

NATIONAL
SKI AREAS
ASSOCIATION

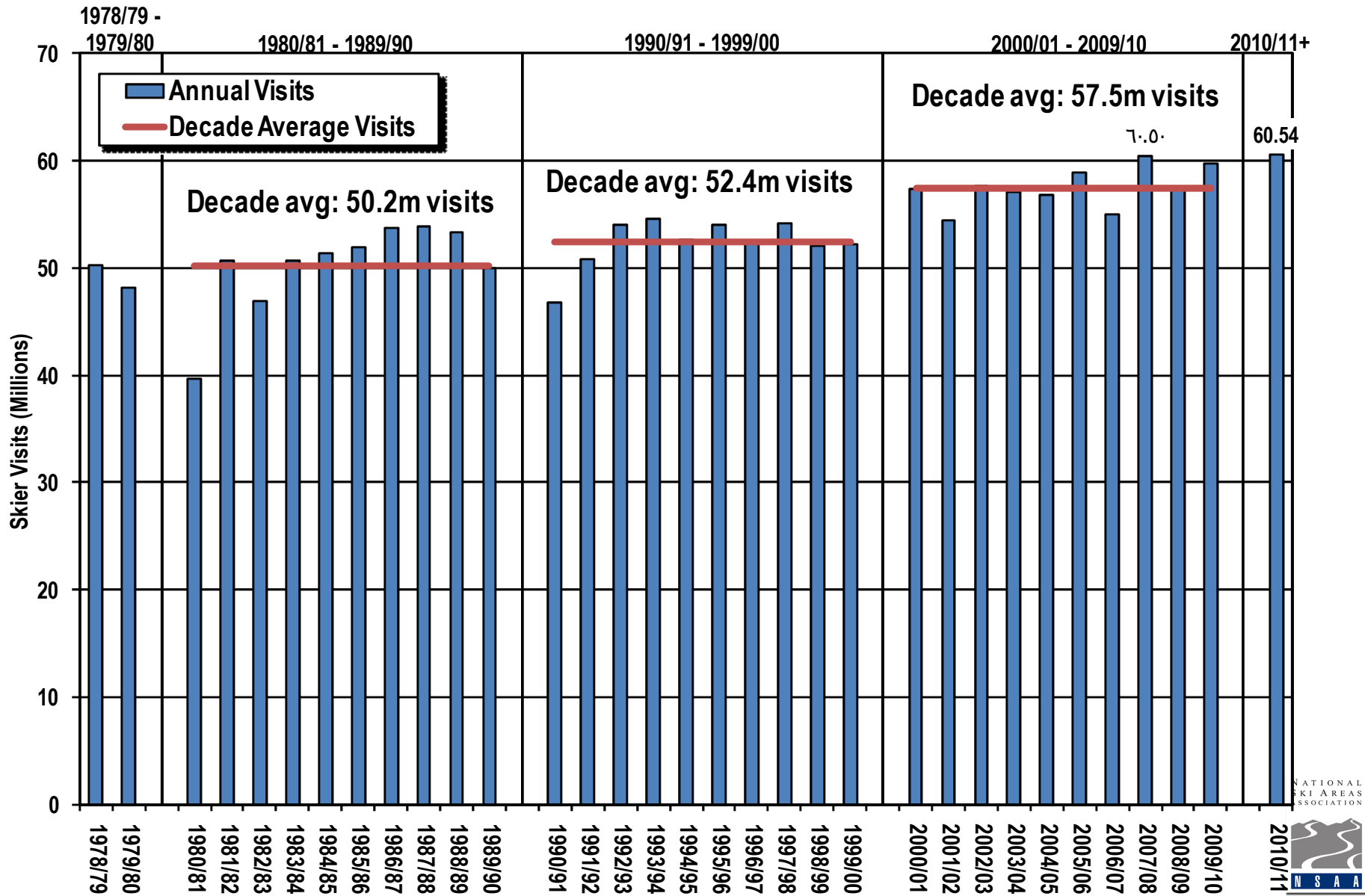


N S A A

2010/11 Season Overview and Snowsports Outlook

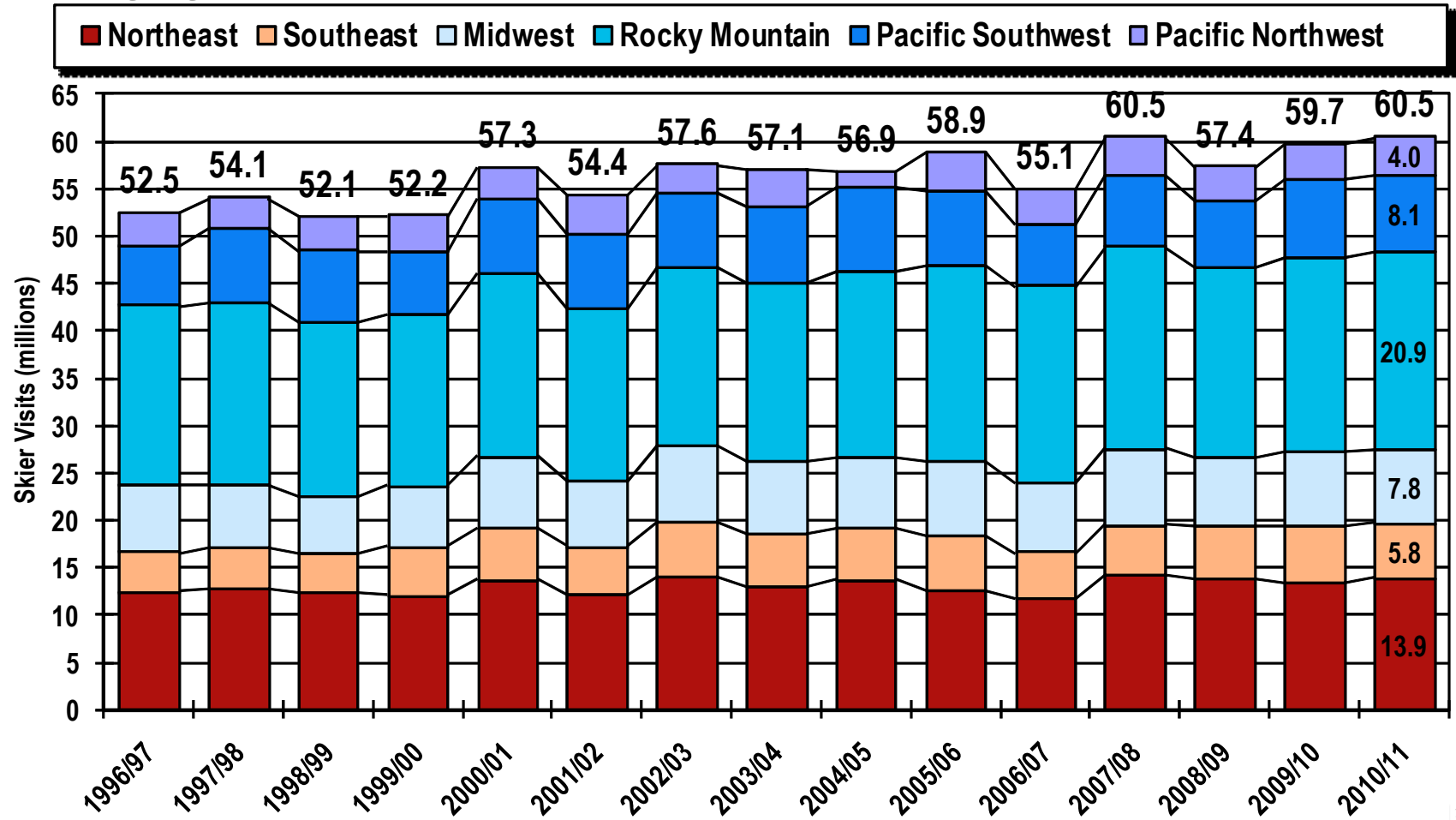
*Colorado Association of Ski Towns
Grand Lake, CO
August 26th, 2011*

Consistent positive economic performance across the industry over the last 11 years is evidence of progress.



Total Visits

- Visits set new record, broke 60m for 2nd time ever



FINAL RESULTS

Kottke Results

- Continued positive momentum for the industry, with record 60.5 million visits
- Gains in most regions, led by Pacific Northwest; all regions above their 10-year average
- Strong early to mid-season, loss of momentum in March, then recovery in late season. Results would have been even better if Easter were earlier
- Record season for total snowfall, up 29% from last year; however, some storms were intense and disruptive

Kottke Results

- Increase in number of season passes sold and proportion of visits from passes; proportion of paid tickets down
- Growth in international visits and stability in overnight visits
- Increase in ticket price and dollar yield, but decline in yield ratio
- Capital expenditures rebound
- Lesson participation up slightly
- Plateau of snowboarding in all regions

