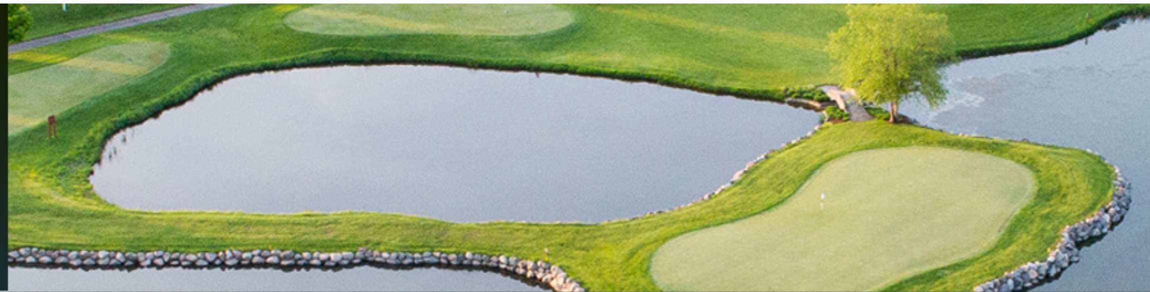

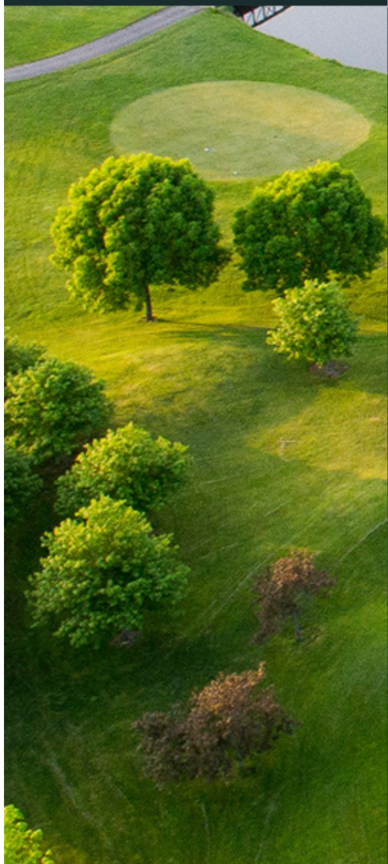

The REAL State of Golf: Fact and Fiction

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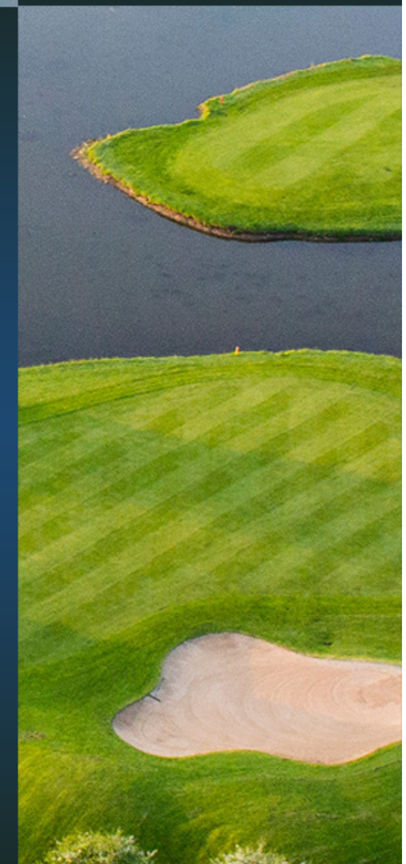
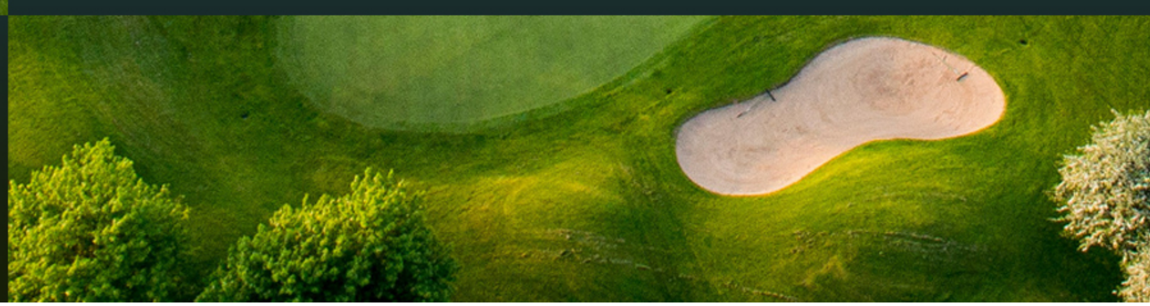
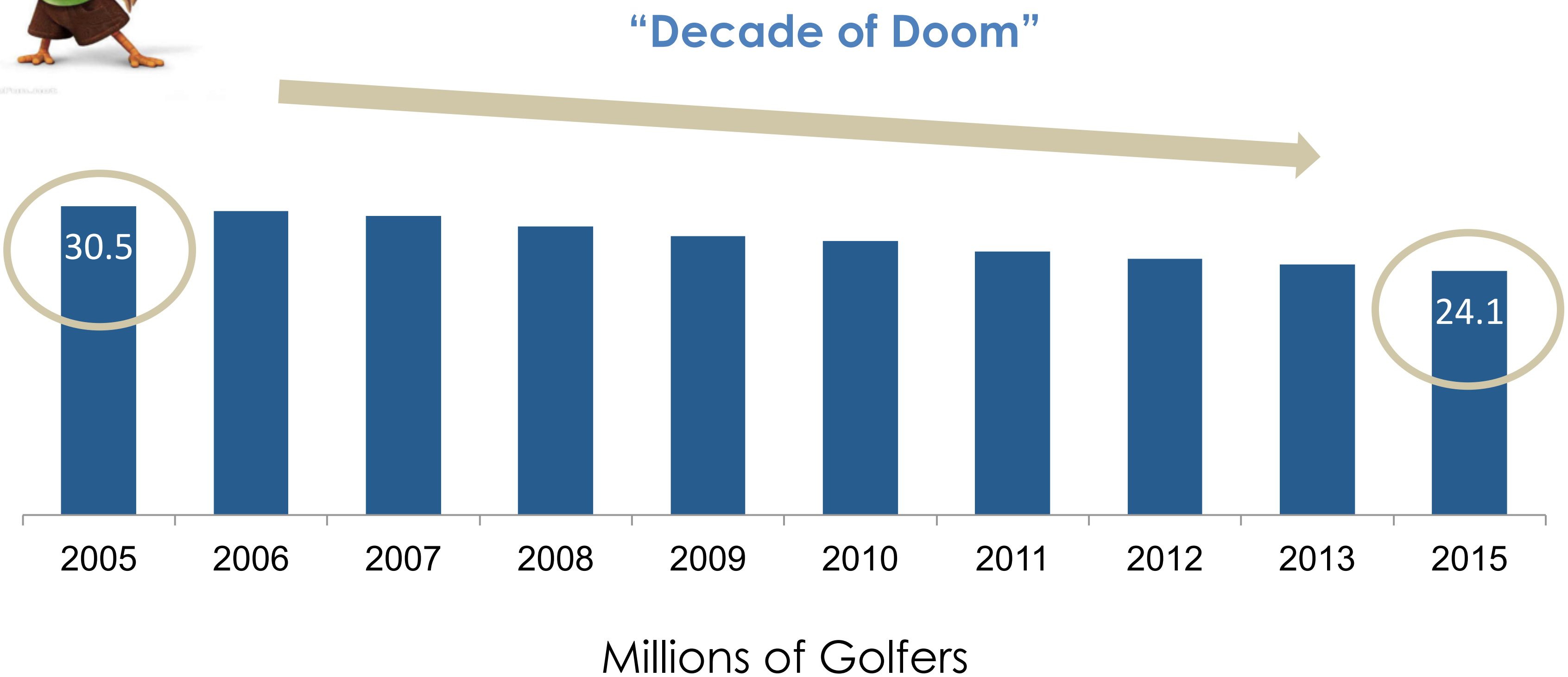


