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Margins Up, Volumes Down: The Second-Half Split Screen

From the desk: Earnings season delivered the split-screen we expected. MarineMax posted a Q3 revenue miss and a record 35.7% gross margin (up 530 bps) while confirming Blackstone, Donerail, and Centerbridge as its three final-round bidders. Brunswick beat top-line, raised full-year guidance to $4.35-$4.75 EPS on tariff refunds and mix, and now sits on $278M of Q2 free cash flow. OneWater hit its below-4x leverage target a quarter early on a 4% revenue decline. The dealer channel is smaller, more premium, and dramatically more profitable — the volume tourists have left. Meanwhile the Med charter market is off 20-30% and Italian Sea Group filed for court-supervised insolvency, drawing a Sanlorenzo-backed consortium bid. Below: what the earnings tape and the Monaco run-up mean for your Q4 book.

FEATURED STORY

Three Bidders, One Endgame: The MarineMax Auction Enters Final Round

On July 24, Reuters reported that *Blackstone, Donerail, and Centerbridge Partners* have advanced to the third and final round of bidding for MarineMax (NYSE: HZO), with Donerail's raised all-cash offer of ~$35/share (roughly a $1B enterprise value on the equity base) now benchmarking the process (Reuters). Shares jumped 6.5% on the report to close near $36.41 (Tampa Bay Business Journal via ITA). Blackstone's interest reads through directly from its 2025 *$5.65B Safe Harbor acquisition*: MarineMax's IGY Marinas and 65 owned marina and storage locations are the strategic prize (SuperYacht Times).

The July 23 Q3 print made the case for a premium. Revenue of *$611.3M missed consensus by ~$71M*, but gross margin expanded *530 basis points to a record 35.7%*, adjusted EBITDA jumped *44% to $51.3M*, and adjusted EPS surged to *$0.81 from $0.05* (Yahoo Finance / Quartr). Management reaffirmed FY26 adjusted EBITDA of *$110-125M* and adjusted EPS of *$0.40-$0.95*, and disclosed that acquisitions since 2019 have added *$700M of high-margin revenue* — brokerage, F&I, marinas, superyachts, and parts & service (Quartr Q3 summary). Inventory is down $118M year-over-year to $788.6M; cash is $174.8M (TradingView / 8-K). Bidders are buying a cleaner balance sheet, a higher-margin business mix, and a marina platform that acts like a moat.

The read for dealers and brokers: whoever wins, the model is validated — dealer economics survive a down cycle only if brokerage, service, marinas, and superyachts carry the P&L while new-boat volumes correct. Every MarineMax competitor now has to answer the same question in its own board deck: what is your non-new-boat gross-profit share, and where can it be next year? Meanwhile, at the builder tier, *The Italian Sea Group filed for court-supervised insolvency*, and a Sanlorenzo-led consortium (Polo Nautico Carrara) has submitted a debt-free, going-concern bid for the Admiral, Tecnomar, and Perini Navi brands, with Azimut-Benetti also circling select assets (Reuters). The consolidation wave has crossed from dealer to builder.

KEY TAKEAWAY

The Q2/Q3 earnings tape validates a two-track model: volumes down (HZO SSS -7%, ONEW -4%, NMMA -7.1% rolling 12-mo) but margins and cash flow up. That gap only widens for dealers heavy in brokerage, F&I, marinas, and service. Independent operators still running a 2022-era new-boat-first P&L will find both financing and exit valuations increasingly hostile as the HZO comp lands in Q4.

ECONOMIC INDICATORS & RISK

By the Numbers

UNITED STATES

• HZO Q3: revenue *$611.3M (-7%)*, GM *35.7% (+530 bps)*, adj EBITDA *$51.3M (+44%)*, adj EPS *$0.81* (Yahoo)

• Brunswick Q2: net sales *$1.558B (+8%)*, adj EPS *$1.56 (+34%)*, FY guide raised to *$4.35-$4.75* EPS (Investing.com)

• OneWater Q3: revenue *$530.7M (-4%)*, GM *24.0% (+70 bps)*, adj net leverage *3.7x* (below 4x target) (MarketBeat)

• NMMA rolling 12-mo new powerboat retail *-7.1%* to 214,292 units through April (Marine Business World)

• US recreational marine spending totaled *$54B in 2025*; pre-owned = 79.7% of unit sales (Boating Industry Canada / NMMA)

US RISKS

Florida brokerage: 4,316 active listings July 24; median asking $349,995; 100+ ft segment median $7.4M and $61,600 per foot. Hurricane season now in peak window as HZO sale decision approaches; consensus-view exit multiple resets industry-wide when the deal announces.