Visits by Region

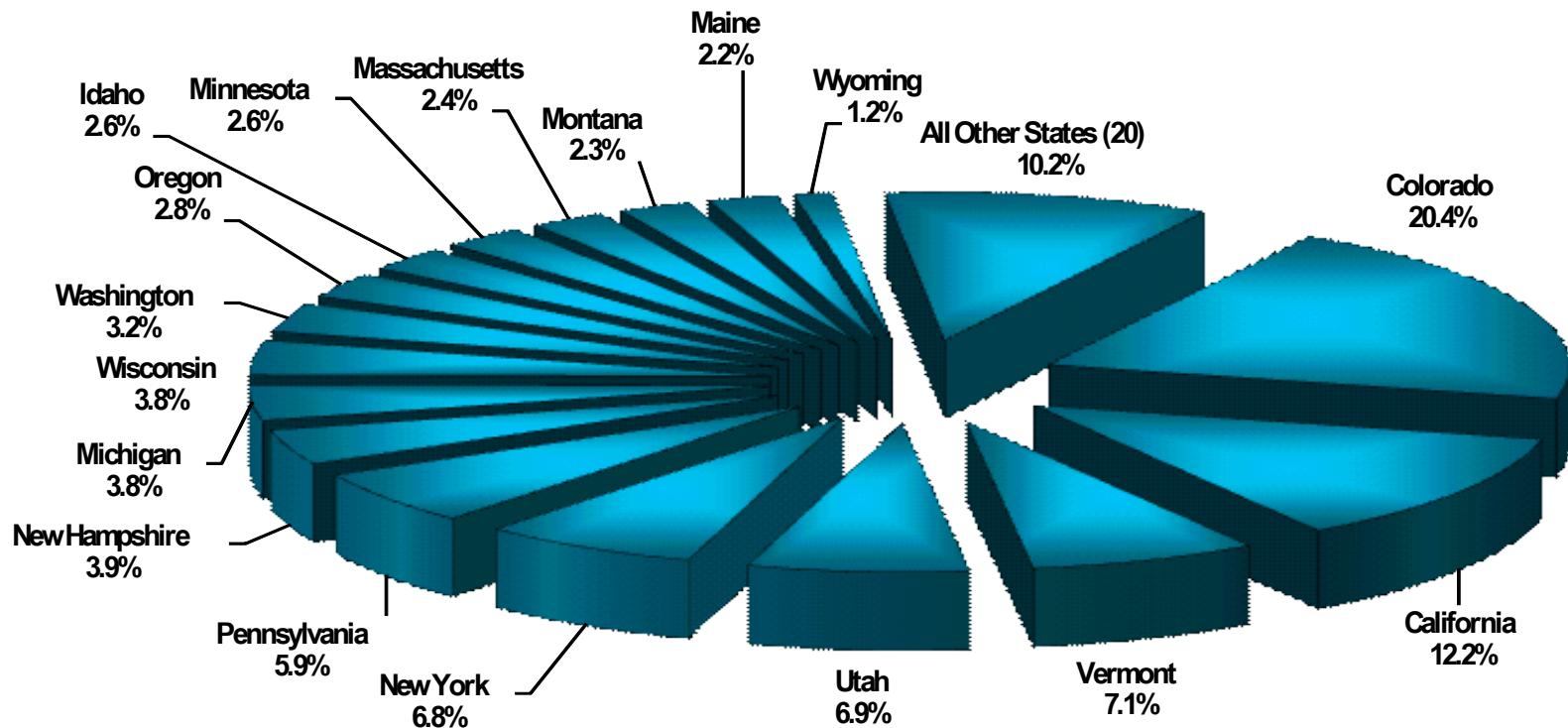
| | 2010/11 | 2009/10 | % Change |
|-------------------|-------------------|-------------------|-----------------|
| Northeast | 13,886,888 | 13,410,615 | 3.6% |
| Southeast | 5,789,279 | 6,015,832 | -3.8% |
| Midwest | 7,811,077 | 7,718,458 | 1.2% |
| Rocky Mountain | 20,900,328 | 20,377,710 | 2.6% |
| Pacific Southwest | 8,111,298 | 8,411,483 | -3.6% |
| Pacific Northwest | <u>4,041,627</u> | <u>3,852,902</u> | <u>4.9%</u> |
| <i>Total</i> | 60,540,496 | 59,787,001 | 1.3% |

FINAL RESULTS

2010/11 Visits by State

- Share of total visits by state; top 5 states account for 53% of total visits

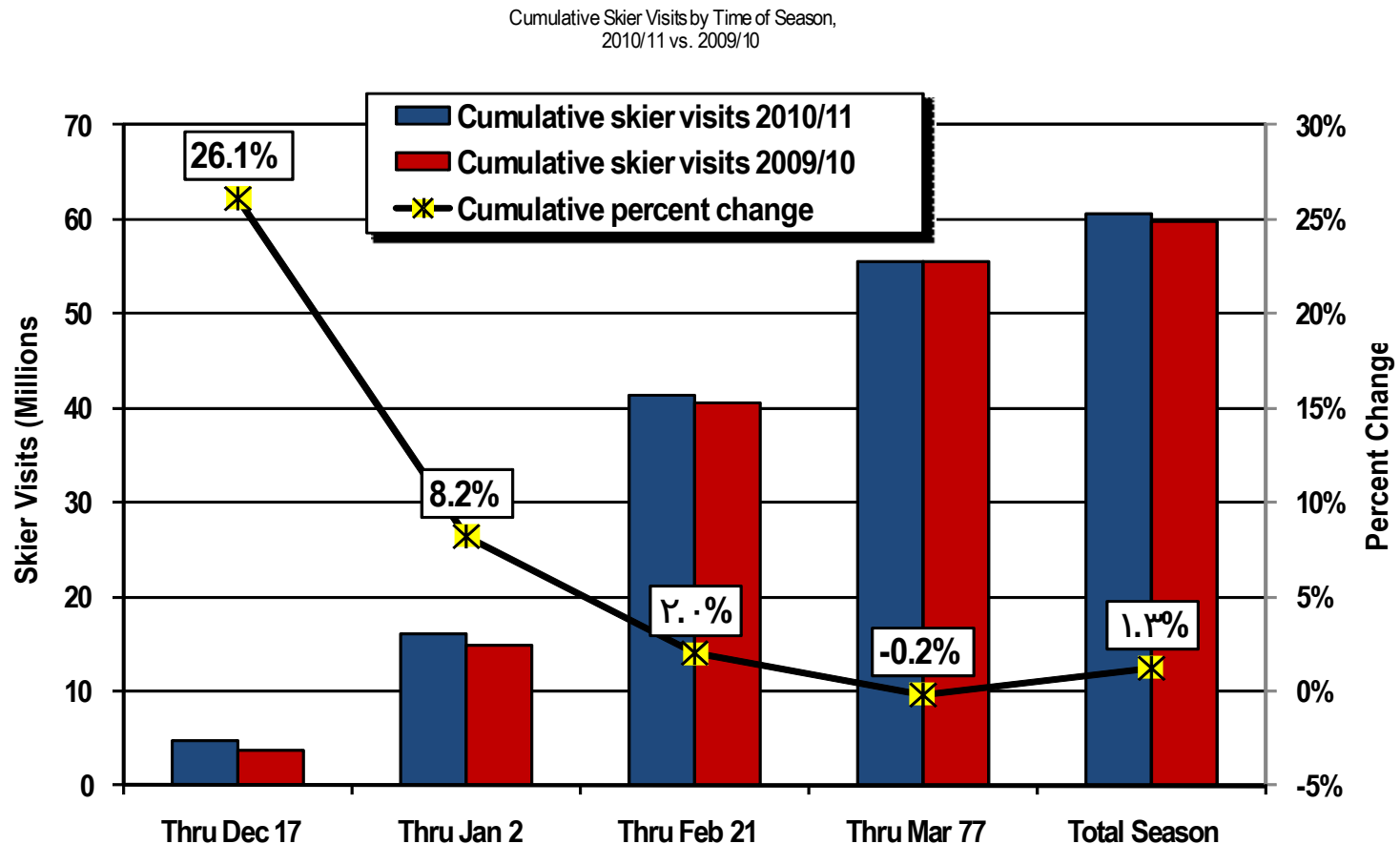
2010/11 Skier Visits by State (Preliminary)



FINAL RESULTS

Visits by Time of Season

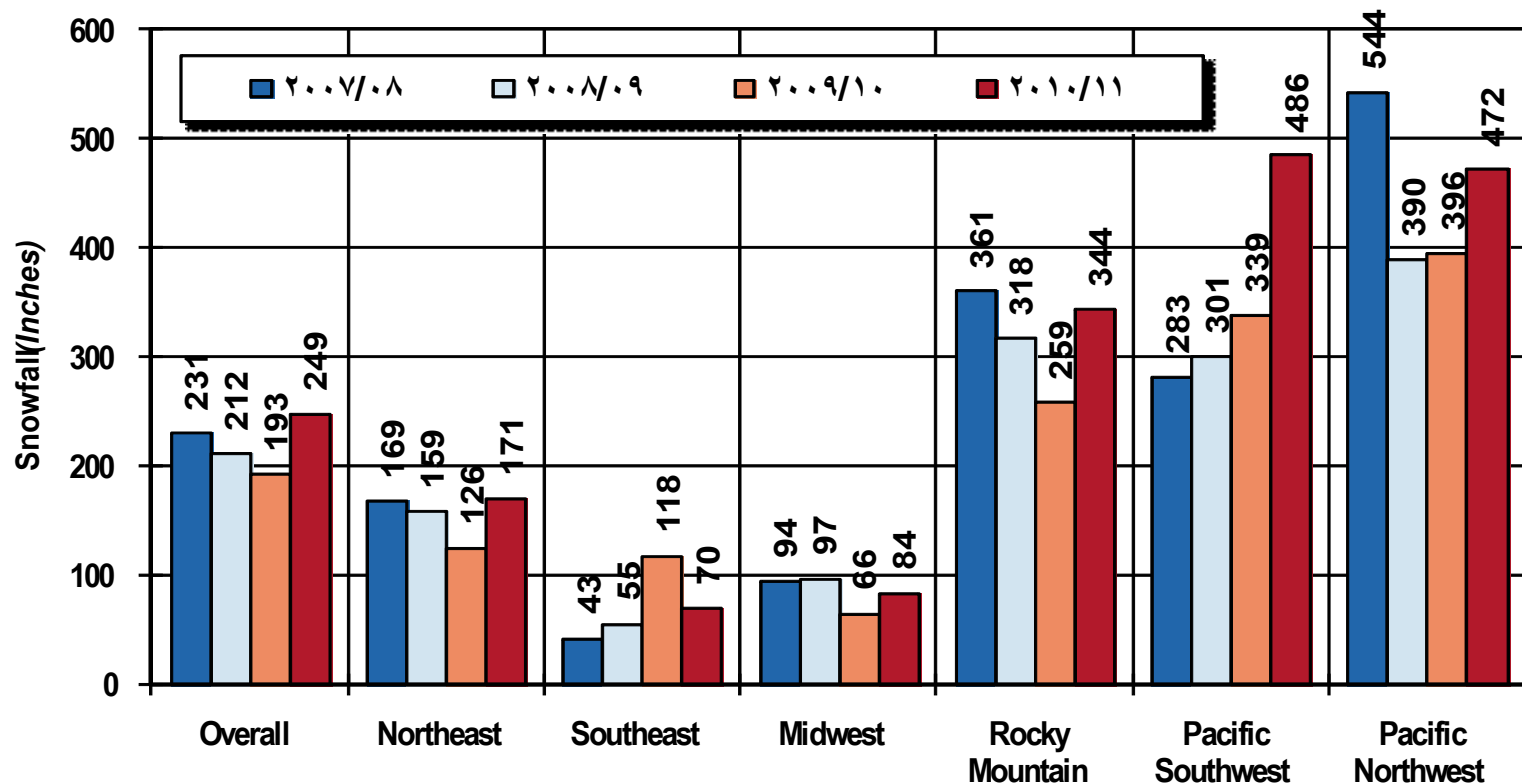
- Visits up through Presidents Weekend, then off in March, with recovery at the end of season