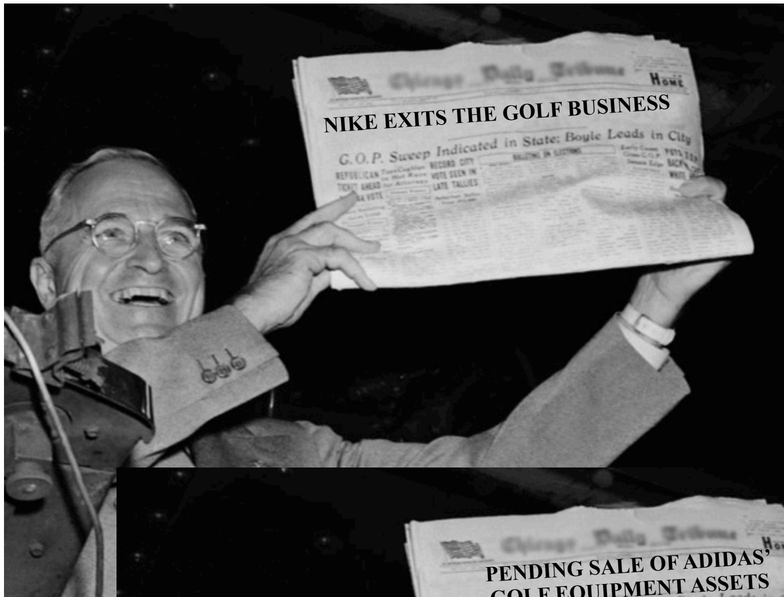


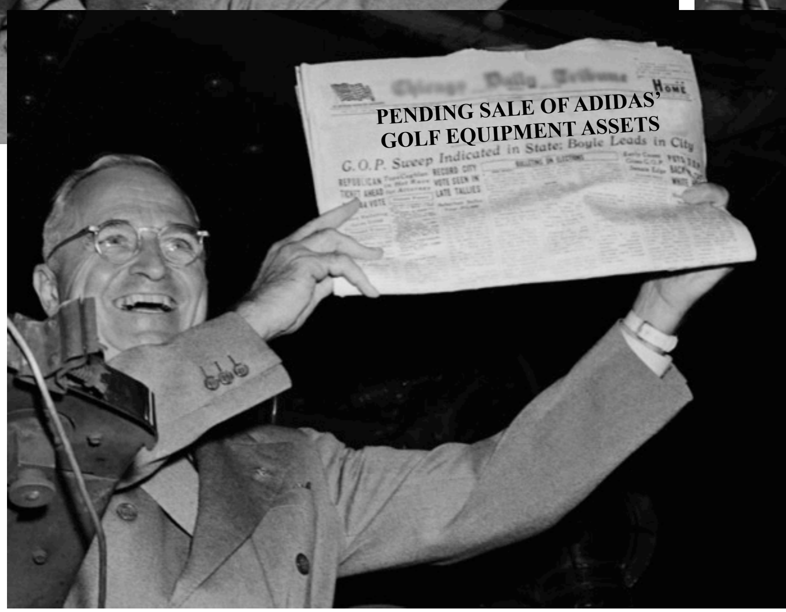
Some in the Popular Press Say that Golf is Declining!



Source: NGF

They say that 2016 Saw Huge Shocks to the Golf Industry:

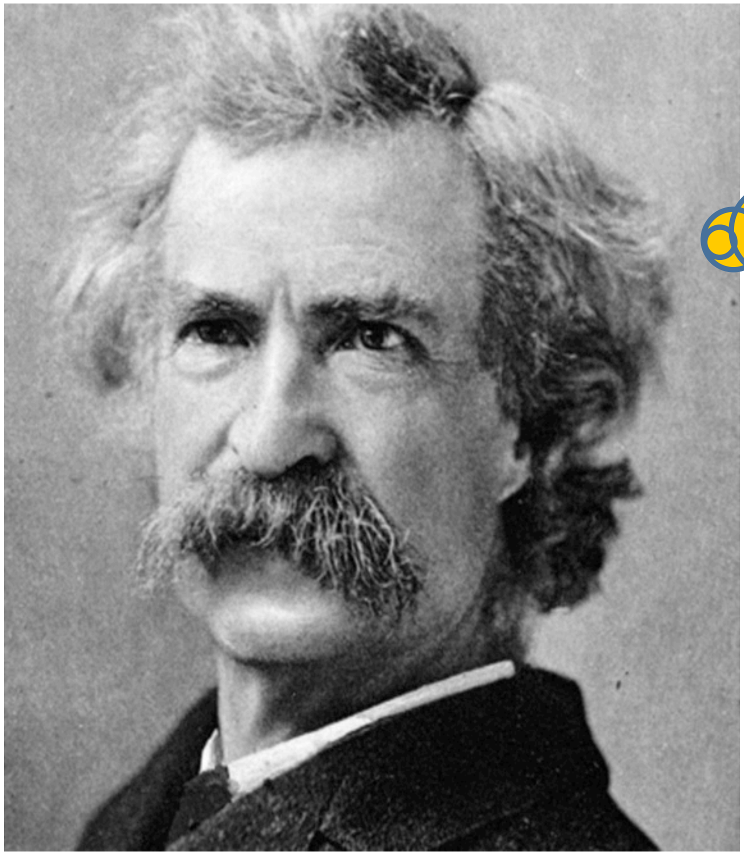




It's All About Context…

….Particularly in 2016, "Echo Chambers" reinforce what we want to believe, in a polarized world

In Search of Research Driven Fact:



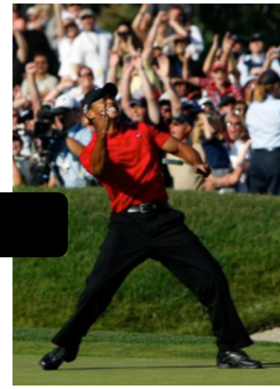
"Reports of Golf's Imminent demise are greatly exaggerated"

Our latest Golfer Research found that 70% of Golfers strongly agreed with the statement:

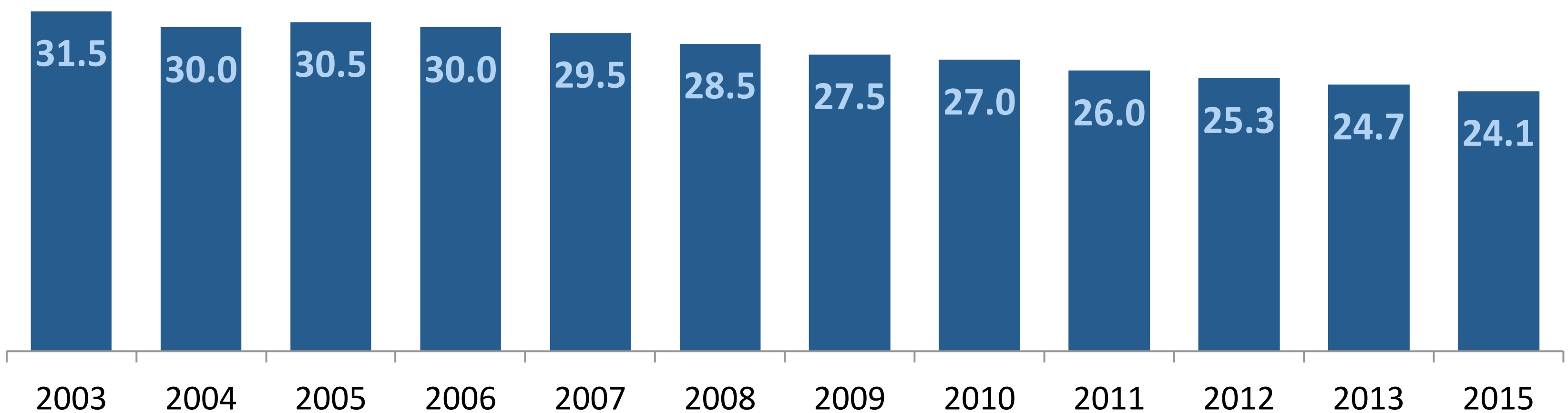
"Reports of golf's impending demise are overstated."

In Search of Research Driven Fact:

Tiger



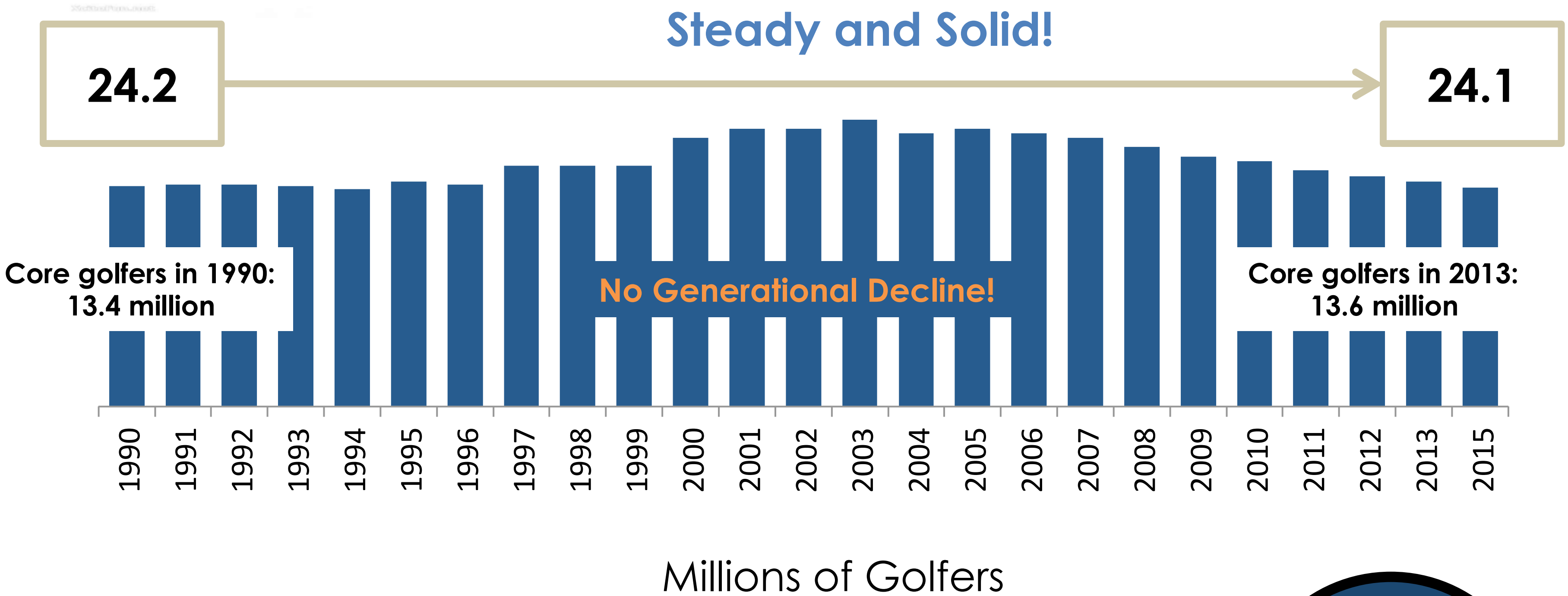
- 32 wins between 1999-2003
- 7 Majors
- "Tiger Slam"



