



Annual Report 2015

# We are Johnson Outdoors

JOHNSON  
OUTDOORS



# We are on the Water





# Fishing \$262.5 million

Fishing motors

Fishfinders

Downriggers

Shallow water anchors

Digital charts & maps

FY2015 NET SALES

# We are in the Moment





# Diving \$72.1 million

- Regulators
- Buoyancy compensators
- Dive computers
- Masks/fins/snorkels
- Dive wear

FY2015 NET SALES

# We are at the Forefront





# Camping & Hiking

**\$47.6** million

FY2015 NET SALES

Tents

Sleeping bags & pads

Personal & family cooking systems

Compasses

Camp furniture & accessories

# We are on the Move







# Watercraft Recreation

**\$49.0** million

FY2015 NET SALES

Kayaks & canoes  
Fishing craft  
Personal flotation devices  
Paddles & accessories

# We are **In**spired

Johnson Outdoors is the leader in innovative equipment and solutions that help more people enjoy more adventures in the great outdoors.

*We make every experience better.*





Outdoor recreation equipment  
sold in **80** countries

A family of core brands

**16** product categories

**20** facilities worldwide

**1,200** employees

Market cap **~\$213M** (as of 10/2/15)

# Leading the Market

Power brands shape our vibrant portfolio

**MARINE ELECTRONICS** drove momentum for Johnson Outdoors in 2015 with record sales from our flagship Minn Kota® brand and a 5 percent uptick in revenue overall.

- Minn Kota powered to more than \$1 billion in sales in 10 years
- The Humminbird® HELIX™ series lit up the market with its first side scan sonar fishfinders in compact screen sizes

**DIVING**, our most global business, continued to deal with geopolitical tensions affecting popular dive destinations. In a resilient market, our goal is to stand out with innovation.

- Seabear® diving technology acquisition adds expertise in emerging technologies for underwater instrumentation
- SCUBAPRO® continued as the best-known, most respected dive brand in the world



Fishing



Diving

## OUTSTANDING BRANDS

Minn Kota® | Motors

Minn Kota® | Shallow Water Anchors

Humminbird® | Fishfinders

Humminbird® | Digital Maps

Eureka!® | Family Tents

Jetboil® | Personal Cooking Systems

Old Town® | Canoes

Ocean Kayak® | Kayaks

SCUBAPRO® | Diving Gear

**OUTDOOR GEAR** moved forward on its profitable growth trajectory as we expanded the line of Jetboil® personal cooking systems to reach a larger outdoor consumer base.

- Jetboil innovation excited the market and ignited sales
- Eureka!® continued as a trusted outfitter for the family campsite

**WATERCRAFT** beat profit expectations as we reaped the rewards of sustained operational improvement. Innovation reenergized growth in our brands.

- Old Town® Predator™ series drove growth and strengthens our position in the fast-growing fishing kayak segment
- Old Town NEXT™ engages new, younger consumers, a critical segment for our future



Camping  
& Hiking



Watercraft  
Recreation

**INNOVATION IS AT THE CORE OF WHO WE ARE**—a strength we've cultivated for nearly half a century. Johnson Outdoors focuses on inspiring consumers with equipment that meets their high expectations and delivers value that's worth the price. From the most advanced trolling motors to breakthrough outdoor cooking systems to revolutionary side scan sonar fishfinders, our offerings improve the outdoor experience.

We push technology boundaries and seek innovations in design and function, enhancing familiar products like trolling motors and entering new categories such as shallow-water anchors. Above all, we're working to involve consumers in every phase of innovation—for higher-impact, longer-lasting results, the ultimate standard for innovation success.

# Winning with Innovation

With revolutionary valve technology and a new cooking-cup size, the Jetboil® MiniMo™ has won consumer awards and the approval of backpacking gourmets.





The Humminbird® HELIX™ 7 SI, voted ICAST 2015 "Best of Electronics," offers a bigger, ultra-bright, nearly glare-free screen and leading side scan sonar at incomparable price value.



The Minn Kota® Ulterra™ bow-mount trolling motor makes boat control amazingly easy with fully automated stow and deploy, push-button power trim and wireless or foot-pedal control.