FINAL RESULTS

Total Snowfall

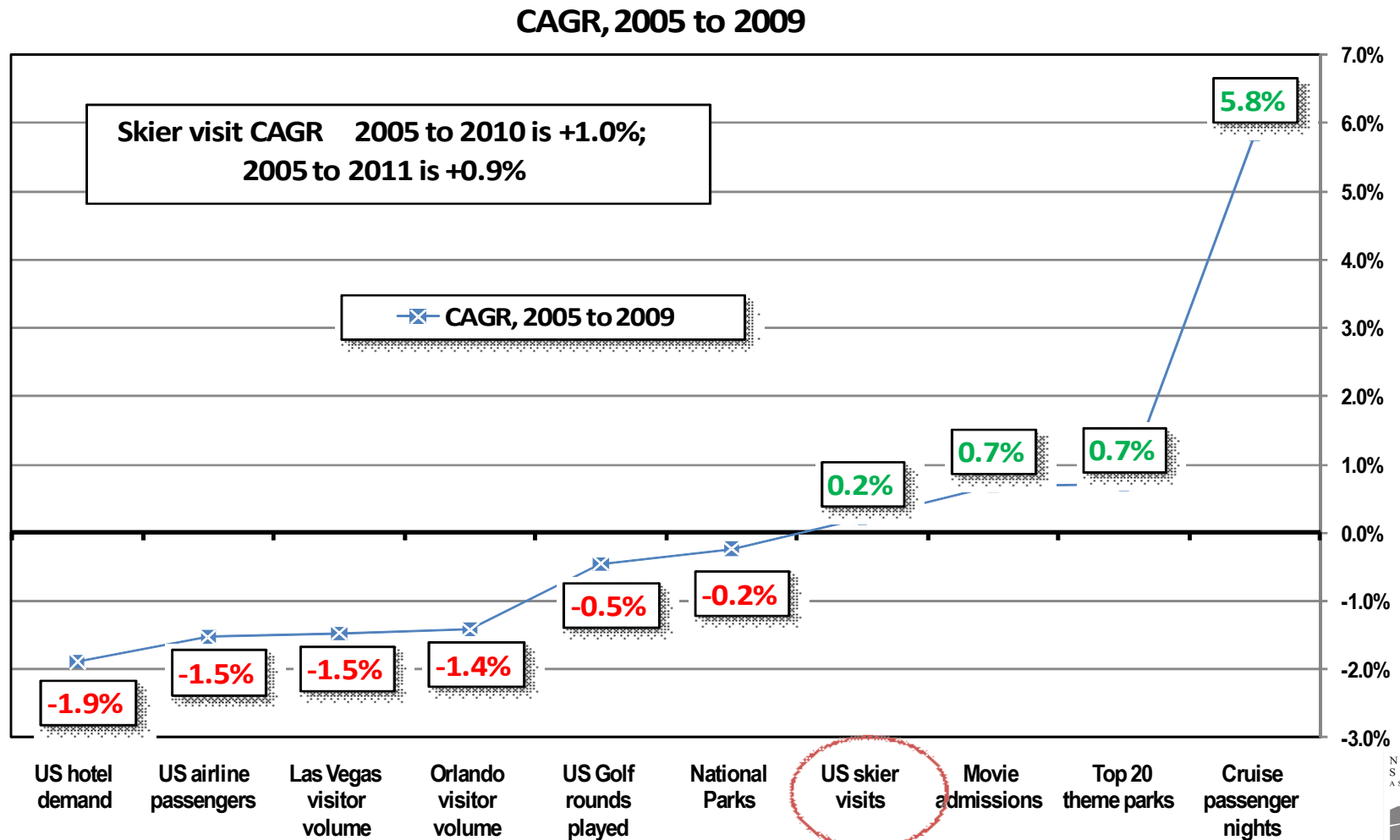
- Snowfall levels up in all regions except Southeast; highest in 20 years of Kottke research