Millions of Golfers

Source: NGF

In Search of Research Driven Fact:



Source: NGF

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In Search of Research Driven Fact:

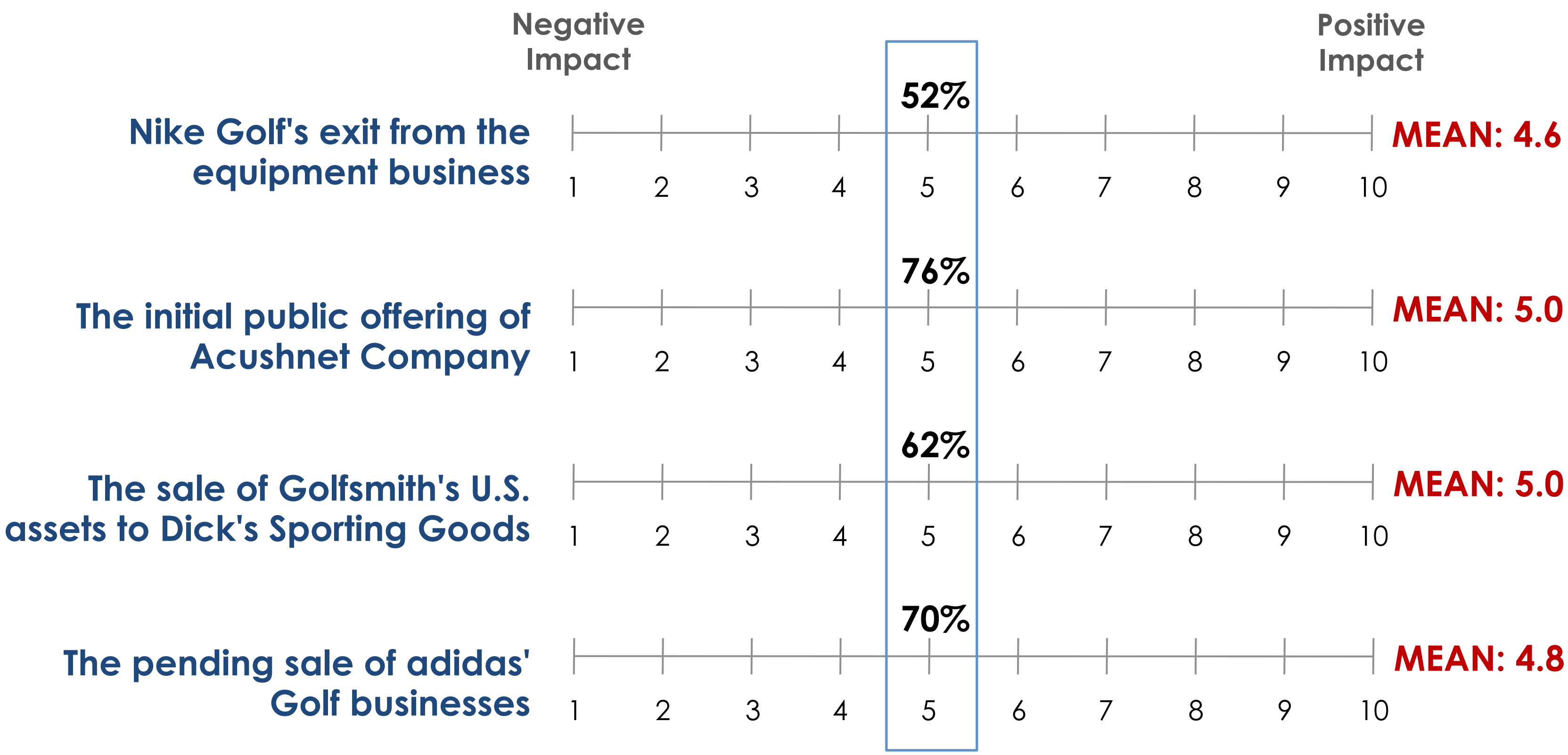
In the 1950s the number of U.S. golfers was estimated at under 5 million

...In the 1970s U.S. golfers eclipsed 10 million

Source: NGF, Golf 20/20

And our Echo Chambers…Can also be False Amplifiers!

Q. For each of the following 2016 golf industry events, please indicate what impact, if any, you feel it will have on the overall health of the golf industry.



Source: SLRG 2017 Omnibus

But What About Stagnant Equipment Sales?

Q. Please indicate your likelihood to purchase each of the following equipment categories in the coming year.

Likelihood to Purchase	1994	2017	
Woods	24%	29%	**STATISTICAL PARITY**
Irons	18%	13%	**STATISTICAL PARITY**
Golf Shoes	41%	33%	**STATISTICAL PARITY**
Apparel	58%	51%	**STATISTICAL PARITY**

Source: SLRG 2017 Omnibus and PGA of America-All About Golf 1994

And then there are the Inhibitors to Participation…..

Q. Why did you play less golf in the past year than in the year before?

REASON	2005	2017
I had less available time	51%	37%
Family/children	32%	25%
Golf is too expensive	19%	9%

Source: SLRG 2017 Omnibus and World Golf Foundation 2005

It's Groundhog Day…..Or is it?

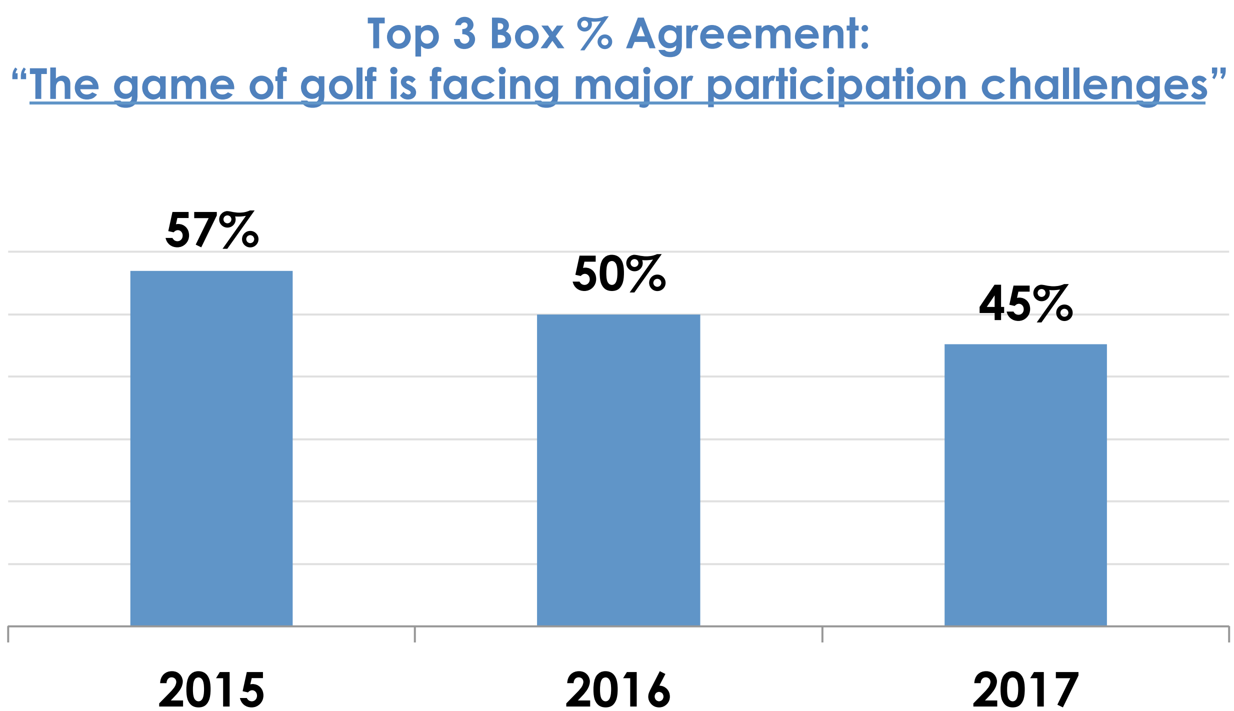
A Current, Consumer Driven Perspective

Winter 2017 SLRG Sports Omnibus

- Assess the attitudes and perceptions of golfers
- Initiated by Sports and Leisure Research Group in 2009
- 2016 online survey of over 1,000 golfer respondents
- Supplemented by 30 In Depth Golfer one-on-one interviews in two bi-coastal U.S. Markets (Orlando, FL and Moorpark, CA)
  - Fielded December—early January, 2016-17
- All golfers in the online survey played a minimum of twice per month, in season