The Minn Kota Talon™ shallow water anchor enters new territory with easy adjustment for depths up to 12 feet, plus auto-drive, soft bottom, and rough water anchor modes.







The Old Town® NEXT™ combines a canoe's stability and storage with a kayak's profile and easy paddling, exciting a new generation of paddlers.



Designed by anglers, for anglers, the Old Town Predator™ XL, powered by Minn Kota, combines our unmatched fishing expertise with the world's #1 trolling motor.

# Continuing Success

In Fiscal 2015 we achieved double-digit net income growth on slightly higher sales. Winning innovation spurred momentum in our fishing, camping and watercraft businesses.

**THIS YEAR'S PERFORMANCE** reflects our continued progress in strengthening capabilities for sustained, long-term, profitable growth. Total net sales increased 1 percent over Fiscal 2014 to \$430.5 million, despite the impact of \$10.8 million (2.5 percent) in unfavorable currency translation. While a stronger U.S. dollar particularly affected Diving, our most global business, higher volume and improved margins in our other

businesses more than offset the currency impact and emphasized the value of ongoing investments in innovation. New product sales drove strong growth in Marine Electronics and positive momentum in Outdoor Gear and Watercraft, where we are working to keep these units on a profitable growth trajectory. Higher inventory levels at year-end signify the need to gear up earlier to meet continued strong demand heading into the new year.

## FY2015 Financial Highlights

### Operating Results\*

	2013	2014	2015
Net sales	\$426,461	\$425,410	\$430,489
Gross profit	171,049	168,613	171,733
Operating profit	25,591	16,691	17,853
Net income	19,327	9,123	10,616
Diluted earnings per common share	\$1.95	\$0.90	\$1.06
Diluted average common shares outstanding	9,523	9,635	9,727

### Capitalization

	2013	2014	2015
Total debt	\$8,333	\$7,791	\$7,431
Shareholders' equity	197,668	198,458	197,968
Total debt to total capital	4%	4%	4%

\* \$ Thousands, except per-share amount

Operations rose to the challenge of heightened market demand to keep working capital in check. Operating expense this year included \$7.3 million in litigation costs to protect our side scan sonar patents. The International Trade Commission issued a favorable final determination, and we expect related costs to decline in 2016. Net income improved 16 percent, benefiting from the lower year-over-year effective tax rate of 33 percent that came with the release of deferred tax allowances in foreign jurisdictions.

With debt at a historic low and \$69.2 million in cash at year-end, the balance sheet is in great shape. We increased the quarterly dividend while also investing in growing our business and brands. Over the next

three years, we expect steady incremental sales and profit growth as we implement our strategic priorities.



Helen P. Johnson-Leipold  
*Chairman & Chief Executive Officer*



David W. Johnson  
*Vice President & Chief Financial Officer*

- **Minn Kota® achieves record sales and profits**
- **Watercraft continues profitable growth trajectory**
- **New products generate a third of sales**
- **Strong balance sheet and net cash position maintained**
- **Effective tax rate reduced**
- **Quarterly dividend increased**



# Looking Forward

With an intensified focus on consumer intimacy, lasting innovation and digital sophistication, we are confidently positioning our businesses to reveal awe on the horizon.

**JOHNSON OUTDOORS** offers an unmatched array of trusted brands and products that inspire more people to spend more time in the great outdoors. Yet we are so much more than equipment; we are about the experience, about helping people enjoy the awe in outdoor adventure. This reality fuels our strategy to position each of our businesses for an even stronger, better future.

We're looking at that future in a whole new way. Specifically, we're examining every product, every process, every approach through the eyes of our consumers—what they want, expect and need to have the best possible outdoor experience.

Envisioning Johnson Outdoors from a consumer perspective significantly increases our marketplace potential. Consumers view our brands through the lens of the outdoor recreational activities in which they use our products. They see us as the experts that

we are in fishing, camping, hiking, diving and water recreation—able to make the experience better from heading out to coming home. As such, we see expansion opportunity well beyond narrow product categories and markets. This fresh perspective drives our plans for the future.