FINAL RESULTS

Other Leisure Industries

- Ski/snowboard visits perform comparably well

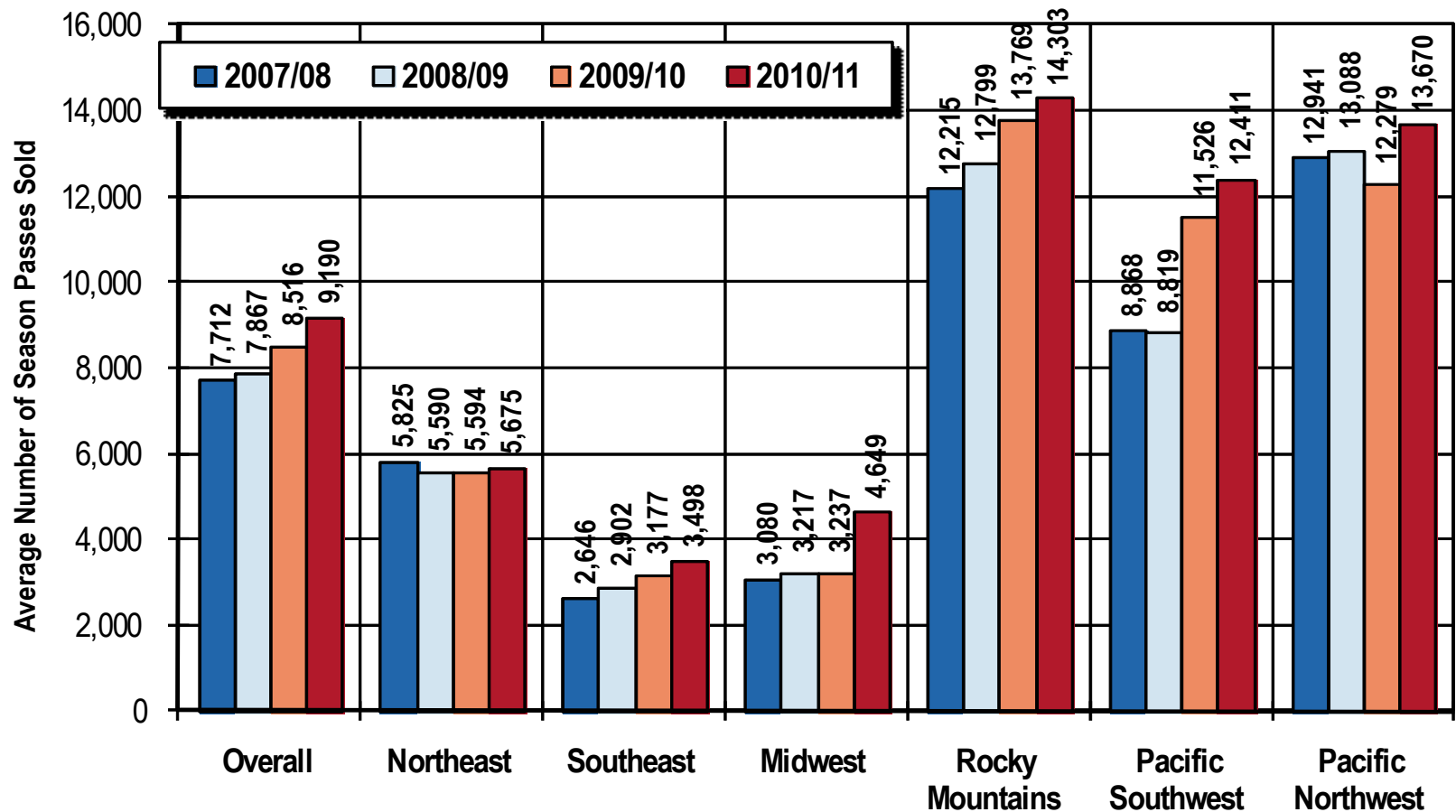


Source: Various Industry Associations

Number of Season Passes Sold

- Increases in all regions, and among all size groups

Average number of season passes sold per resort
2007/08 - 2010/11

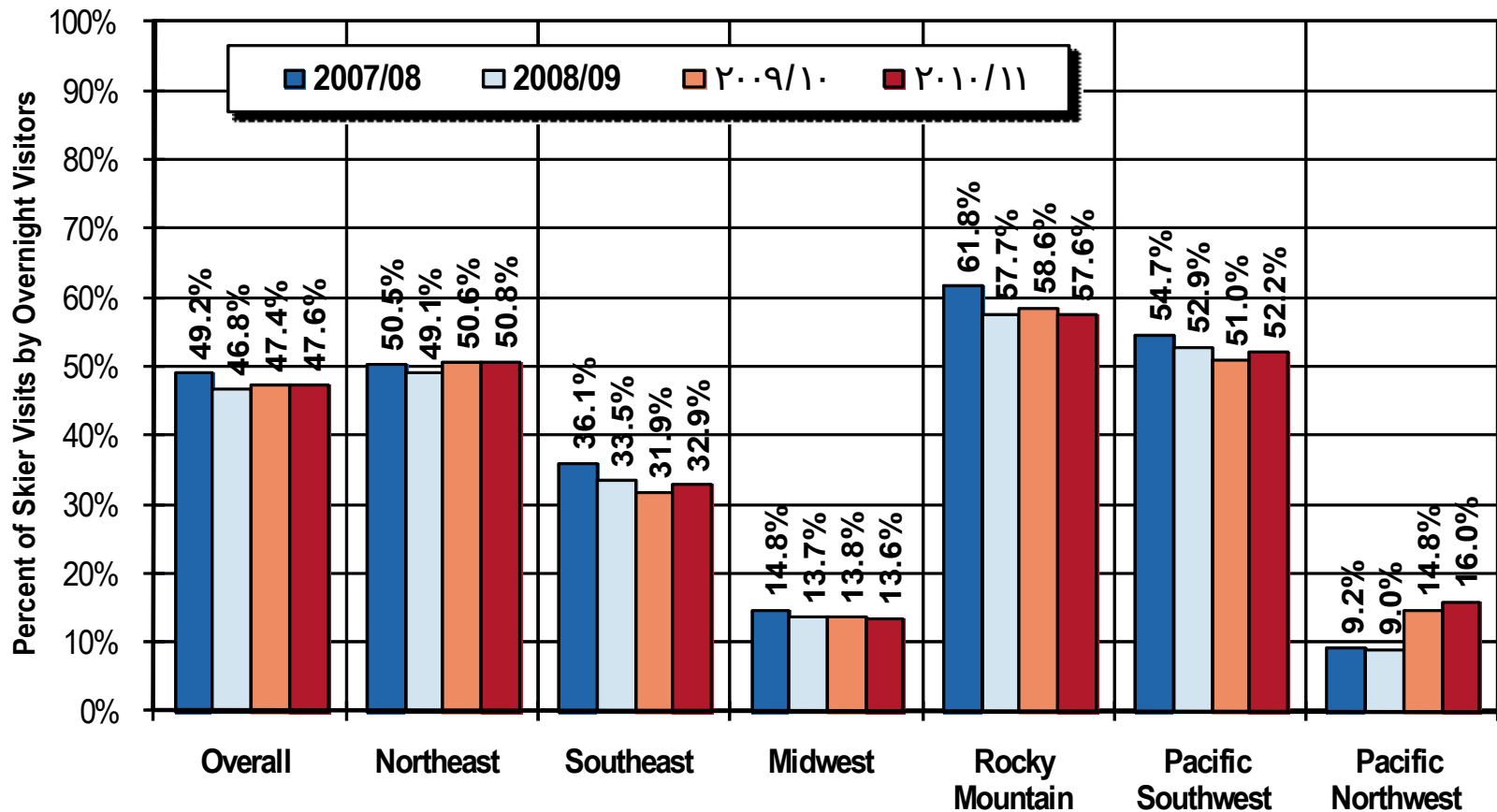


FINAL RESULTS

Day/Overnight Mix

- Overnight visits up slightly, with regional differences apparent

Percent of Visits by Overnight Visitors
2007/08 - 2010/11

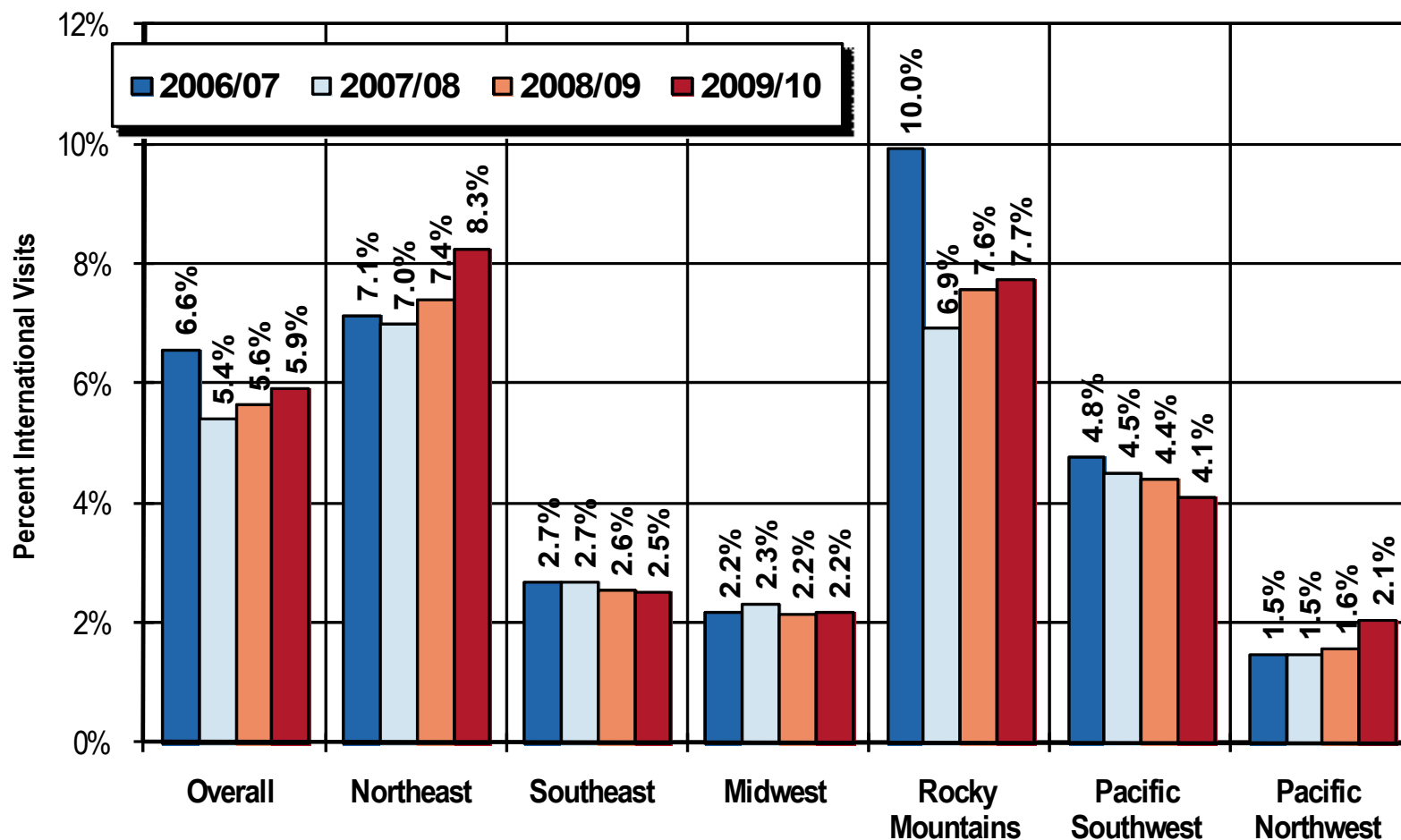


FINAL RESULTS

International Visits

- Visits from Canada up in Northeast region

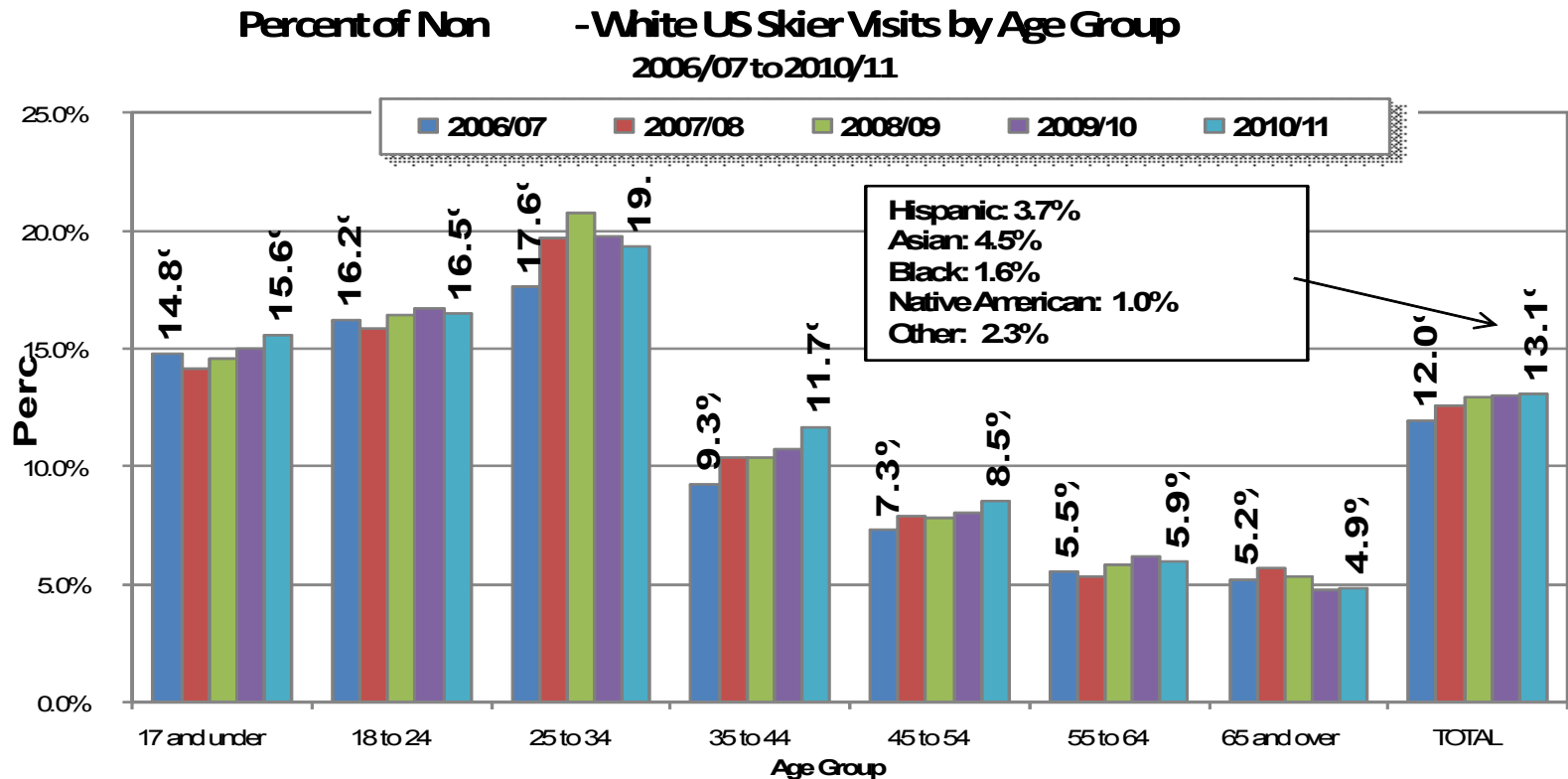
Percent International Visits
2007/08 - 2010/11



