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VEHICLE TECHNOLOGY & MOBILITY (“VT&M”) AND OUTDOOR RECREATION

2025 Mid-Year Observations & 2H 2025 Market Themes

BAIRD'S MID-YEAR CORPORATE DIALOGUE INFORMING OUR PERSPECTIVES

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The Baird team has had extensive dialogue with core VT&M and Outdoor Recreation companies at our 46th annual Consumer, Tech & Services Conference and over the weeks that followed

AFTERMARKET & SUPPLIERS



270+
Participating Companies

DEALER & DEALER SERVICES



MOBILITY SERVICES



~2,500
Total Conference Attendees ⁽¹⁾

OUTDOOR RECREATION OEMS & SUPPLIERS



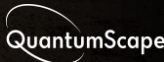
290+
Scheduled 1x1 Meetings

TRANSPORTATION SERVICES



VEHICLE TECHNOLOGY & MOBILITY

\$3.8B
Average Market Cap ⁽²⁾



Represents meaningful aftermarket exposure.
(1) Represents total number of attendees at public and private company conferences.
(2) Market cap data reflects VT&M and Outdoor Recreation public participants.

OVERALL OBSERVATIONS INFORMED BY BAIRD'S 2025 GLOBAL CONSUMER, TECHNOLOGY & SERVICES CONFERENCE

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Management Teams are Laser Focused on the “Core”

- Portfolio evaluation continues across the public and private landscape – more critical than ever for investors to fully understand platform strategy / fit
- M&A outside of core business segments / end markets is a high bar for most, especially with many strategics trading at multiples near historically low levels
- Core business focus has driven divestiture activity
 - **Case Study: Driven Brands divested its U.S. car wash business to Whistle in February 2025 – zeroing in on Take 5 Oil Change and high-growth franchise brands**

Supply Chain Mitigation in Full Effect

- Supply chain mitigation is still omnipresent in conversations – most publicly traded strategics have messaged strategic sourcing shifts
 - **Case Study: Lippert plans to reduce sourcing from China by ~14% in 2025, signaling a decisive pivot toward further diversification of their supply chain**
- Strategic decisions and major capital investments to augment infrastructure are being delayed due to policy uncertainty – 90-day suspension on reciprocal tariffs expired on July 9, marking a critical juncture for global supply chain management and strategy

Searching for Creative Opportunities & Capital Deployment Prioritization

- Strategics and sponsors continue to seek creative opportunities and are increasingly willing to explore unique paths to create value
 - **Case Study: Thor re-authorizing the repurchase of \$400 million in common stock over the next two years – amplifying investor confidence and commitment to long-term value**
- With a conservative balance sheet approach, market read-through will be an important consideration in capital allocation prioritization

OUTDOOR RECREATION-FOCUSED THEMES FROM BAIRD'S 2025 GLOBAL CONSUMER, TECHNOLOGY & SERVICES CONFERENCE

The Baird logo is a blue parallelogram with the word "BAIRD" in white, uppercase, sans-serif font.

Overall Consumer Sentiment Remains Challenged and is Searching for a Catalyst

- Management teams across outdoor recreation sectors collectively continue to navigate a soft retail environment after early optimism
- Pockets of the market are performing, including premium categories and deep value segments; premium segment performance has supported higher ASPs and increasing content per unit
- Destocking has largely worked through the system with right-sized inventory levels nearly complete by end of 1H 2025; dealer restocking won't occur without a meaningful retail demand catalyst
- Most OEMs have their eyes on the 2026 selling season and are focused on operational optimization / flexibility to maximize 2025

Market Headwinds are Resetting the Current Landscape

- Companies positioned to “play offense” have been able to take share in the current market and are poised to capture outsized growth as consumer demand returns
- Innovation and differentiated products have resulted in new competitors emerging; segment leaders with scale benefits and flexible operations are also advantaged

Corporate Guidance Likely to Return in 2H 2025

- After many pulled guidance following Liberation Day, management teams have a better handle on how 2025 will play out – expectations for 2025 are likely to return, but will be appropriately hedged
- Companies that previously withdrew guidance are expected to reissue updated outlooks with Q2 earnings, now equipped with greater clarity on tariff impact to margins

AFTERMARKET AND MOBILITY-FOCUSED THEMES FROM BAIRD'S 2025 GLOBAL CONSUMER, TECHNOLOGY & SERVICES CONFERENCE

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Freight Market Disruption was a Derivative Effect of Tariff-Related Market Turmoil

- Pre-order imports drove heightened volatility at ports, directly impacting freight shipments – as freight shipments slowed (and broader uncertainty persisted), trucking assets were sidelined and repair / maintenance work was delayed
- Expected to be a short-term impact, as pent-up demand remains in the market for both freight assets and freight demand
- Volatility is evident in June's Cass Freight Index reading of 1.052, a rebound from early 2024 lows but still below pre-pandemic levels with month-to-month fluctuations driven by import pre-ordering, port congestion and inconsistent consumer demand

Stable, Long-Term Industry Tailwinds Remain With Near-Term Opportunities for Collision Repair Shops Investing in Their Business

- Rising costs of repair, including parts per claim, parts inflation and labor rates offset recent lower repairable claims
- Stronger engagement from OEMs to follow standard repair protocols is favoring shops who are OEM certified and understand the necessary training and tool requirements
- Increasing vehicle complexity, primarily driven by the adoption of ADAS and related cameras / sensors has catalyzed growth (and profit potential) in scanning and calibration services

Services Continue to be a Focal Point for the Market

- Aftermarket service platforms continue to execute while manufacturers, suppliers and retailers eye service diversification
- Service-related M&A expected to be consistent throughout the balance for 2025, in part due to strong / stable performance relative to other aftermarket categories
- Well-capitalized manufacturers, suppliers and retailers are evaluating where and how they can increase recurring service-related revenue streams

WHAT WE'RE WATCHING – THEMES SHAPING THE VT&M AND OUTDOOR RECREATION LANDSCAPE IN THE SECOND HALF OF 2025

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Actual performance vs. sentiment readings – overall macro conditions have shown improvement, what will cause discretionary categories of our coverage universe to inflect?



Divestiture activity will continue, especially as the regular-way M&A market continues to improve, allowing corporates to focus on core operations and position for market recovery



Market leaders and those with creative / innovative strategies have outperformed in the current environment – will outperformance continue in 2H 2025?



Capital deployment is being approached with renewed rigor as companies prioritize high-conviction opportunities where value creation is clear and execution risk is minimal



M&A activity expected to rise as macro themes and indicators improve; segment leaders, differentiated assets and those insulated from consumer trends likely to lead return of activity

Key Indicators & Signals

Discretionary Retail Sentiment vs. Broader U.S. Consumer Sentiment

33 vs. 35

Baird RV Dealer Sentiment Scores (May 2025 vs. June 2025)

M&A Deal Volume and Value

(~12%)

Strategic Consumer M&A Deal Volume vs. L5Y Average ⁽¹⁾

Companies That Have Cut or Withdrew Guidance

~60%

of Public VT&M and Outdoor Recreation Companies Cut or Withdrew Guidance ⁽²⁾

Capital Deployment Program Announcements

- ✓ Acquisitions / Divestitures
- ✓ Operational Investments
- ✓ Refinancings / Debt Paydowns
- ✓ Share Repurchases

Performance of Aftermarket Fundamentals

298.7M

Estimated U.S. Vehicle Parc in 2025 (~0.7% Growth from 2024)

(1) Deal count figures for strategic M&A sourced from Pitchbook.

(2) Represents percentage of public companies shown on page 1 that withdrew or revised full-year 2025 EPS outlook downward.