Golfers Less Apt to Believe that the Game Is Facing Major Participation Challenges

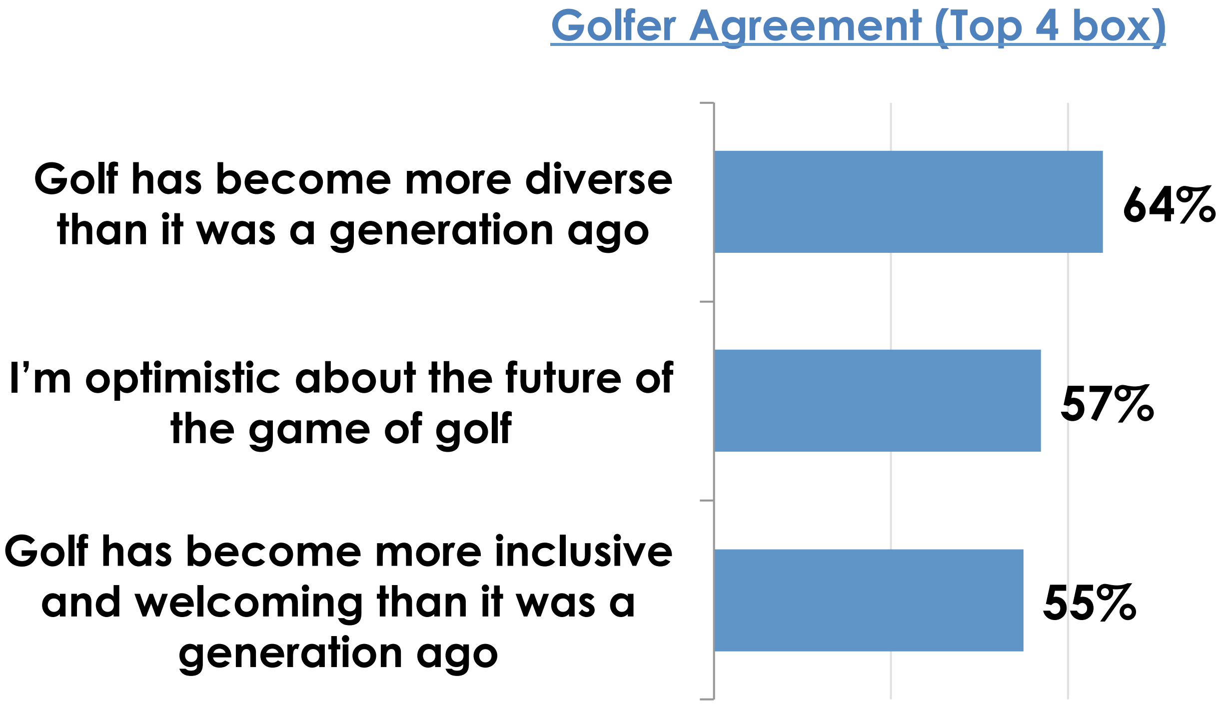
- 2017 dips below 50%; but a number that still shouldn't be ignored



Source: SLRG 2017 Omnibus

Reflections and Attitudes on the State of the Game, Entering 2017

- Small Steps Forward…Our attention is captured, but it's up to all of us to "row together"

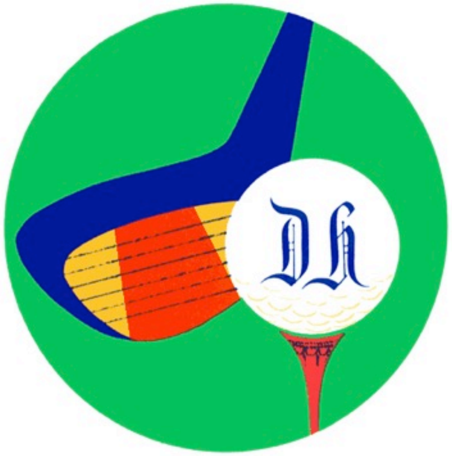


Source: SLRG 2017 Omnibus

…Have Millennials Really Rejected Golf?

- 2015 SLRG/SIGG Research identifies Next Generation
- Parallels of the Me Generation and the Look at Me Generation
- Six in 10 golfers disagree that younger adults are less interested in playing golf today than they were a generation ago
  - Only 17% of those under age 45 feel that younger adults are less interested in playing the game
- Lifestage Realities

Addressing the Need to Attract More 20-Somethings to Golf



PLAY GOLF

day or night at the

Disneyland Hotel Golf Centre

9 hole, par 3 course
clubs available for rent

For Reservations, Dial 129

50 Tee Driving Range
Clubs Furnished

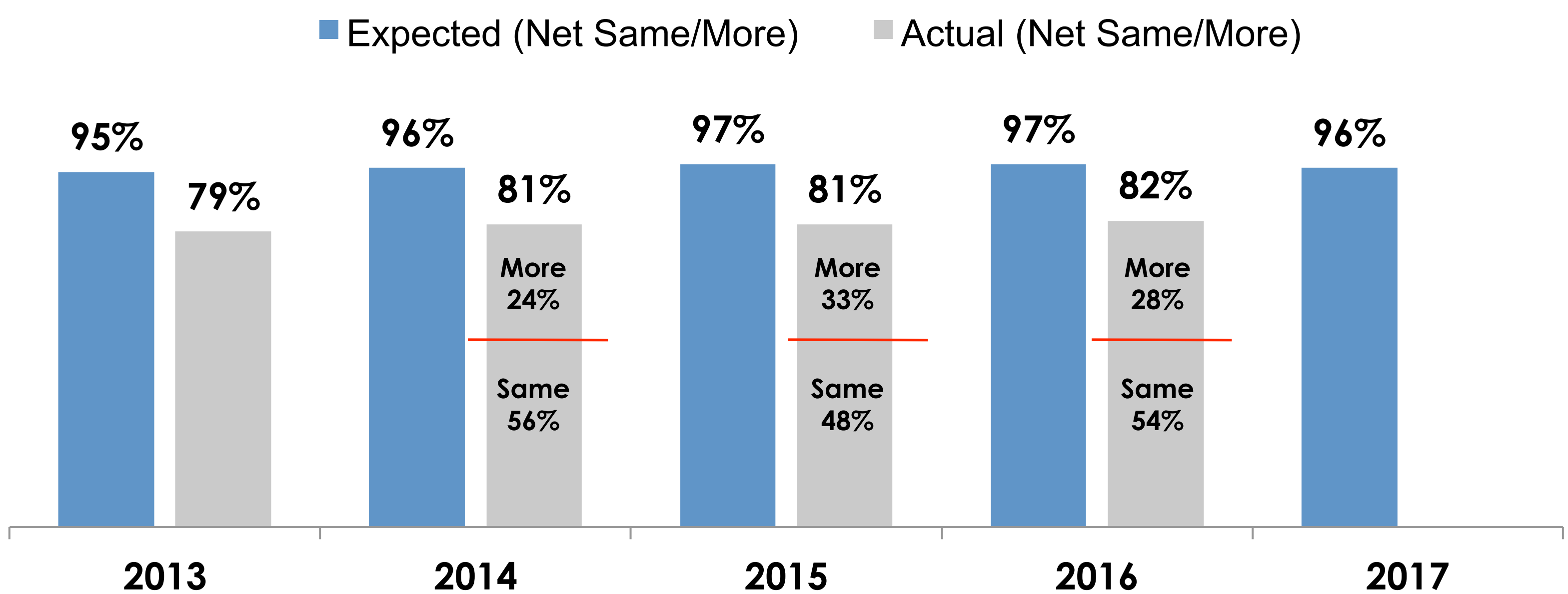
18 Hole Miniature Golf Course
patterned after Disneyland

…At Disneyland in the 1970s!

