
From: Steve Newmark [SNewmark@roushfenway.com]
Sent: 6/25/2019 3:32:24 PM
To: Jonathan Marshall [jsm@raceteamalliance.com]; Rob Kauffman [/o=First Organization/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=6833b9b0be354c3eb92577affff35675-Rob K]
CC: bfrood@shrcing.com; Joe Custer [jcuster@shrcing.com]; Torrey Galida [tgalida@rcrracing.com]; Marshall Carlson (m.carlson@hmsracing.com) [m.carlson@hmsracing.com]; Dave Alpern [redacted] Tim Cindric [tc@teampenske.com]; Tad Geschickter (tad@jtgracing.com) [tad@jtgracing.com]
Subject: Industry Team Economics slides
Attachments: Team Industry Economics June 2019.pptx

As a heads up, I spoke with Prime earlier today and requested the addition of our Team Economics topic to lead off the agenda tomorrow. He said that was fine, and that he would incorporate our slides (which I just forwarded below). I suspect he'll have to run this by Phelps and OD, so we'll see if there is any pushback.

Steve

From: Steve Newmark
Sent: Tuesday, June 25, 2019 3:29 PM
To: Prime, Scott <sprime@nascar.com>; O'Donnell, Steve <sodonnell@nascar.com>
Cc: Phelps, Steve <sphelps@nascar.com>
Subject: Industry Team Economics slides

Scott,

As discussed, here are the slides from the teams to accompany the agenda item - "Industry Economics from a Team Perspective." Please call me with any questions or comments.

Thanks.

Steve

Steve Newmark
President
Roush Fenway Racing
[redacted] (o)
[redacted] (m)
4600 Roush Place
Concord, NC 28027



PX-284.001

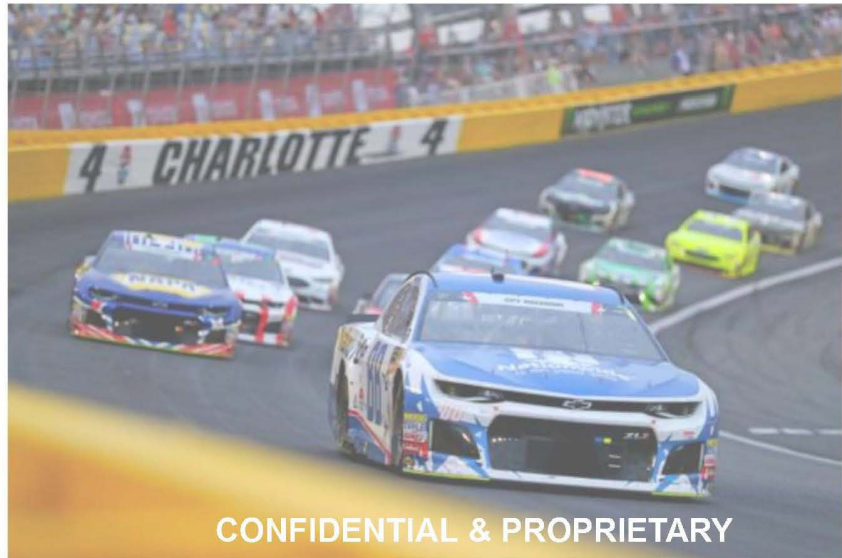
No. 3:24-cv-00886-KDB-SCR

Pls' Trial Exhibit

PX-284

**Industry Economics
from a
Team Perspective**

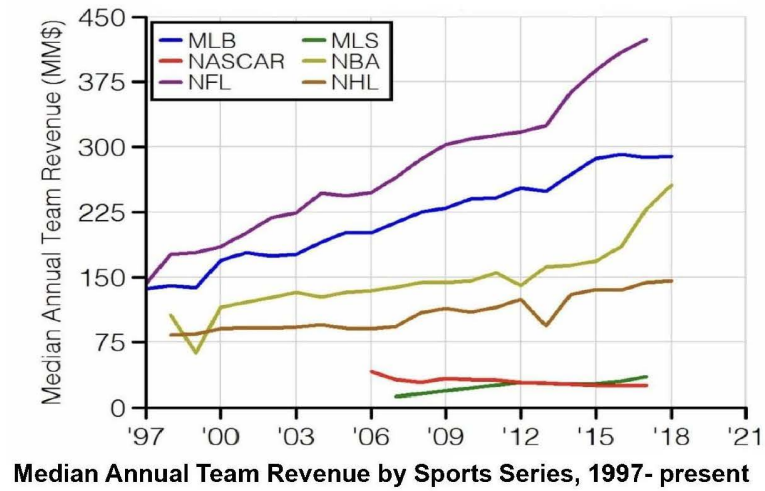
JUNE 2019



CONFIDENTIAL & PROPRIETARY

Team Revenues by Sports Series

NASCAR represents both Lowest Annual Revenue & Lowest Growth Rate of any Major Sport