FINAL RESULTS

Ethnicity of Participants

- Encouragingly strong rate of non-white participation in under-35 age groups



FINAL RESULTS

Observations from the Kottke

- **Positives**

- ▶ Continued strength and resilience of performance over past decade
- ▶ Stabilizing of overnight visitation and growth in International important
- ▶ Multiple year improvements to revenue and profit
- ▶ Increasing capital expenditures indicate positive momentum

Observations from the Kottke

- **Positives**

- ▶ Strong participation among non-white ethnicities in the under-35 age group is positive sign for the future
- ▶ Background of gradually improving economy, consumer confidence, growth in tourism
- ▶ Continued industry focus on improved quality of service and experience

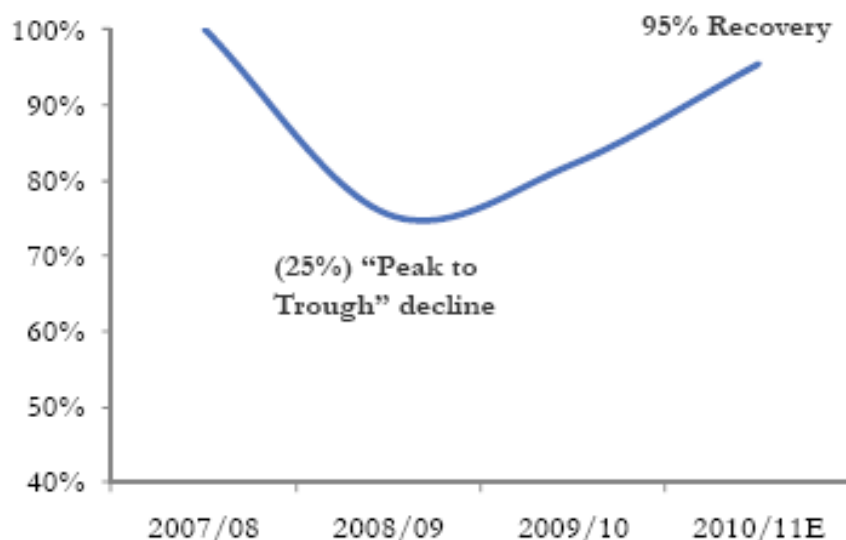
Myth vs. Reality



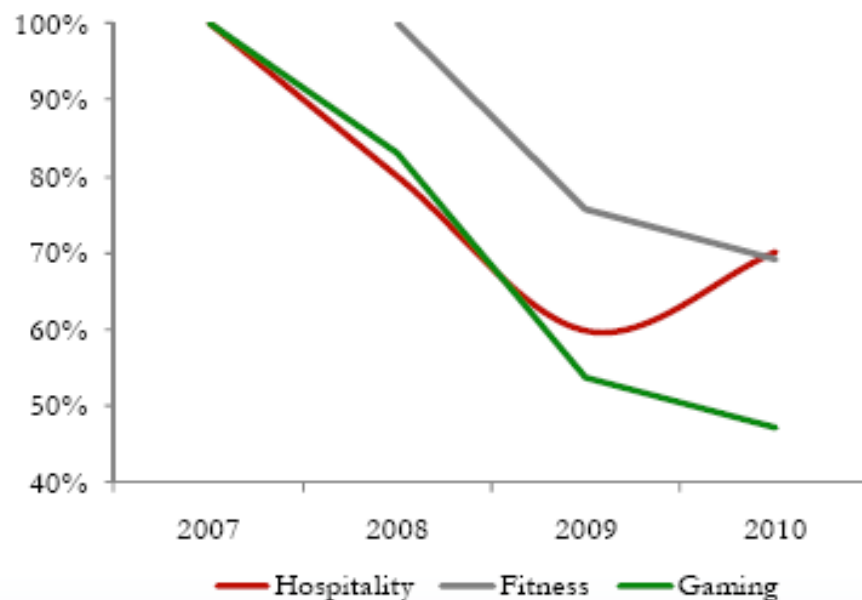
Myth #1: Snowsports is too cyclical

- Resilient customer base and reduced supply help to mitigate cyclicality
- Other leisure industries have "steeper slopes"

