

# OneWater Marine - Stocking for a Softer Season

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**Topic:** Operations Strategy, Customer Strategy, Competitive Strategy

**Industry:** Automotive Retail

**Source:** Strategy & Finance

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**License:** Not specified

**Decision date and information cutoff:** 31 August 2026, 11:59 p.m. ET

**Decision scope:** Boat inventory policy for the next seasonal cycle

**Case convention:** This is an author-created management decision exercise. The assignment and alternatives are hypothetical; company disclosures are historical. No private deliberations or actual management decision are represented.

## The decision

At 30 June 2026, OneWater Marine had \$485.5 million of inventory and \$68.7 million of unrestricted cash. The late-July Q3 release showed a mixed picture: reported revenue and same-store sales declined, while gross margin and operating income improved. Management said it had reached its below-4.0x leverage goal ahead of schedule, but forecast a weaker recreational-boat market for the rest of fiscal 2026. [P2], lines 29-51; [P3], lines 1260-1280.

Fall brought a seasonal trade-off. Holding more boats could preserve customer choice and delivery availability, but also increase inventory financing, age-related curtailments and exposure to discounting. Keeping stock lean could protect liquidity and margin, yet leave fewer models available if demand held up or customers shifted among new and pre-owned boats.

**Assignment:** For this exercise, assume you are advising a cross-functional management team before it sets its next seasonal inventory policy. Recommend one of two approaches: maintain disciplined, lean inventory while prioritizing liquidity and debt progress; or selectively add or retain eligible inventory where local demand, product variety and expected contribution justify the carrying cost. Explain how you would implement your choice and what evidence would change your recommendation. The hypothetical assignment does not imply that OneWater's board or management held such a meeting or set a specific budget.

## OneWater's proposition and competitive setting

OneWater sells new and pre-owned boats through a network of marine retailers, with service, parts, accessories, financing and insurance supporting the ownership experience. Its FY2025 filing describes a highly fragmented marine retail market. The company says it competes primarily with local retailers operating three or fewer stores and a smaller number of larger operators; used-boat sellers, online merchants and parts retailers also compete for customers. It identifies quality and variety, price and value, and customer service as central competitive dimensions. These are the issuer's descriptions, not market-share estimates or a comparison of specific local rivals. [P1], Item 1, "Competition."

Inventory is part of that customer proposition. OneWater says broad selection can give buyers more choice and allow delivery within days. The company does not report the unit-level data

needed to quantify how much sales or customer service improve with additional stock. More inventory may expand selection, but a duplicate boat or aging model may not create equivalent value. [P3], lines 1161-1165; [P1], Item 1, “Competition.”

## The latest operating evidence

In the three months ended 30 June 2026, revenue was \$530.7 million, down 4.0% year over year. Same-store sales declined 2%. The company attributed much of the reported revenue decline to the February sale of Ocean Bio-Chem (OBCI), along with prior brand exits; the same-store measure excludes acquired, closed and sold locations and compares similar months. It is not a direct measure of sales lost because a particular boat was unavailable. [P2], lines 29-40 and 264-266; [P3], lines 1260-1274, 1313-1314.

Gross margin increased to 24.0% from 23.3%, although gross profit fell slightly to \$127.5 million from \$128.7 million. Operating income rose to \$35.6 million from \$30.4 million, and GAAP net income was \$11.7 million compared with \$10.7 million. Management attributed new-boat margin improvement partly to pricing and prior portfolio optimization, and higher pre-owned margin to favorable model mix. The disclosures do not isolate inventory levels as the cause of these changes. [P2], lines 37-46, 62-90; [P3], lines 1260-1280, 1316-1323.