GLOBAL

• *2,157 pre-owned yachts >24m* on the market July 1, ~$18.8B asking value (365 Yachts Intelligence)

• Edmiston H1 2026: superyacht sales *-13% by units*, *-7% by value* — quality-over-quantity market (Edmiston)

• Med charter rates down *20-30% YoY*; unusually high inventory on French Riviera, Amalfi, Greek Isles (CNBC)

• Booking lead times *118 days (2025) → 83 days (2026)*, -30% YoY (Lisbon by Boat)

• Monaco Yacht Show Sept 23-26: *~120 yachts expected*, 43 newly delivered (Boat International)

• Fed held benchmark rate *3.50-3.75%* at end of July (365 Yachts)

GLOBAL RISKS

EU27 diesel hit EUR 1.929/L July 16 (+18% vs Feb baseline); Russia diesel export ban July 8-31 tightened supply; MGO in ARA up 73.5% since Feb. Hormuz war-risk 5-10% of hull value; London JWC widened Red Sea high-risk zone July 29; Bab el-Mandeb premiums doubled to 1%+.

THREE ACTION STEPS

What to Do This Quarter

1

Run the HZO playbook on your own P&L; before year-end.

MarineMax's Q3 didn't beat because boats sold — same-store sales were down 7%. It beat because brokerage, F&I, marinas, superyachts, and parts & service now carry the gross profit. Break out your last-twelve-month gross profit by revenue line and mark the non-new-boat share. If it is below 40%, you are running a 2022 business model in a 2026 market. Set a written FY27 target — the multiple your business is worth in a sale conversation will move with that ratio far more than with unit volume.

2

Move charter cross-currency exposure to the front of the risk register.

With EU diesel back at EUR 1.93/litre and MGO up 73.5% since February, a Med charter contract priced in EUR against a USD-cost book — provisioning, US-based crew payroll, delivery voyage fuel — is now materially different from what your APA assumed in April. Requote every August-October Med charter with a fresh fuel assumption, an FX buffer of 300-500 bps, and an explicit clause for Red Sea / Hormuz war-risk surcharge pass-through. Owners will accept honest math; they will not accept surprise APA overruns.

3

Book Monaco with a builder-services agenda, not a boat-shopping agenda.

Monaco Yacht Show runs September 23-26, with ~120 yachts and 43 new deliveries expected — but the real story on the pontoons will be builder distress. With Italian Sea Group in insolvency proceedings and a Sanlorenzo-led consortium bidding, refit, warranty, and completion questions will drive more meaningful conversations than new orders. Come with a list: which builders have open orders on which of your clients' hulls, which yards have credible completion risk, and which service providers you can extend a preferred-vendor relationship to before demand snaps. The best Monaco value this year is in the yards, not the demo boats.

INDUSTRY PLAYER PROFILE

Brunswick Corporation (NYSE: BC)

The propulsion, parts, and Freedom Boat Club engine that keeps printing through the volume trough.

Headquartered in Mettawa, Illinois, Brunswick is the world's largest marine-recreation manufacturer — Mercury Marine propulsion, Boston Whaler, Sea Ray, Bayliner, Lund, Harris, Navico Group electronics, plus the Freedom Boat Club shared-access platform. On July 30, BC reported Q2 net sales of *$1.558B (+8%)*, adjusted operating earnings of $150.1M (+19%), adjusted EPS of *$1.56 (+34%)*, and Q2 free cash flow of $278M with conversion >250% (Investing.com). All four segments grew year-over-year for the fourth consecutive quarter. Propulsion posted $644M (+8%), Engine Parts & Accessories $367.9M (+9%) with 23.3% operating margin, Navico $215.8M (+7%), Boat $424.4M (+5%) (Stock Titan / 8-K).

Why it matters now: Brunswick raised its FY26 guide to *$5.7-5.8B in revenue, ~8% operating margin, $4.35-$4.75 adjusted EPS, and $400M+ free cash flow* (Brunswick IR). Roughly $0.30 of the raise reflects Phase 2 IEEPA tariff refunds ($30.4M cost-of-sales credit plus a $24.6M state tax benefit); the other $0.20 is operational. Freedom Boat Club hit its *450th location* in June, converting new-boat volume softness into recurring-revenue membership economics. Brunswick is a real-time barometer of the marine channel: parts & accessories signal what fleets are actually running, propulsion signals OEM confidence, and Freedom signals what happens to would-be first-time buyers when new-boat affordability breaks.

Watch for: Q3 guide of $1.4-1.5B revenue and $1.20-$1.40 adjusted EPS (about a 15% top-line step-down vs Q2, in line with normal seasonality), the trajectory of Navico's autonomy and lower-cost sensor stack, and whether Freedom Boat Club's international footprint (now well over 100 non-US clubs) keeps outpacing its US comps.

VOICES FROM THE FIELD

Reader Submissions

> This section runs reader-submitted outlooks from brokers, dealers, builders, captains, and supply-chain partners. Q2 earnings from HZO, BC, and ONEW confirmed the two-track market — record margins on shrinking volumes — but the on-the-water color is where the next-quarter shift usually shows up first. Send us what you're seeing on the Monaco run-in, on used inventory absorption, on charter reprice negotiations, and on refit-yard capacity. One quote per issue gets the lead position, and we run through October.
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> — The Helm & Horizon editors

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