

together. This will drive the engine and boat manufacturers, along with our distribution networks, to work together much more closely.

This is both an exciting opportunity and a critical juncture for our industry (marine versus other recreational dollars) to ensure we meet both the consumer needs while being environmentally-friendly. This is a challenge we look forward to with our FICHT fuel injection technology and increased emphasis on our distribution network and the consumer. OMC is moving rapidly to being consumer/marketplace driven.

Looking at general **market/industry trends**, we've seen internationally, over the past couple of years, an increased emphasis on boat packages and pre-rig agreements, with engine manu-

facturers tying-in more closely with boat manufacturers to better serve the customer with a 'system' that's ready to go, use and service.

There is also a move toward sophistication in distribution and engine systems as we enter a 'smaller world'. We see more joint ventures and strategic alliances being formed.

On the **product development** side, we've seen a push for 'environmentally-friendly' engines. We fully support this and have developed our proprietary FICHT technology to maintain the inherent advantages of two-stroke engines, while being both environmentally- and consumer-friendly, (low emissions, high performance, great fuel economy).

Environmental constraints are a global concern. The boating industry is facing growing pressure from regulations worldwide, for example, the Bodensee regulations and their impact on other areas of Europe.

Looking at the global marine recreation market region-by-region, we see that in **North America** competition is increasing as we fight for the consumer's leisure time. Strong competition for the recreational dollar is coming from non-marine areas.

In **Latin America** we see good steady growth as we expect a period of relative political/economic stability.

Europe is holding, although there are very large environmental concerns. Central Eastern Europe has good growth potential, but present demand outstrips ability to pay.

The **Middle East** and **Africa** offer good, steady growth potential in both recreational and commercial marine applications.

As for **Asia**, while the marine business has remained flat, and even gone down in the past couple of years. However, we see tremendous long-term growth potential in this region.

Australia is a mature market, similar to the United States, with competition from Japanese yen weakening and competition for the recreational dollar growing. **New Zealand**, the Pacific Islands continue to grow and we expect steady growth.

In summary, the 'hot' markets, near-term, are Eastern Europe, Latin America; and, longer-term, Asia and Africa.

OMC's international sales are between 25 and 30 per cent of overall sales and are growing. We expect this to continue as we become more of a global company. We now have four key regions, which are North America, South/Central America, Europe/Middle East/Africa and Asia/Pacific. We then divide these into key countries for sales and service. We also have outboard manufacturing in Hong Kong and Brazil, with boat manufacturing in Australia and Canada.

Our **international strategy** is, quite simply, to 'think globally and act locally'. These five words are the essence of what is driving, and will continue to drive, us in the future. They mean that we must offer the 'best value' product, custom-designed for each individual consumer! To achieve this, we have to leverage the consumer needs on a worldwide basis to gain engineering and manufacturing cost efficiency and then use our distributors and dealers worldwide to target each local market and consumer. OMC is structured and committed to this premise. ””