Ski – “Peak to Trough” EBITDA



Other Leisure – “Peak to Trough” EBITDA

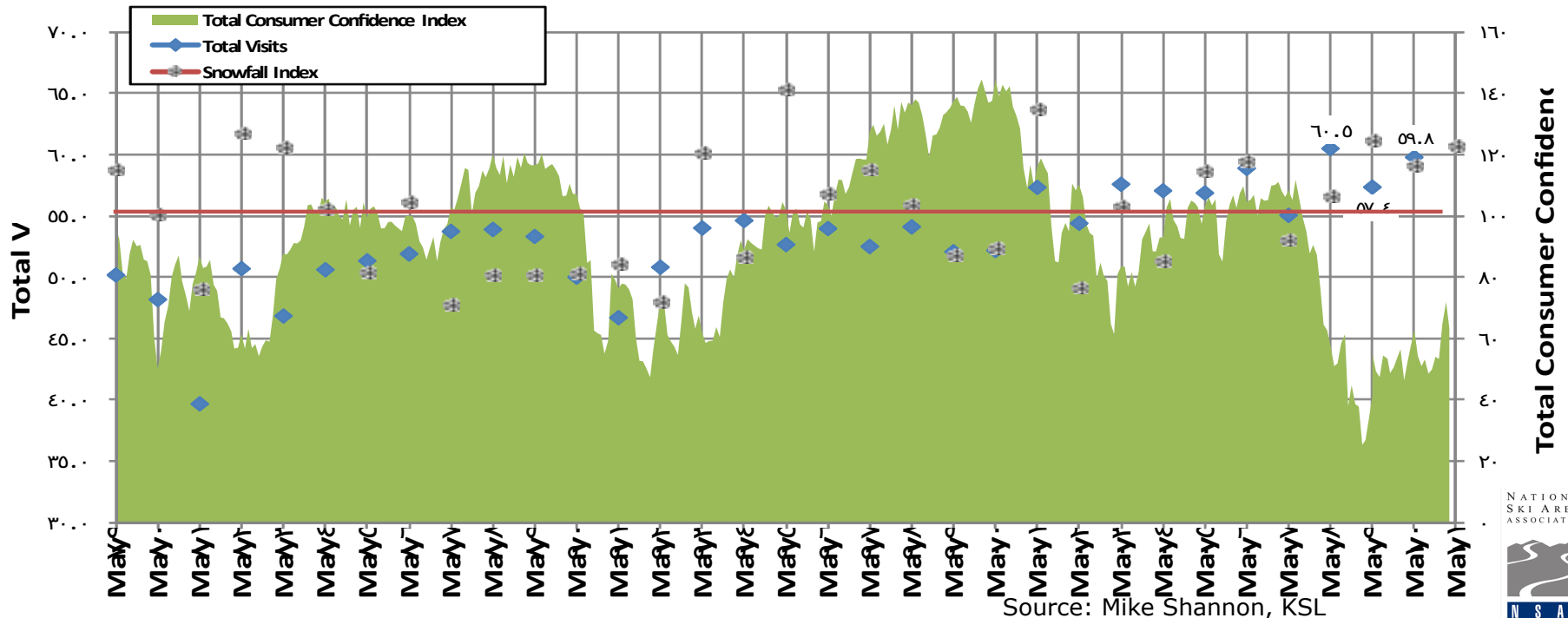


Source: Mike Shannon, KSL

Myth #2: Ski Industry is Too Weather Dependent

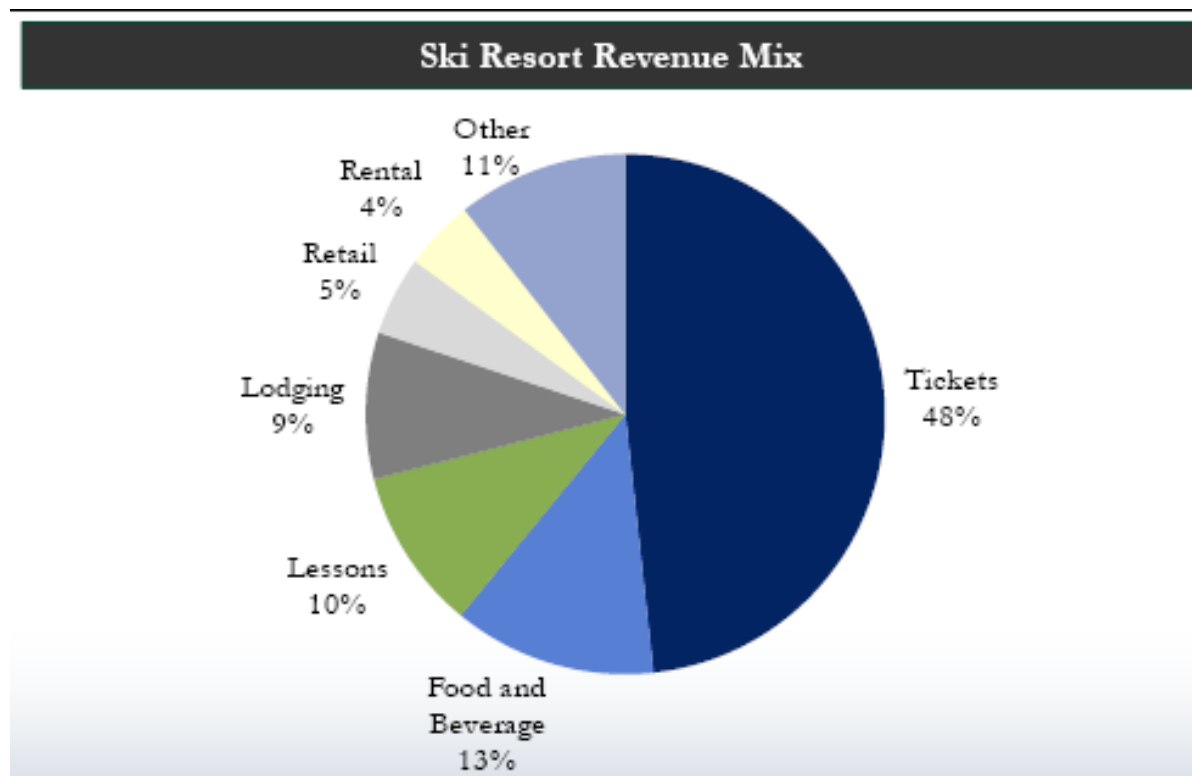
- Season pass products and snowmaking reduce weather dependence

Total Consumer Confidence Index vs. Total Visits vs. Snowfall Index:
1978 / 79 to 2010 / 11



Myth #3: Skiing is an Uphill Transportation Business

- Revenue diversification adds stability
- Leverage fixed infrastructure for benefit of ancillary businesses
- Results in higher margins and greater customer satisfaction



Source: Mike Shannon, KSL

Common Attributes of Successful Businesses

Unique product/location



- Only 486 (up from 471) ski resorts in the U.S.
- Provides pricing power

Diverse growing customer base



- Multi-generational activity
- Skier visits have increased at ~1% CAGR over the last 20 years

Scalable operations



- Low variable costs provide substantial operating leverage
- Diversify revenue through ancillary businesses

High barriers to entry



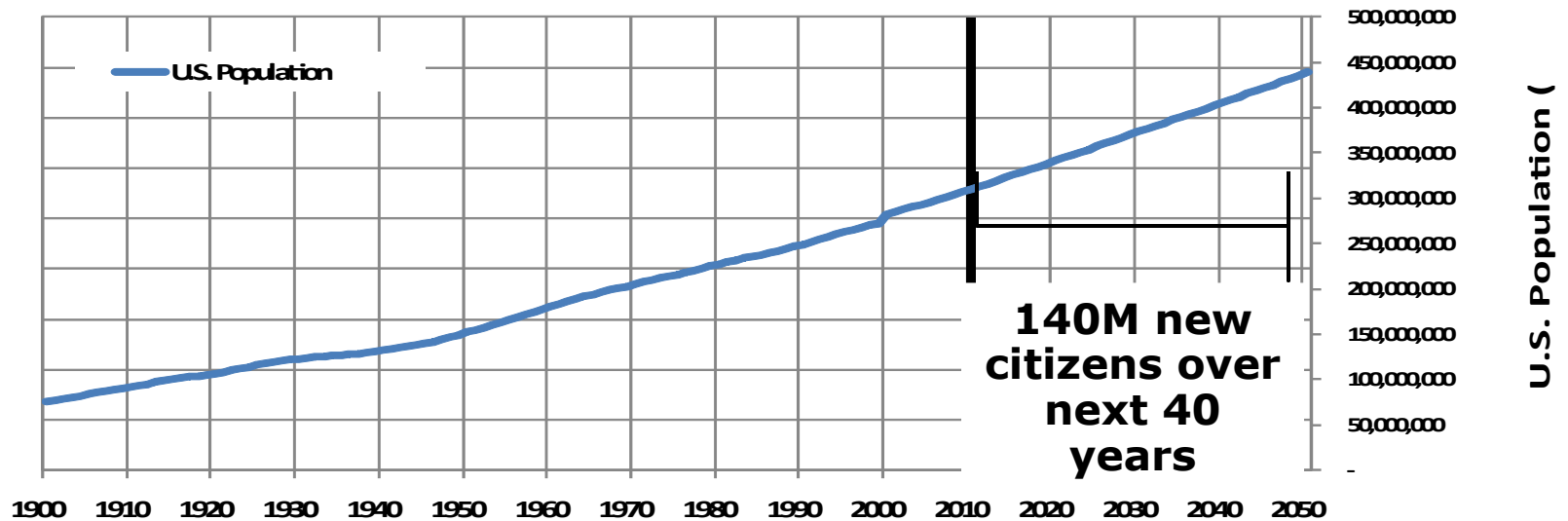
- High upfront capital costs and regulatory and environmental restrictions

What's the growth outlook for snowsports?



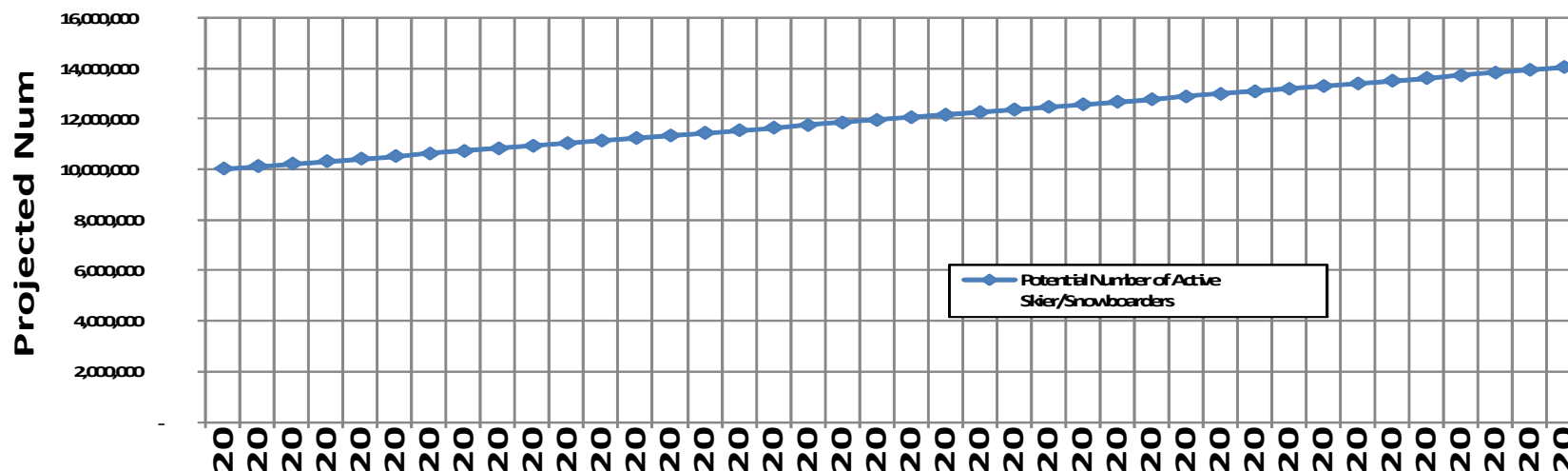
Total US Population: Actual and Projected 1900 to 2050

- ▶ **310M now, 450M by 2050**
- ▶ **Will snowsports track with growth?**



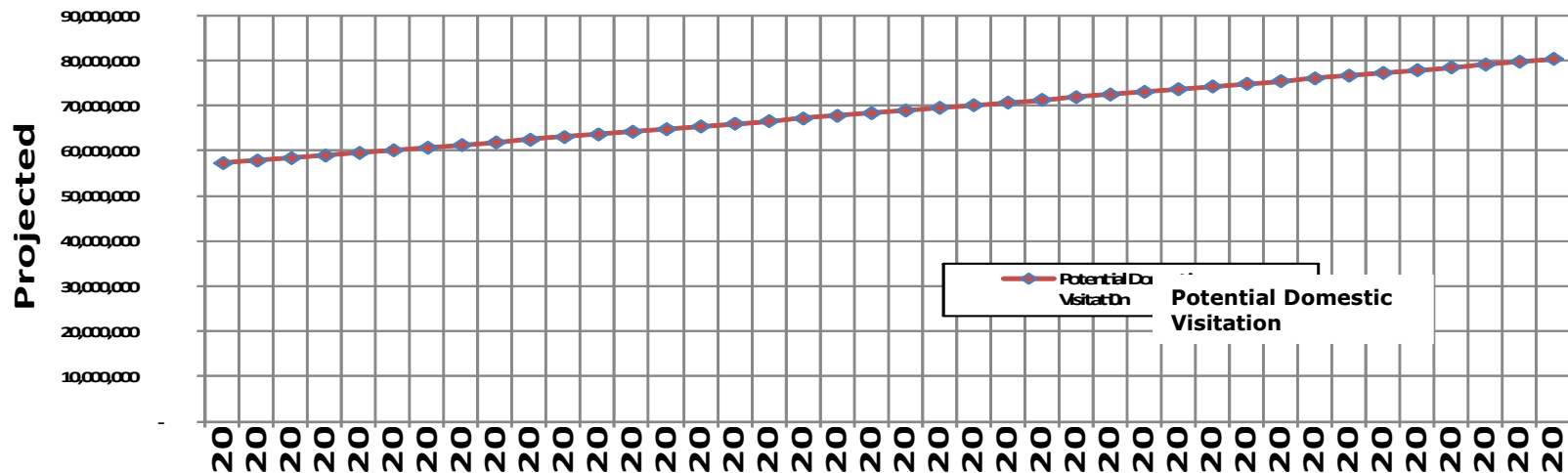
Potential Number of Active Skiers/Snowboarders, Assuming Stable Participant to Population Ratio: 2011 to 2050