The Year Ahead

Are Golfers' Maxed Out? History Suggests that More Optimism May Equal More of the Same in terms of Rounds Participation:

Q. Do you expect to/Did you actually play the same amount or more in…?

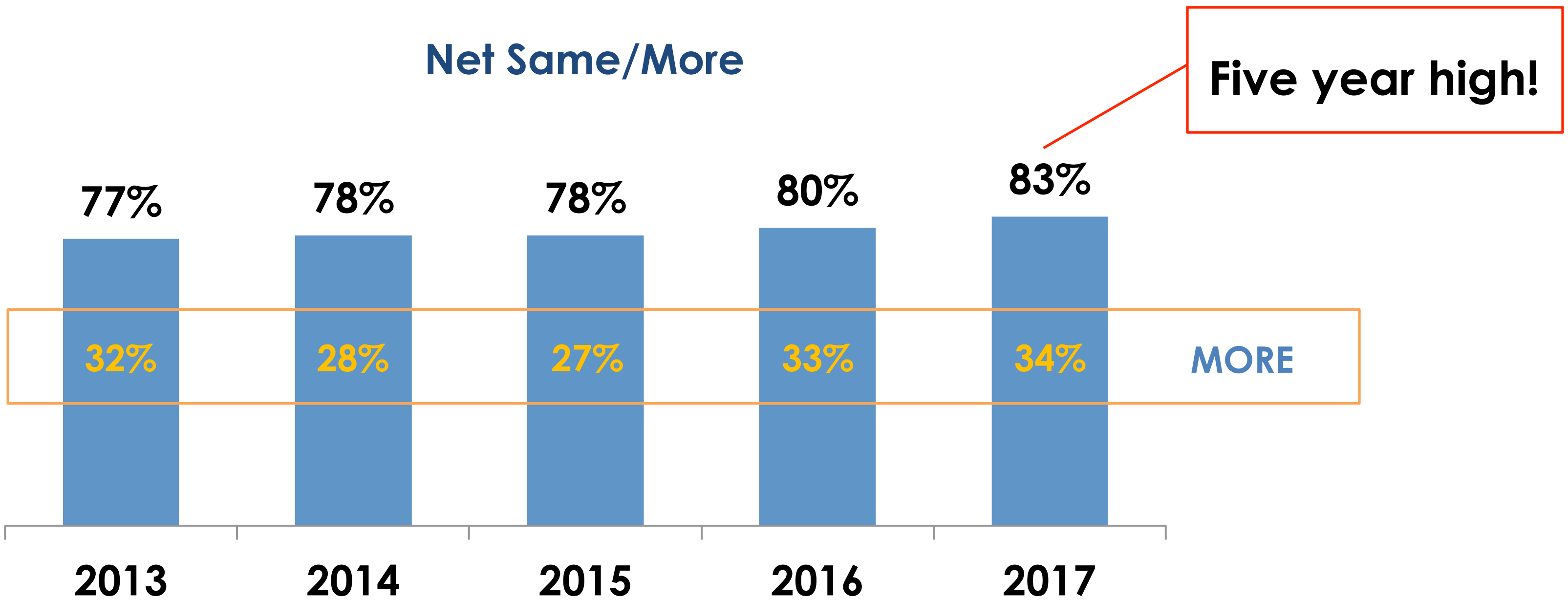


- Potential for increased business golf—Significant increase to highest level since 2014

Source: SLRG 2013-17 Omnibus

Anticipated Spending is Moving in the Right Direction after a "Competitive" 2016

Q. Do you expect to spend the same amount or more next year?



Source: SLRG 2013-17 Omnibus

Key Equipment Purchasing Observations as We Head Into 2017

The Good News:

- Consumers anticipate higher prices and are bullish overall
- Upbeat attitudes on the Economy are fueling higher price expectations, once again, across most categories among those looking to buy, as several major OEMs report modest topline revenue growth for 2016.
  - Those who strongly believe that there are so many good deals these days that they never pay full price, has fallen 7% since 2014, to just a third of golfers
  - Overall U.S. GDP growth projected at +2.6% for 2017 (+1.7% through 3Q 2016)

GDP forecast Source: Armada Intelligence

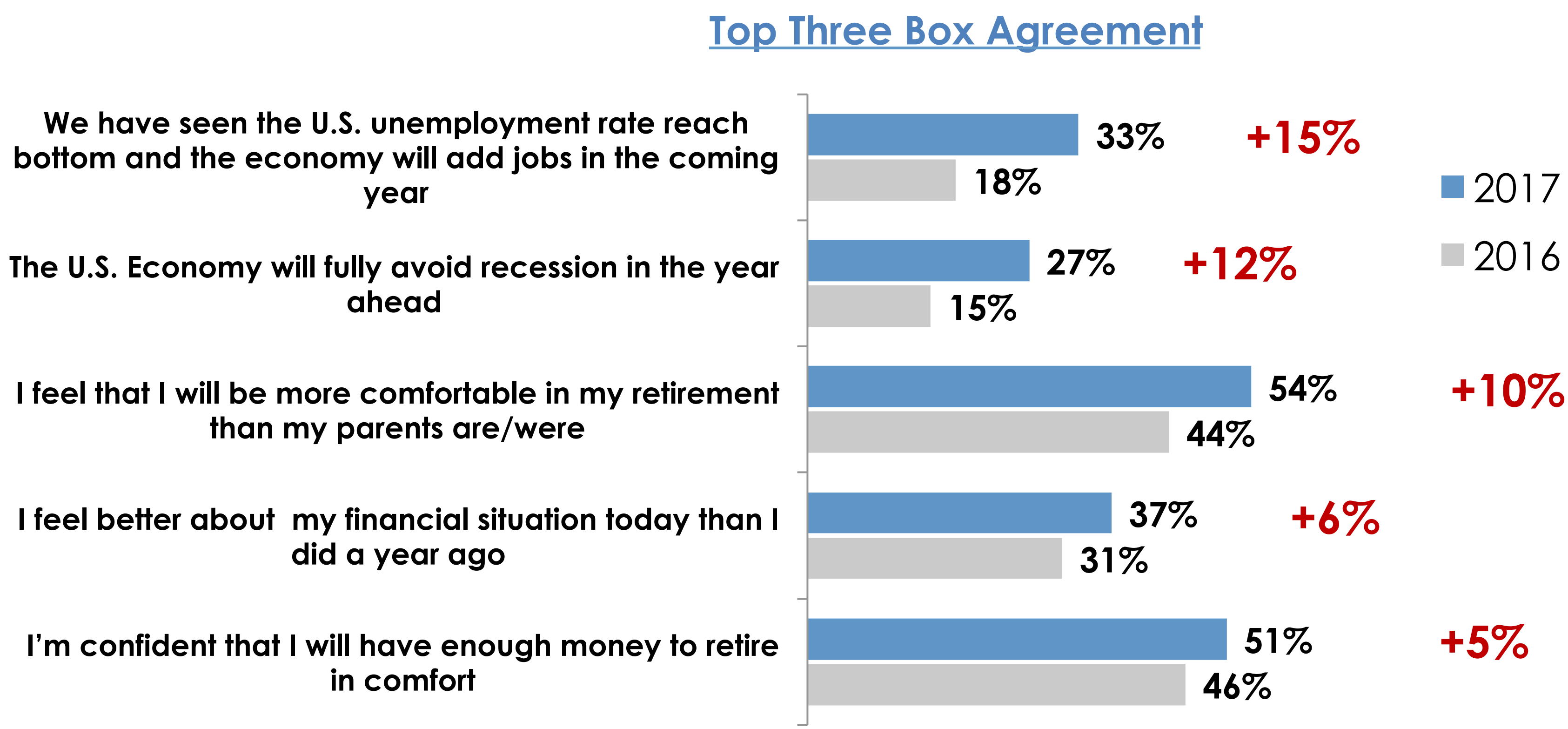
Key Equipment Purchasing Observations as We Head Into 2017

The Less than Good News:

- But this doesn't necessarily equate to more people buying
- Data suggests that the process is becoming more complex with a greater amount of skepticism regarding the transformative power of new equipment, particularly among less skilled players.
- **OEMs will continue to travel a tougher path** to Capture the Attention of the Customer