## Exhibit 1. Selected Q3 operating results

*Three months ended 30 June; USD millions unless stated. Reported figures; year-over-year changes are issuer-reported or calculated from reported values.*

| Measure                         | Q3 FY2025       | Q3 FY2026       | Change / note                 |
|---------------------------------|-----------------|-----------------|-------------------------------|
| Revenue                         | \$552.9         | \$530.7         | −4.0%                         |
| Same-store sales                | -               | -               | −2%                           |
| New-boat revenue                | \$326.3         | \$320.0         | −1.9%                         |
| Pre-owned boat revenue          | \$126.0         | \$121.1         | −3.9%                         |
| New-boat gross profit / margin  | \$56.1 / 17.2%  | \$57.1 / 17.9%  | Margin +0.7 percentage points |
| Pre-owned gross profit / margin | \$22.5 / 17.9%  | \$24.5 / 20.2%  | Margin +2.3 percentage points |
| Gross profit / margin           | \$128.7 / 23.3% | \$127.5 / 24.0% | Margin +0.7 percentage points |
| Operating income                | \$30.4          | \$35.6          | GAAP                          |
| Net income                      | \$10.7          | \$11.7          | GAAP                          |
| Adjusted EBITDA                 | \$32.8          | \$37.8          | Company-defined non-GAAP      |

Source: [P2], lines 29-46 and 62-90; [P3], lines 1260-1280, 1316-1323, 1558-1570. Dollar amounts rounded to one decimal from reported amounts. Same-store sales are an issuer-defined measure; the filing does not supply a dollar denominator in this table. Adjusted EBITDA is not a substitute for cash flow.

Management's 30 July outlook assumed the recreational-boat industry would decline at a high-single-digit rate in FY2026 and dealership same-store sales would decline at a low-to-mid-single-digit rate. It forecast revenue of \$1.75-\$1.80 billion and Adjusted EBITDA of \$68-\$78 million for the fiscal year. These are management estimates, not realized results or independent industry forecasts. [P2], lines 49-51.

## Inventory, liquidity and financing

At 30 June, combined inventory was \$485.5 million, compared with \$517.1 million a year earlier. The balance sheet does not divide inventory between new and pre-owned boats or report its brand, model, location, age or floorplan eligibility. Floorplan borrowing was \$404.7 million. This facility finances eligible inventory and is not a general-purpose cash pool. Its borrowing capacity depends on collateral, and the filing describes age-based curtailments. [P2], lines 47-48; [P3], lines 187-218 and 1711-1724.

### Exhibit 2. June 30, 2026 funding snapshot

*USD millions; balance-sheet amounts as of 30 June. Company-defined metrics are identified.*

| Measure                              | Reported amount | Definition or qualification                                                      |
|--------------------------------------|-----------------|----------------------------------------------------------------------------------|
| Cash and cash equivalents            | \$68.7          | Unrestricted balance-sheet cash                                                  |
| Restricted cash                      | \$10.2          | Shown separately; not ordinary available cash                                    |
| Total inventory                      | \$485.5         | New and pre-owned combined                                                       |
| Floorplan notes payable              | \$404.7         | Separate inventory financing facility                                            |
| Additional floorplan availability    | \$92.4          | Subject to collateral eligibility and aging terms; not general-purpose liquidity |
| Total long-term debt, net            | \$348.1         | Company-reported rounded amount; includes current portion                        |
| Total liquidity                      | \$73.3          | Q3 release figure; not cash                                                      |
| Adjusted long-term net-debt leverage | 3.7×            | Company-defined ratio; excludes floorplan debt                                   |

Sources: [P2], lines 47-48; [P3], balance sheet lines 187-218, credit facility lines 705-715 and 1695-1710, floorplan lines 1711-1724. Values rounded to one decimal. The separate debt schedule reports \$351.578 million principal, less \$3.432 million in debt costs, for \$348.146 million carrying debt. The company's adjusted long-term net debt calculation subtracts \$68.705 million of cash; the 3.7× company ratio is not total funded debt divided by EBITDA. "Total liquidity" is retained as the issuer's label and should not be added to facility availability without reconciling scopes.

The inventory facility was scheduled to expire on 1 March 2027. Its reported \$92.4 million additional capacity was available only against qualifying collateral and subject to aging provisions. The separate A&R term loan and revolver matured on 31 July 2027. At the end of June, the company said it was working on an amendment and expected an extension before its FY2026 10-K; the filing did not report an executed extension or lender commitment. OneWater reported covenant compliance at quarter-end. That point-in-time compliance does not establish

future covenant headroom. [P3], lines 692-715, 1695-1724.