- If we hold steady, the potential exists to go from 10M to 14M participants

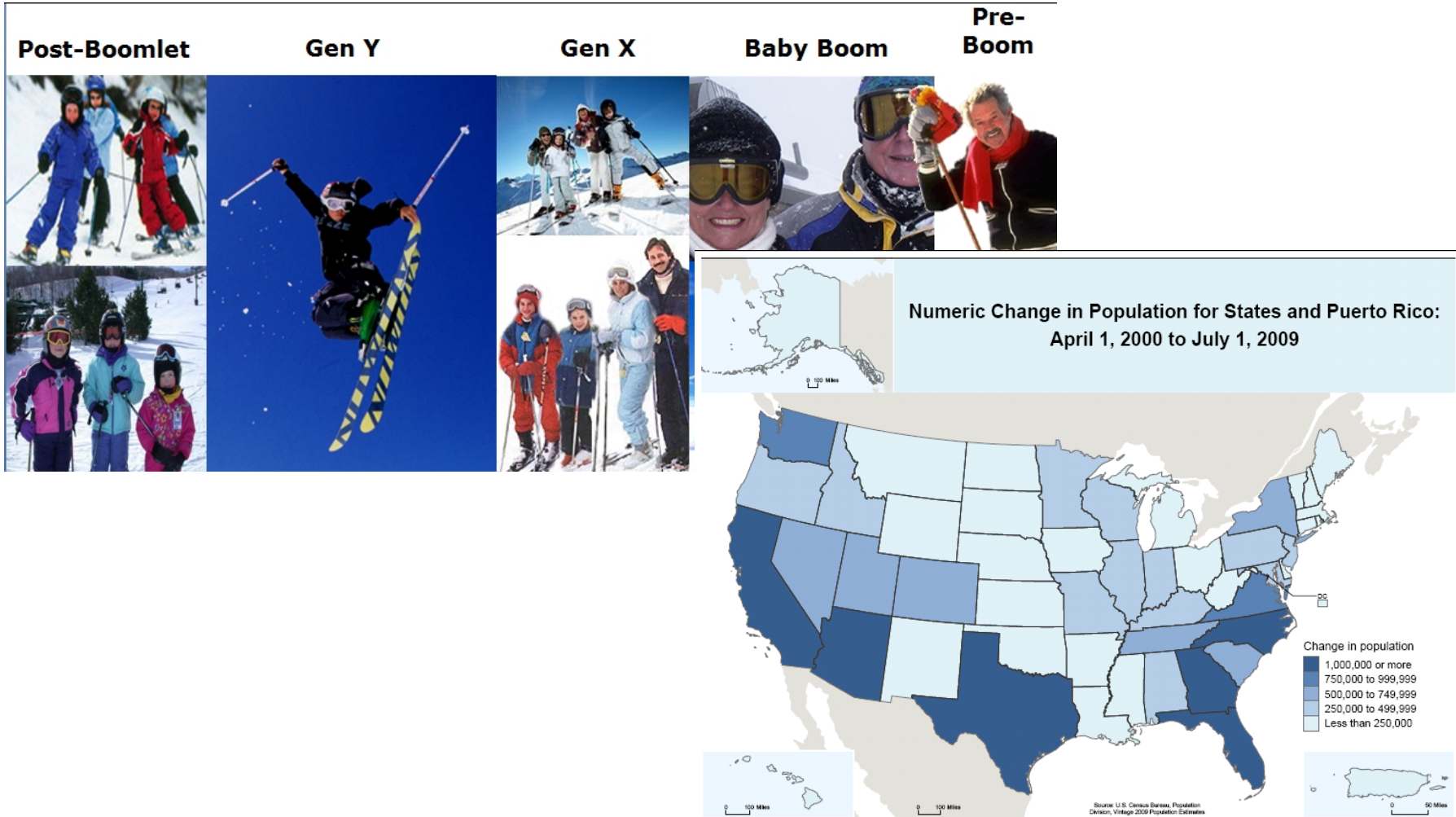


Potential Number of Domestic Visits Assuming Stable Participant to Population Ratio: 2011 to 2050

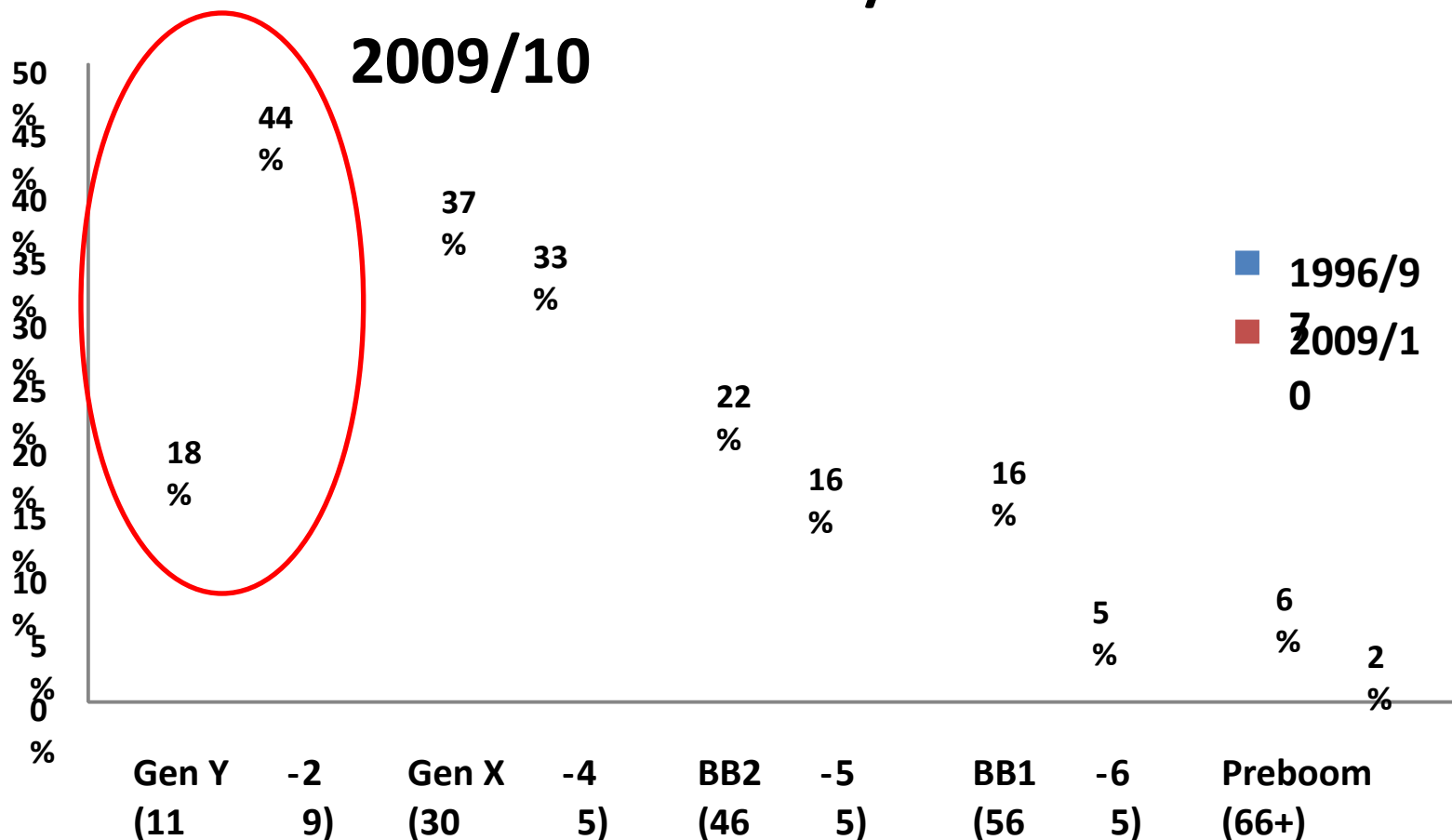
- In terms of domestic visits, the potential exists to go from 60M to almost 80M