Source: SLRG 2017 Omnibus

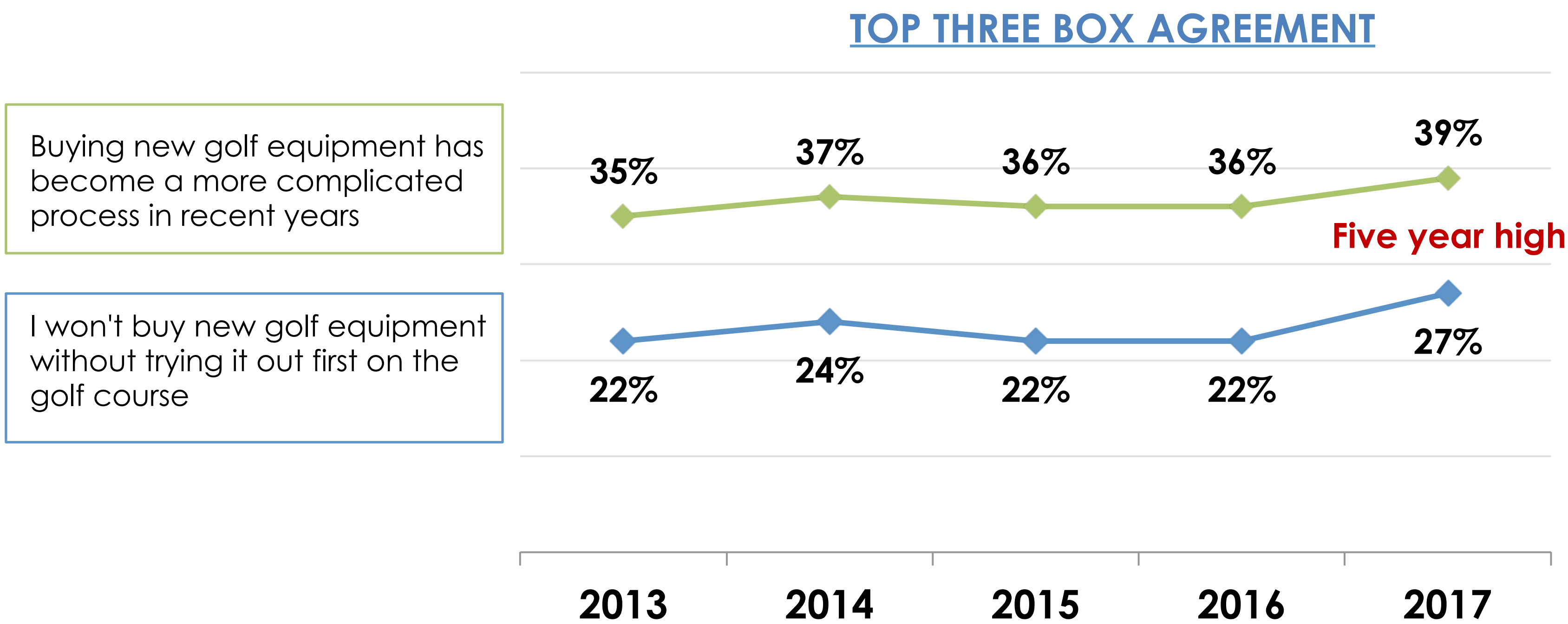
The Election is Over and the Stock Market Finished Strong: Positive Shifts in Golfer Consumer Confidence Entering 2017



- Golfers are also significantly more likely than non-golfers to be planning a "major vacation" in 2017

Source: SLRG 2016-17 Omnibus

More Complicated Process Leads To More On-Course Trial and Greater Skepticism



- Only 16% strongly agreed with the statement: "There's some great equipment coming to market that I'm really interested in checking out."
  - However this sentiment is significantly higher among single digit (23%) handicappers

Source: SLRG 2013-17 Omnibus

Key Year-Over-Year Trends

Category Purchasing

- **Directional Increases in those who reported actually buying in ’16 vs ’15—8 of 11 categories trended up, nominally**
  - Fairway Woods/Metals
  - Hybrids
  - Irons
  - Wedges
  - Putters
  - Golf Balls
  - Replacement Grips
  - Golf Bags
- **2017 vs 2016 Purchase Expectation Increases—Shoes, Grips and Bags show significant lift**
  - Drivers
  - Hybrids
  - Putters
  - Golf shoes (significant—driven by private club members and mid level handicappers)
  - Golf Apparel
  - Replacement grips (significant—driven by the South, West, younger golfers, better players, private club members)
  - Golf Bags (significant—driven by golfers in the Northeast)

Source: SLRG Omnibus 2016-17

Key Year-Over-Year Trends

Spending More—Continues Last Year's Anticipated Trend of Higher Price Achievement!

Reported 2016 Per Cap Dollars Spent Was Higher Than What Was Expected for 2016 (In 2015 only Golf Bags achieved this threshold)

- Irons
- Golf Balls
- Golf Apparel

Reported 2016 Per Cap Price Achievement Increases over YAG in 9 of 11 Categories (Not Bags and Hybrids)

- Irons (+24%)
- Putters (+23%)
- Golf Shoes (+15%)
- Fairway Woods/Metals (+14%)
- Golf Balls (+12%)
- Replacement Grips (+10%)
- Drivers (+6%)
- Wedges (+5%)
- Golf Apparel (+4%)

Expected 2017 Per Cap Spending up Over Reported Actual 2016 Spending in 8 of 11 categories (Golf balls, apparel & shoes flat)

Up >5%:

- Golf Bags (+25%)
- Wedges (+21%)
- Hybrids (+17%)
- Fairway Woods/Metals (+12%)
- Drivers (+10%)
- Putters (+10%)

Up 3-5%:

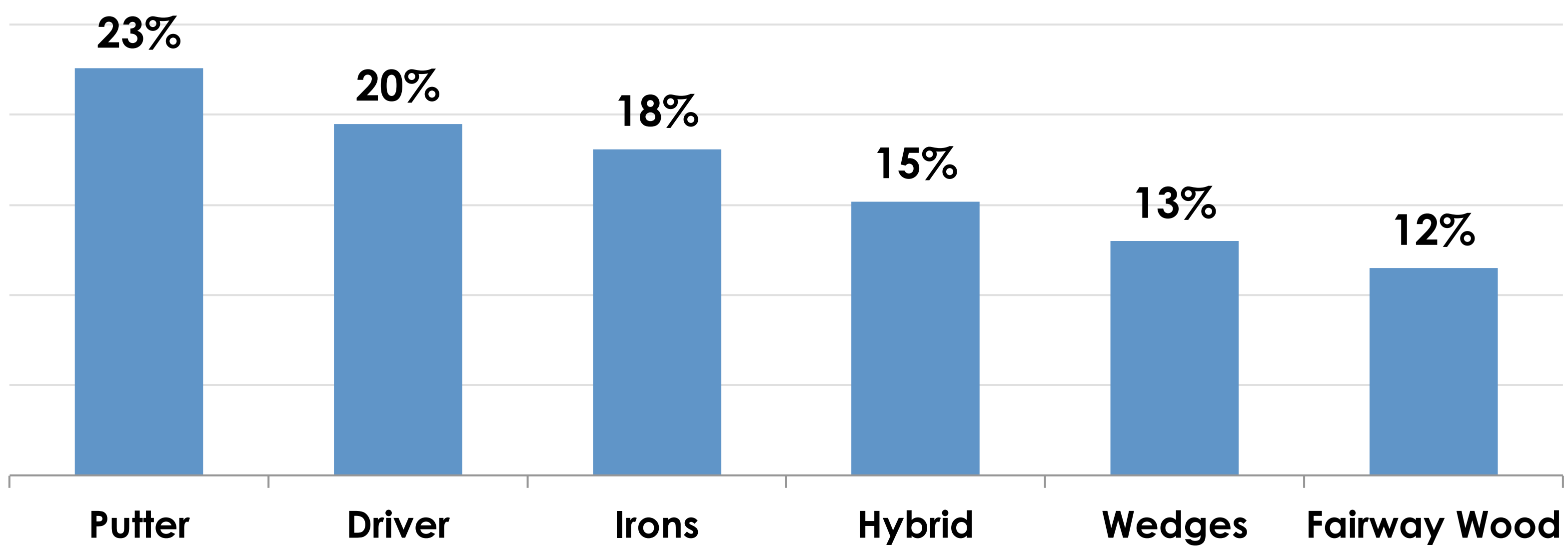
- Replacement Grips (+5%)
- Irons (+3%)

Source: SLRG Omnibus 2016-17

Mid-sized Or Oversized Putter Grips Strongly Preferred By 37%

- And the putter is most likely to be the favorite club in the bag, over the driver

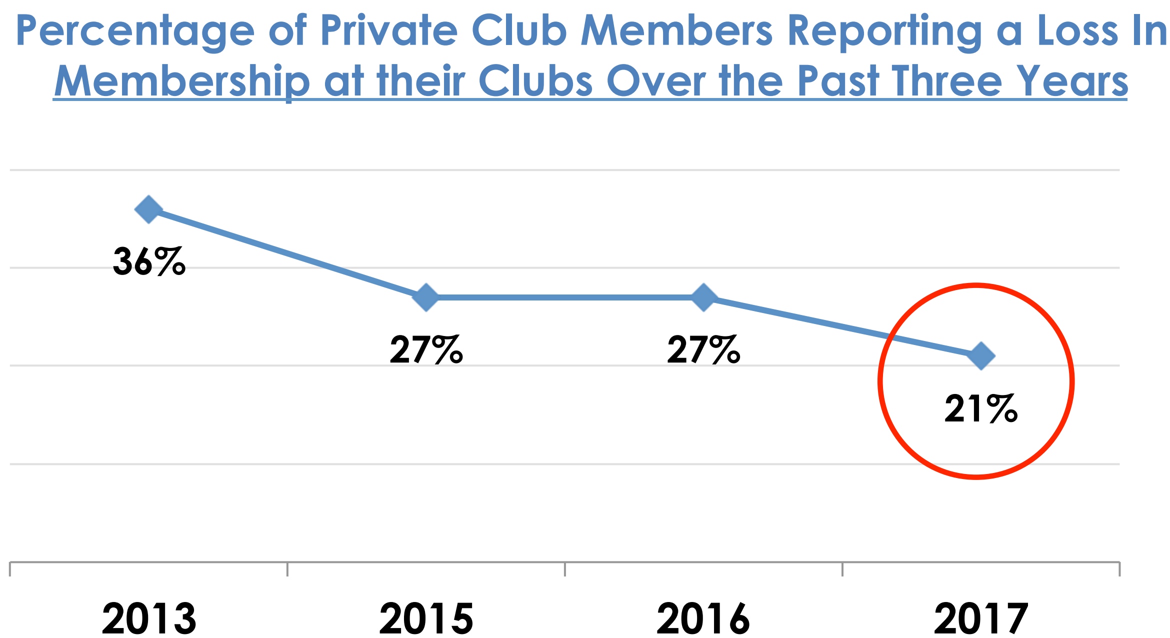
Q. Which of the following would you consider to be your favorite club(s) in your bag?