We have already identified new growth platforms across our major recreational activities where we can further leverage our know-how and strong brand equities to gain a clear competitive advantage. Just as we have successfully moved the Minn Kota® brand beyond electric fishing motors into shallow water anchors and other adjacent fishing categories, we are working to expand our other power brands. As we broaden the market footprint and innovation horizon for each of our businesses, we will achieve a better balance of profitability across our portfolio and enhance capacity for long-term growth.

**At every step we're making sure that our consumer insights are spot-on and that we're moving forward with the right ideas, amplifying our potential for long-term marketplace success.**

**Comprehensive research is essential to produce deeper, richer understanding of our consumers.**

Consumer insight is an area where Johnson Outdoors has long excelled. But consumers evolve and so must our understanding; ongoing diligence is critical. We must do more than keep our fingers on the outdoor consumer's pulse. We must learn what's in our consumer's mind and heart.

New initiatives are underway to take us from insight to intimacy, using sophisticated resources and techniques. Through qualitative segmentation, we're ensuring that we direct our resources toward the right priorities, the innovations that connect with our targeted consumers. This relentless, continual focus leads us to the "aha" moments, the invaluable revelations that we use to train our sights on the biggest and best opportunities, align our go-to-market strategies, and achieve more consistent, longer-term return on our efforts.

**A revamped innovation process is designed to deliver even greater marketplace success.**

Innovation remains the lifeblood of our business, empowering us to strengthen and grow brand equity and, equally important, compete and win on price/value. We're revamping our innovation process and setting the bar higher—working toward even

## Message from the Chairman

bigger, more successful new products with even greater staying power, grounded in a deeper, richer understanding of our consumers.

Inspired by this enhanced consumer intimacy, we're filling the innovation funnel in every business with ideas that target high-growth-potential segments. This is the first step in an ongoing, iterative feedback loop that involves consumers from concept to commercialization and beyond. At every step we're making sure that our consumer insights are spot-on and that we're moving forward with the right ideas, amplifying our potential for long-term marketplace success.

### Digital sophistication is at the core of continued competitiveness, supporting holistic marketing.

Enhanced consumer intimacy is also behind a new, more sophisticated approach to our digital presence. The Internet offers a compelling tool to support marketing and engagement; it may well be where most consumers begin their experience with us. We're working with industry experts to ensure our online look, feel, content and utilization are in line with consumer habits, needs and expectations.

Our overarching strategy will touch everything from Johnson Outdoors company and brand websites to social media platforms to interactive marketing. This is a major undertaking that requires time and resources.

Developing an enterprise-wide plan will minimize upfront costs, while a phased-in rollout will spread further spending over time. Ultimately we will offer consumers a cohesive experience that strengthens relationships across all our brands.

Our strategic plan lays the foundation for consistent, accelerated, sustainable growth and profitability. Our capabilities will only increase as we progress on our three priorities: enhanced consumer intimacy, greater innovation success and digital sophistication. Investments in these strategic areas will translate into even stronger brand equities and help ensure a better future for Johnson Outdoors.

In the end, Johnson Outdoors will be a wholly consumer-centric enterprise committed to providing the best overall outdoor experience at every step – from planning the outdoor adventure, to shopping and buying equipment, to having fun fishing, camping, diving and recreating on the water.

We welcome your support and hope you share our excitement for the future.



**Helen P. Johnson-Leipold**  
*Chairman & Chief Executive Officer*

# Guiding with Insight



**Edward F. Lang**  
Director since 2006

**Kathy Button Bell**  
Director since 2014

**W. Lee McCollum**  
Director since 2005

**Richard "Casey" Sheahan**  
Director since 2014



## Board of Directors



**John M. Fahey, Jr.**  
Director since 2001

**Helen P. Johnson-Leipold**  
Chairman of the Board  
Director since 1999

**Thomas F. Pyle, Jr.**  
Vice Chairman of the Board  
Director since 1997

**Terry E. London**  
Director since 1999

## Our board of directors helps guide Johnson Outdoors with vital business acumen and a broad range of experience.



**Helen P. Johnson-Leipold**, Johnson Outdoors chairman and CEO, leads with skills in strategic planning, global operations, strategic marketing and branding, drawing on deep knowledge of the company and its industry. She served as a marketing executive with SC Johnson and Foote, Cone & Belding. Ms. Johnson-Leipold is chairman and director of Johnson Bank and Financial Services.; director of SC Johnson; and chairman, The Johnson Foundation at Wingspread.