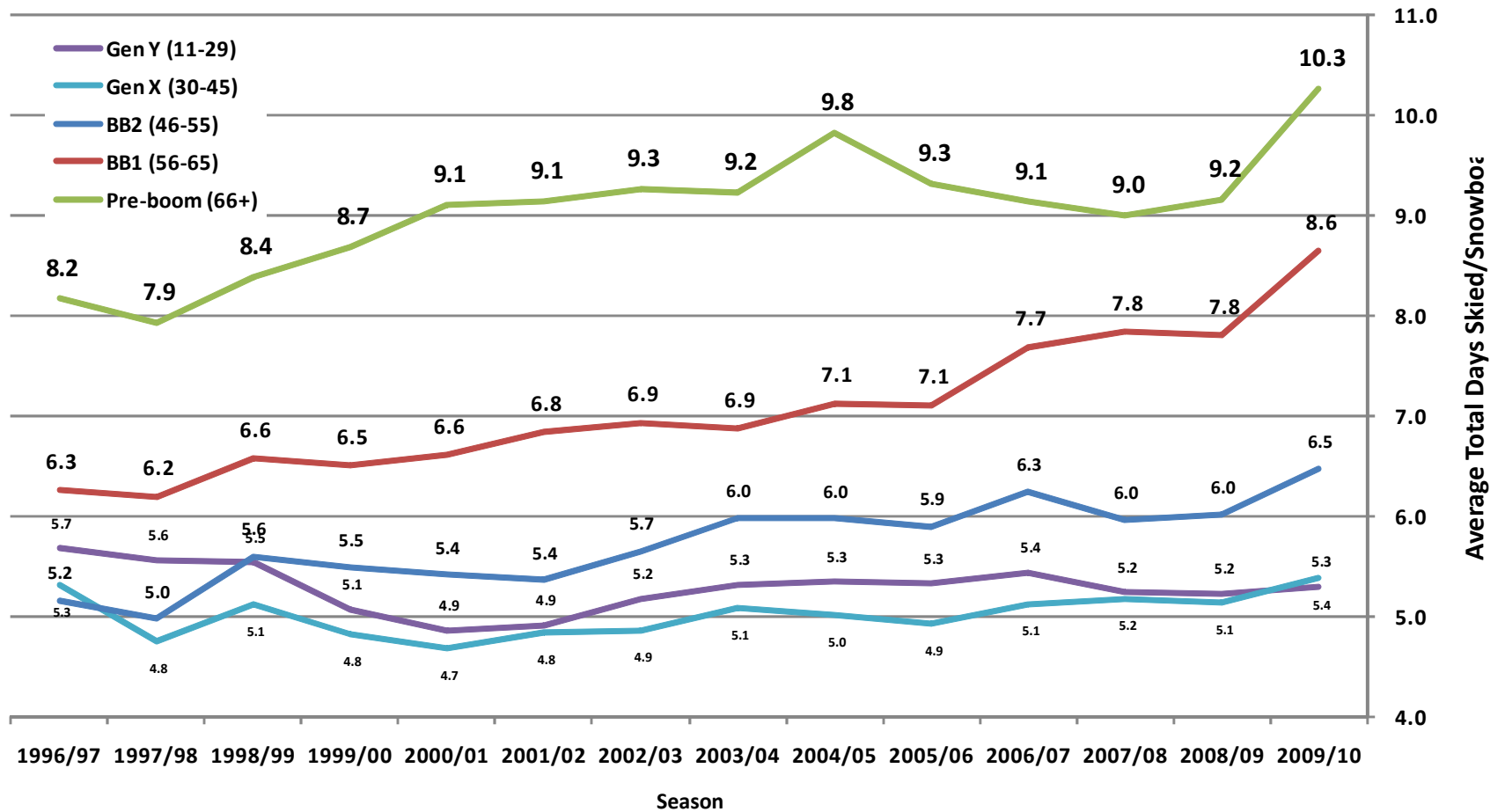
To gain new participants we must understand the markets with the greatest potential. Not all age groups and regions have the same potential for growth.



Percent of Active Skiers and Snowboarders by Generation: 1996/97 vs. 2009/10

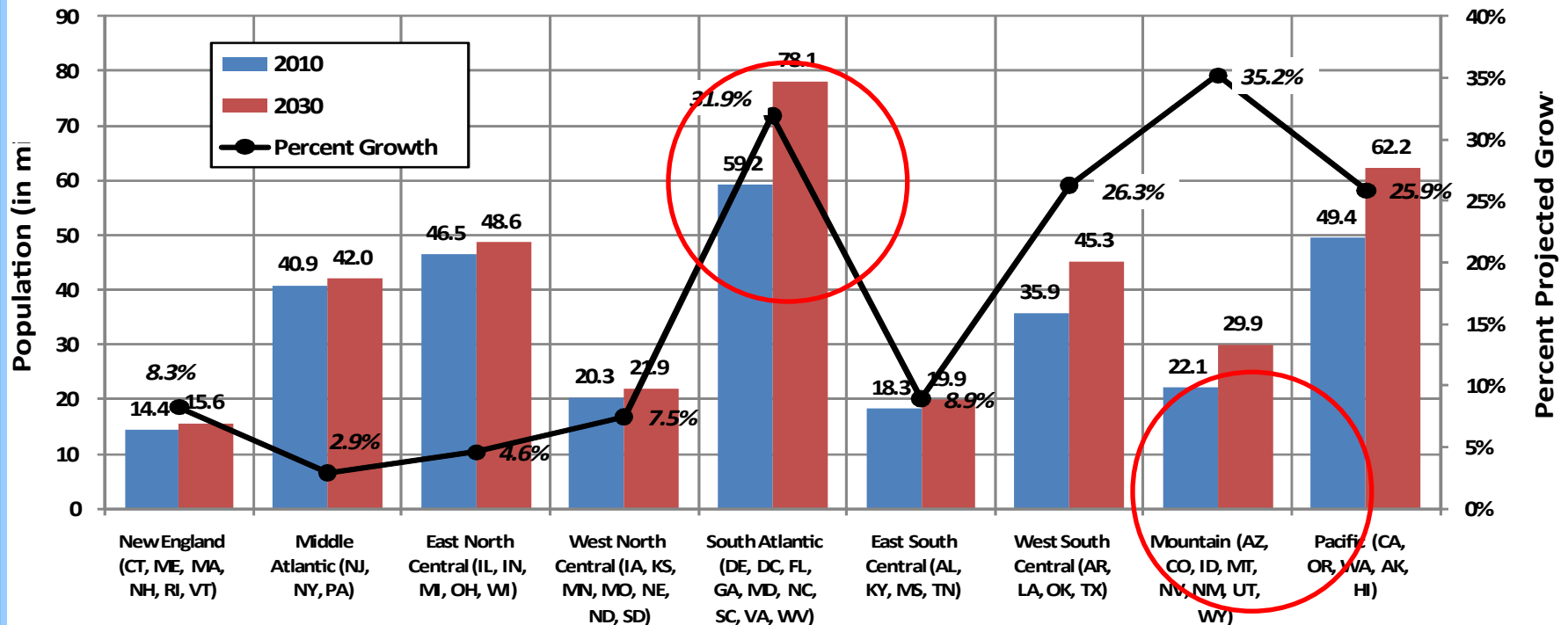


Average Total Number of Days Skied/Snowboarded: 1996/97 to 2009/10



Number & Percent Growth by Census Division 2010 to 2030



- Divisions have very different potentials for contributing to the growth of the sport

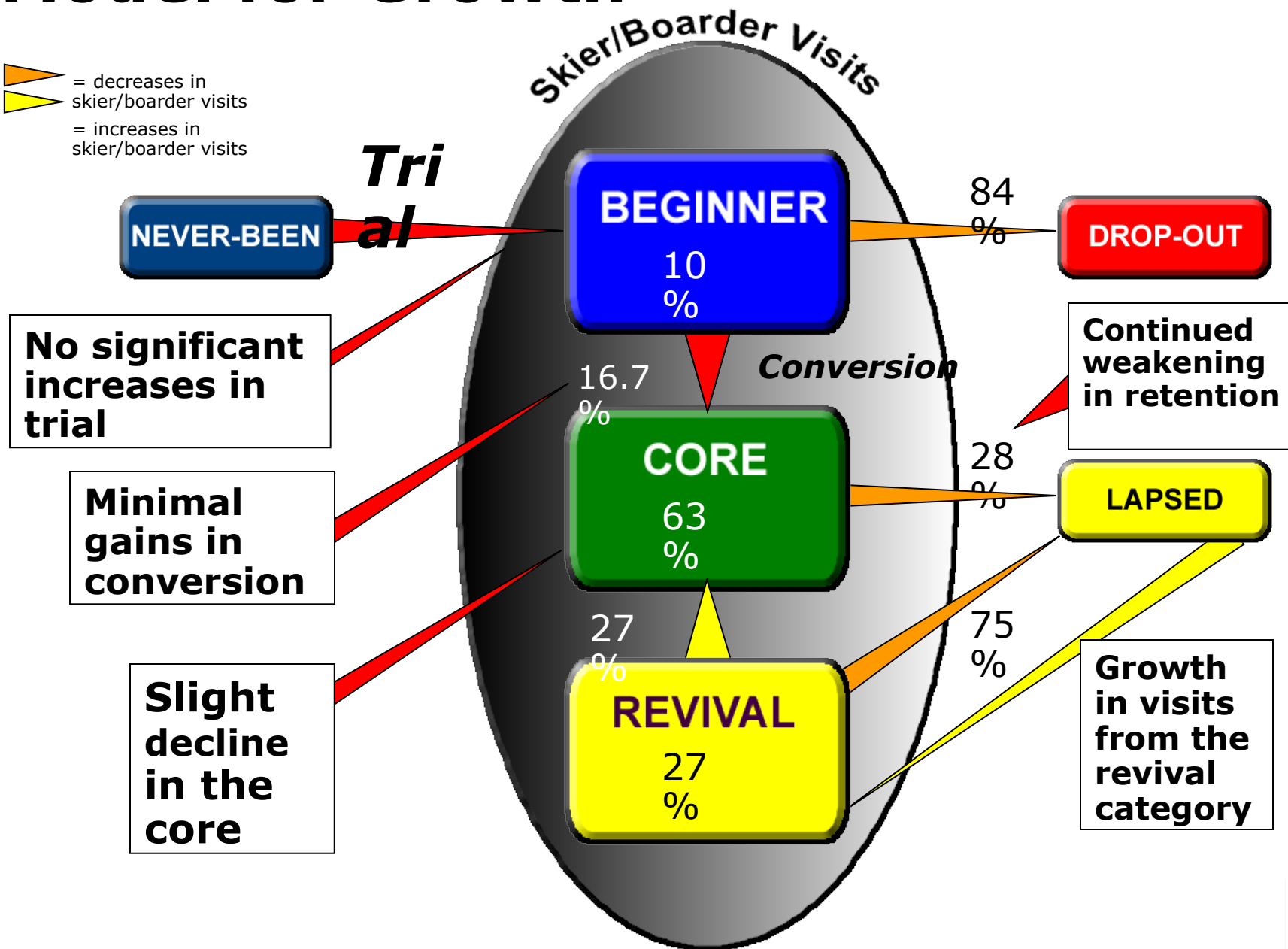


► Potential limitations on growth?



Model for Growth

 = decreases in skier/boarder visits
 = increases in skier/boarder visits





Conclusions



- **If we can build on past progress the outlook for the industry can be tremendous**
- **Need to consistently focus on trial and conversion, primarily via carefully targeted, bottom-up programs**
- **Maintaining participation across generational segments is essential**
- **Regional patterns of growth will inform our marketing and growth strategies**



Thank You