Source: SLRG 2017 Omnibus

The State of Private Clubs—Storm Clouds Breaking

…for those who Embrace a More Diverse Membership
and Broader Amenity Offering



- Those reporting stable membership increased year over year from 25% to 30%

Source: SLRG 2013-17 Omnibus
Base: Private Club Members

The State of Private Clubs—Storm Clouds Breaking

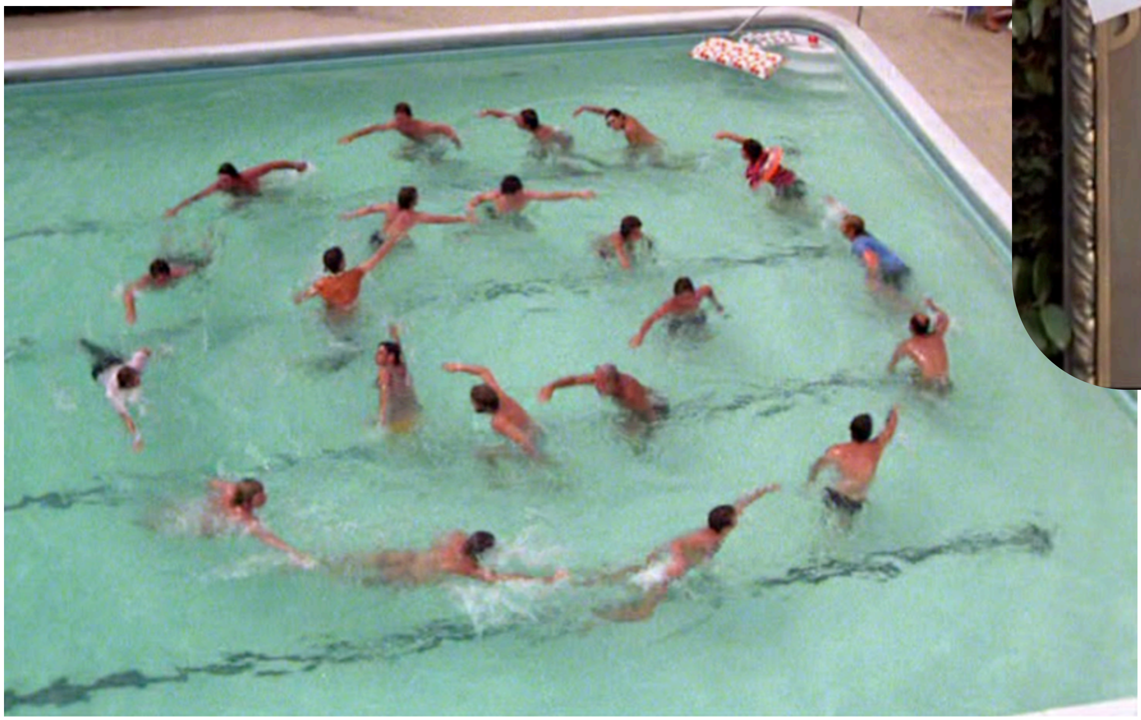
…for those who Embrace a More Diverse Membership
and Broader Amenity Offering

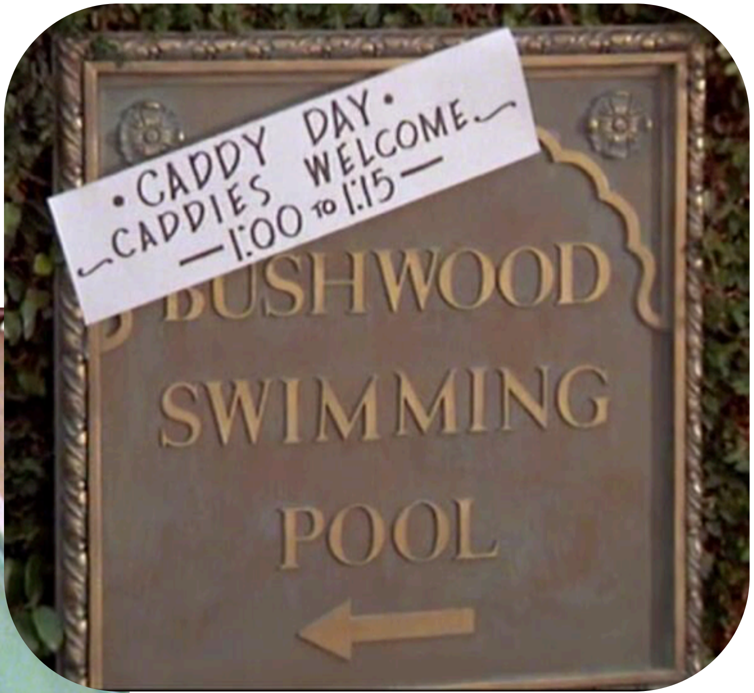
TRENDING UP

My Club has made a concerted effort to attract younger members in the past few years	2013: 53%	+4%	2017: 57%
My Club has been putting more emphasis on junior golf programs recently	2013: 39%	+2%	2017: 41%
My Club has been putting more emphasis on women's programs recently	2014: 24%	+5%	2017: 29%
My Club has instituted a variety of new non-golf programs to attract families	2016: 26%	+2%	2017: 28%
I'm concerned about the financial stability of my club	2013: 36%	-9%	2017: 27%

Source: SLRG 2013-17 Omnibus
Base: Private Club Members

We've Come a Long Way, Baby





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Other Interesting Trends

Golf is still a valued respite as golfers "catch up" to digital technology

- Golfers strongly agree with the statement that "Golf is my personal oasis from day to day chaos"; up +4% year-over-year
- Those strongly agreeing that "There is too much new technology to keep up with" drops -6% from YAG
  - Though "We live in an age of constant updates" remains the most highly agreed upon statement in the survey at over 76%

Source: SLRG 2017 Omnibus

Current Golfer Mindset

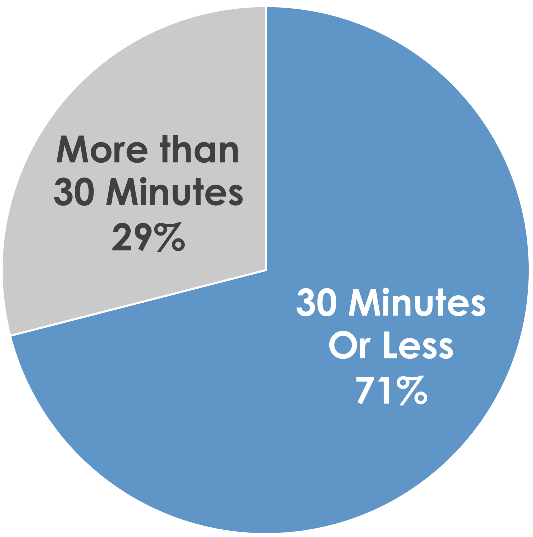
- A quarter of golfers do NOT always keep score when they play, and the results do not vary significantly between single digit and high handicappers!
- Half of golfers claim to have made a new friend, when paired with a stranger on the golf course…Only 1% say that the outcome of a round of golf has ruined a relationship
- Six in ten have introduced someone new to the game; and half who've done so indicate that at least one of those people are still playing today
- Only 10% indicate that they have felt guilty that golf has taken away from the time that they could be spending with their family
- Seven in ten feel that golf attire rules should be less strict

Source: SLRG 2017 Omnibus

More for Facility Operators/Golf Professionals to Think About

Golfers (particularly younger ones) aren't lingering at Your Facility

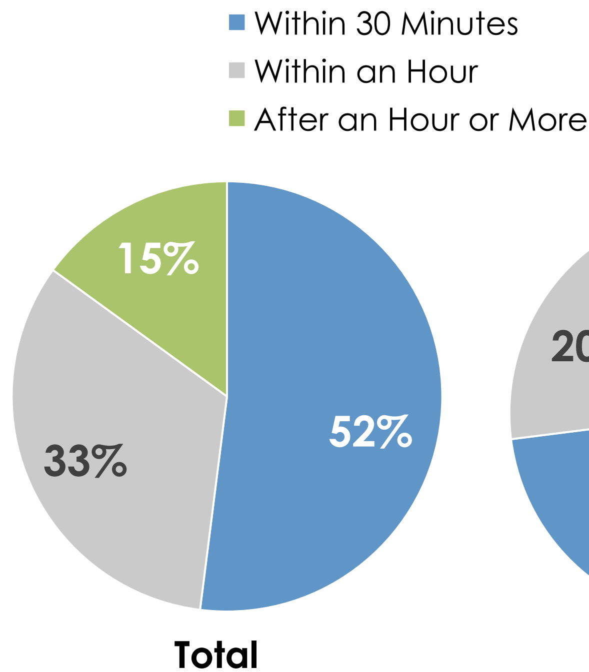
Q. How Long before your tee time do you typically arrive at the golf course?

