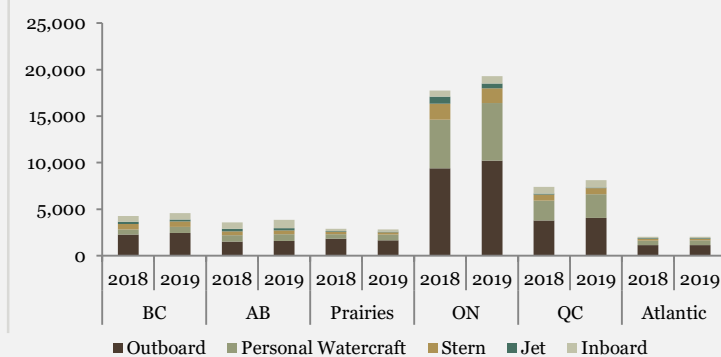
"Boatbuilders and dealers exhibiting at the 61st Toronto International Boat Show appear pleased with the results of the 10-day event, despite lingering frustration over a 10% federal tariffs on US-made boats."

"This year's show was much better than expected," said Bennington rep, Bob Spencer. "We are very happy with the results in spite of today's economic climate."

% Boat Sales by Province as of 02.28.2019



Canadian Retail Units – By Province as of 02.28.2019



Source: Statistical Surveys, Inc. <https://www.statisticalsurveys.com/>

© 2019 Wells Fargo Commercial Distribution Finance®. All rights reserved. Products and services require credit approval.

Wells Fargo Commercial Distribution Finance® (CDF) is the trademark for certain inventory financing (floor planning) services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Capital Finance Corporation Canada.

This report is for information purposes only and is not intended as a recommendation. Some or all of the information contained herein has been obtained from, and is based on, third party sources which have not been independently verified. CDF and any of its affiliates do not guarantee the accuracy, completeness, adequacy, or timeliness of the information. Any and all expressed or implied representations or warranties are specifically disclaimed. All valuations, opinions, projections, and estimates are subject to change without notice. Nothing contained within the report constitutes financial, legal, tax, accounting, or other advice. This report shall not be solely relied upon in making decisions or taking any action. The use of the report is at your own risk. CDF is not and makes no representations to being an agent for or advisor to any party, nor does CDF have any fiduciary obligations to any party based on the report.