**Thomas F. Pyle, Jr.**, Johnson Outdoors vice chairman, brings extensive managerial, transactional, operational and financial expertise to the role. Currently chairman, The Pyle Group, and non-executive chairman of Uniek, Inc., Mr. Pyle is former owner, chairman and CEO of Rayovac Corporation. He serves as director of Sub-Zero Wolf, Inc.; advisor to the University of Wisconsin Chancellor; and trustee of Wisconsin Alumni Research Foundation and other leading research institutions.



**Kathy Button Bell** is vice president and chief marketing officer of Emerson Electric Co., a \$25 billion manufacturing conglomerate. A renowned branding strategist with expertise in global marketing, digital strategy and market research, she has served in lead marketing roles with recreational giants Converse, Inc. and Wilson Sporting Goods. Ms. Button Bell is a director of Sally Beauty Holdings and the American Marketing Association, and past chairwoman, Business Marketing Association.



**John M. Fahey, Jr.**, chairman of the National Geographic Society, is knowledgeable in key Johnson Outdoors markets and outdoor leisure, travel and recreational industries. He brings skills in leadership, strategic planning, international business and enterprise risk management. Mr. Fahey is also lead director of Time Inc., a director of Lindblad Expeditions Holdings and a regent of the Smithsonian Institution.

## Board of Directors

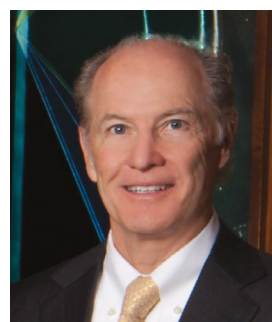
**Edward F. Lang**, senior vice president and CFO of the NFL's New Orleans Saints and the NBA's New Orleans Pelicans, provides insight in leisure industries and consumer products as well as broad experience in corporate finance, operations and enterprise risk management. He previously served with the NHL's Nashville Predators for 13 years, most recently as president of business operations and alternate governor.



**Terry E. London**, former chairman of London Broadcasting Company LP and LBK Entertainment Holdings, provides insight on a broad range of corporate management and financial matters, drawing on his experience as chief executive of major corporations. Mr. London has been involved with the outdoor industry for more than 20 years and is also chairman of the Pier 1 Imports, Inc. board of directors.



**W. Lee McCollum**, director of Johnson Bank and Financial Services, brings a broad range of international and consumer product marketing and operational experience as well as financial expertise, having served as executive vice president and CFO of SC Johnson. He is a director of Coastal South Bancshares, Inc. and a former director of Sigma Aldrich Corporation.



**Richard "Casey" Sheahan**, former president and CEO of Patagonia, Inc., brings proven knowledge, expertise and leadership in management, marketing and sustainable business practices in the outdoors industry. Prior to taking the reins at Patagonia, he held key executive positions at Kelty, Inc., Wolverine Worldwide, Inc., Merrell Outdoor Division and Nike, Inc. A lifelong outdoor enthusiast, Mr. Sheahan serves on the board of the Outdoor Industry Association and as senior advisor to Backbone Media.



# Leading with Experience



**Karen James**

Vice President, Global Operations

**Joe Stella**

Group Vice President, Global Diving

**Judy Douglas**

Group Vice President, Marine Electronics

**John Moon**

Vice President and Chief Information Officer

**Helen P. Johnson-Leipold**

Chairman and CEO

# Executive Team




**Sara Vidian**  
Vice President, Human Resources

**Alisa Swire**  
Corporate Secretary, Vice President  
and General Counsel

**David W. Johnson**  
Vice President and CFO

**Bill Kelly**  
Group Vice President, Outdoor Gear and Watercraft

**Patricia Penman**  
Vice President, Marketing Services  
and Global Communication



Certain matters discussed in this report are “forward-looking statements” intended to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Please see “Forward-Looking Statements” in the 2015 Form 10-K for a discussion of uncertainties and risks associated with these statements.

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