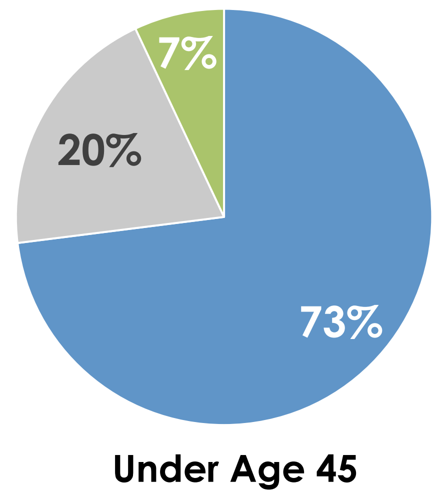


- Nearly three in ten golfers under age 45 arrive within 15 minutes of their tee time

Q. On average, how long after you finish a round do you typically leave the golf course?

Early departures are significantly more common at public golf facilities



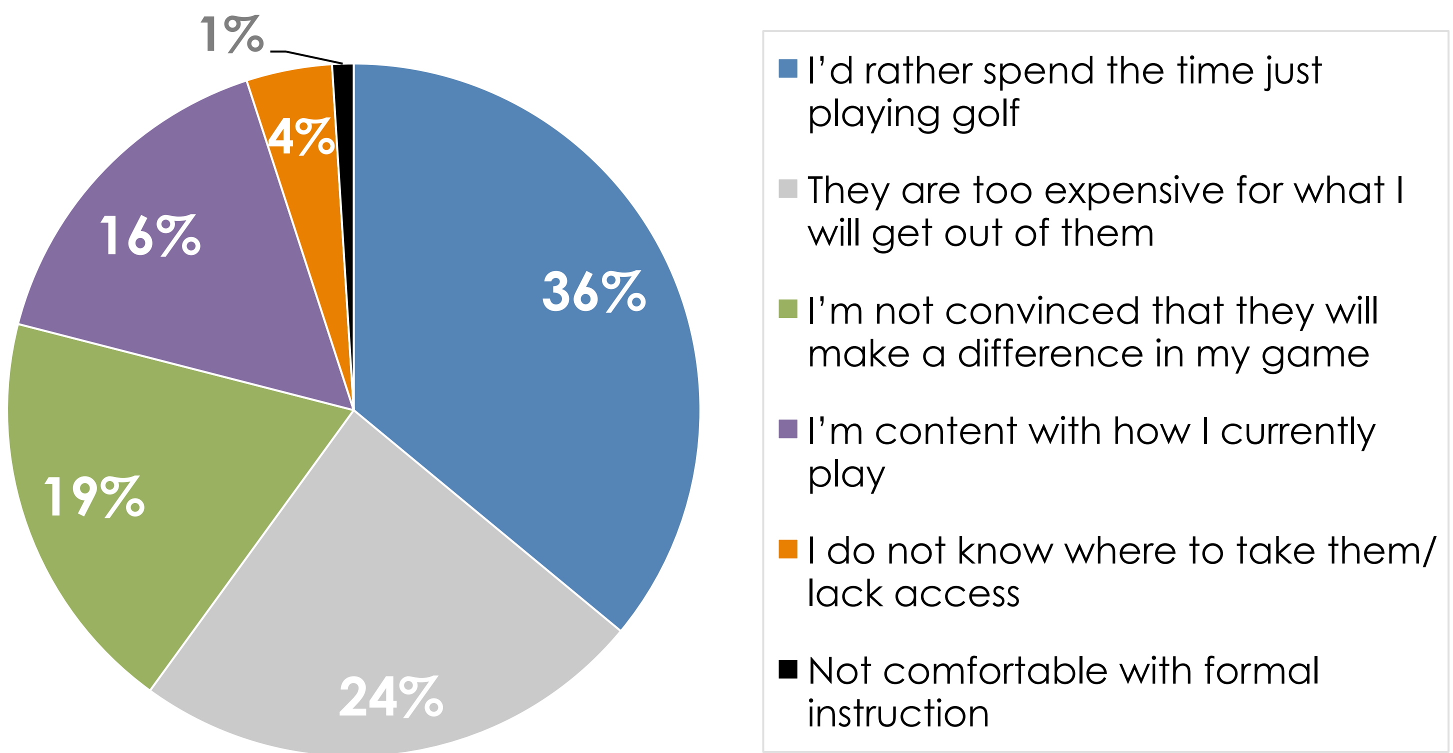


Source: SLRG 2017 Omnibus

How Can Today's Clubs Evolve?

Golf Lessons Are Suffering from Value Perceptions

- Of the three-quarters of golfers who did not take a formal lesson in the past year, reasons why:



Source: SLRG 2017 Omnibus

Golfers Offer Thoughts on Various “Derivatives” or “Entry Ramps”

Promising:

- More than half of golfers with handicaps above 20 have strong interest in nine hole rounds
- Value pricing—though perceptions of golf’s expense are less inhibiting than in the past
- Top Golf resonates across golfer segments
- Integration of the game into school physical education programs

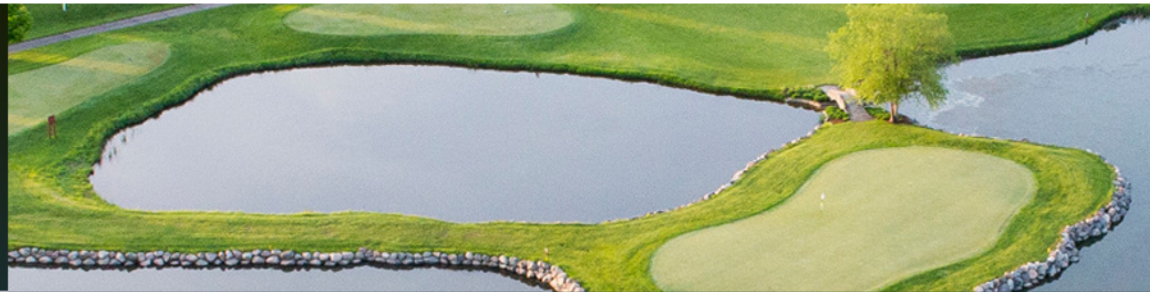
Less Convincing:

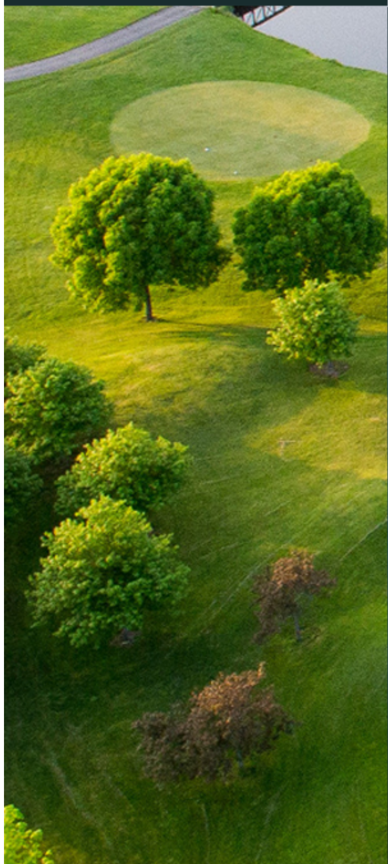
- Only 4% show strong interest in foot golf or disc golf…and younger golfers aren’t significantly more favorable

Source: SLRG 2017 Omnibus

Final Thoughts and Implications for 2017

- We are at a stable/mature phase within golf's product life cycle---That means working hard to achieve measured growth for thoughtful marketers who listen to the customer rather than just to echo chambers
- Best customers are passionate, relatively optimistic and willful ambassadors to help us advance our mission to sustain the sport we love
- Golf's "rejection" by future generations strikes us as overstated, opportunistic, sensationalism. Think about life stage issues, entry ramps, welcoming environments and relationship marketing to win the long-term battle
- Flat participation and rounds growth doesn't prohibit the smart OEMs from seeing success. Consumer sentiment appears to be trending in the right direction, but there's no question that the process from couch to cash register is more nuanced and a rougher ride than it has been
- For facility operators, golf professionals and golf destinations, it remains a similar battle for share of customer…winnable, again, by understanding customer needs and evolving the facility in more holistic ways that address golf's rightful place as part of a greater whole
- A more sophisticated and more competitive industry means that it is "Groundhog Day" overall…but like all averages, flatness isn't a straight line. It's the result of aggregating the winners and the losers





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