OneWater's Q3 release reported that its below-4.0× FY2026 leverage target had been reached early. This progress sits alongside a separate inventory facility with its own collateral and maturity terms. The two facilities and measures should not be combined: the company's 3.7× adjusted long-term net-debt ratio excludes floorplan borrowings. [P2], lines 47-48; [P3], lines 705-715, 1711-1724.

## Seasonality and the choice ahead

The company describes boat sales and inventory requirements as seasonal. Outside Florida, sales are generally lower and inventory and floorplan borrowing are generally higher in the quarters ending December and March. Boat shows beginning in January can stimulate sales and inventory reduction later in the fiscal year. This pattern makes fall purchasing decisions consequential, but it does not establish the right stock level for a particular location or model. [P3], lines 1646-1650.

Two policies are plausible:

1. **Protect liquidity and margin.** Keep inventory disciplined, avoid adding stock without evidence of demand and expected contribution, and prioritize debt progress while the facility amendments remain unresolved. This limits carrying and aging exposure but could reduce assortment or timely availability if demand is stronger than expected.
2. **Selectively protect availability.** Retain or add eligible models and locations where customer demand, variety and expected gross profit after carrying costs justify inventory. This may support choice and delivery speed, but risks interest, aging curtailments, discounting and increased working-capital needs if demand weakens.

Staged replenishment, purchase limits or review gates can pace either policy; they are implementation choices, not a third allocation alternative. Public disclosures do not identify a binding borrowing constraint, a specific inventory shortfall, a pending acquisition, or a management or board vote on these policies.

The OBCI sale is another reason to read the reported numbers carefully. The issuer said \$50 million of sale proceeds were used to repay debt; the 10-Q separately reports \$48.7 million of disposition proceeds in its cash-flow discussion. The cited disclosures do not reconcile those amounts. The sale also affects reported revenue and business mix, so neither amount alone measures the effect of inventory policy. [P5]; [P3], lines 610, 1313-1314, 1659 and 1684.

## Your recommendation

Submit a two-page memo choosing one inventory policy. Address:

- which customer, product and location evidence should determine whether stock is added or retained;
- how expected gross profit and service/availability benefits should be weighed against financing cost, aging, curtailments and markdown exposure;
- how the seasonal pattern and the two separate 2027 maturities affect your timing;
- the strongest argument against your recommendation and the evidence that would make you change it.

The public data do not show unit-level turns, inventory ages, stockouts or turnaways, supplier allocation, customer deposits, contribution after all variable costs, facility extension terms, or covenant headroom. Identify the missing evidence you would request. Any numerical thresholds or purchase caps in your memo must be labeled as your own proposed assumptions, not OneWater forecasts or existing policy.

## Sources and conventions

**P1.** OneWater Marine, [FY2025 Form 10-K](#), accession 0001772921-25-000085, accepted 15 December 2025. Item 1, “Competition,” especially printed pp. 11-12 / HTML lines 433-439; Item 1A, competition risks, lines 667-674.

**P2.** OneWater Marine, [Q3 FY2026 results 8-K, Exhibit 99.1](#), accession 0001772921-26-000041, accepted 30 July 2026 at 07:01:38 ET. Lines 29-51, 62-90, 264-266.

**P3.** OneWater Marine, [Q3 FY2026 Form 10-Q](#), accession 0001772921-26-000044, accepted 31 July 2026 at 16:02:59 ET. Period ended 30 June 2026. Relevant locators are specified above; financial statement amounts are \$000 unless converted.

**P5.** OneWater Marine, [Ocean Bio-Chem disposition announcement, 8-K Exhibit 99.1](#), 3 February 2026; sale closed 2 February.

Historical facts and company estimates are distinguished from this hypothetical exercise. The cutoff excludes all information first disclosed after 31 August 2026, 11:59 p.m. ET.