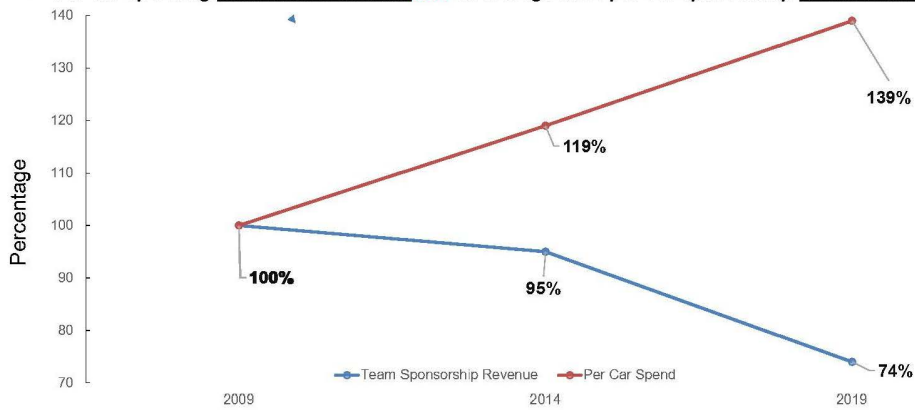


CONFIDENTIAL & PROPRIETARY

PAGE 2

2009 – 2019 Team Revenues & Team Costs

- Over last 10 years, Teams Sponsorship Revenue has declined while the cost to compete has greatly increased
- Per Car operating costs have increased 39% on average while per Car sponsorship revenue has decreased 26%

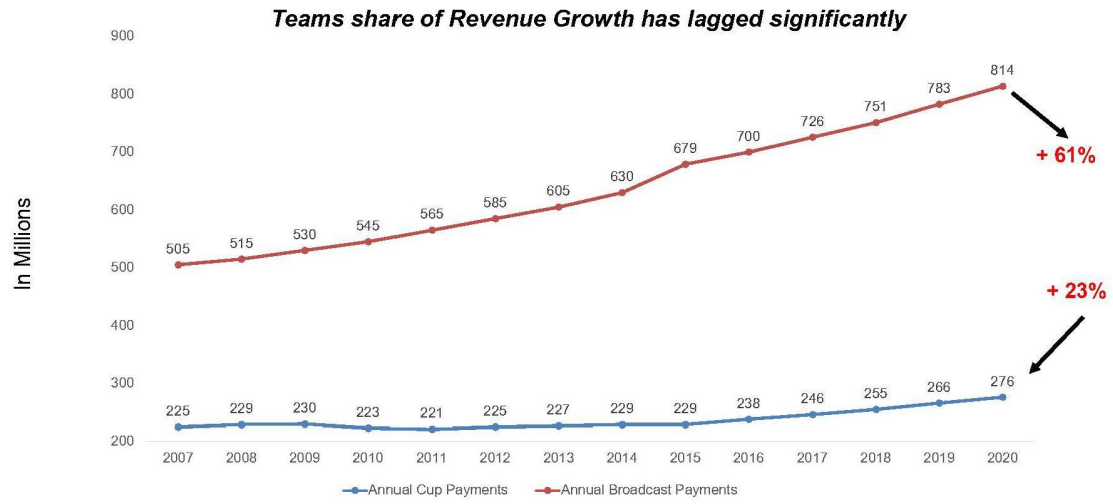


Data from 8 Teams / 24 Cars in Team survey - Excludes cost of Driver

CONFIDENTIAL & PROPRIETARY

PAGE 3

Annual Cup Payments vs. Annual Broadcast Payments (2007 – 2020)

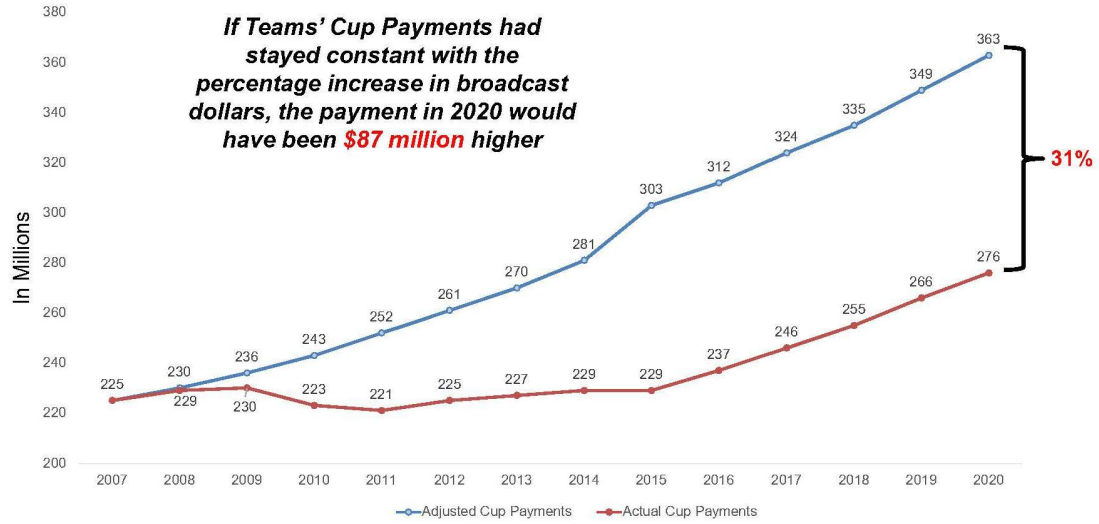


CONFIDENTIAL & PROPRIETARY

PAGE 4

PX-284.005

Constant Percent Cup Payments vs. Actual Cup Payments (2007 – 2020)

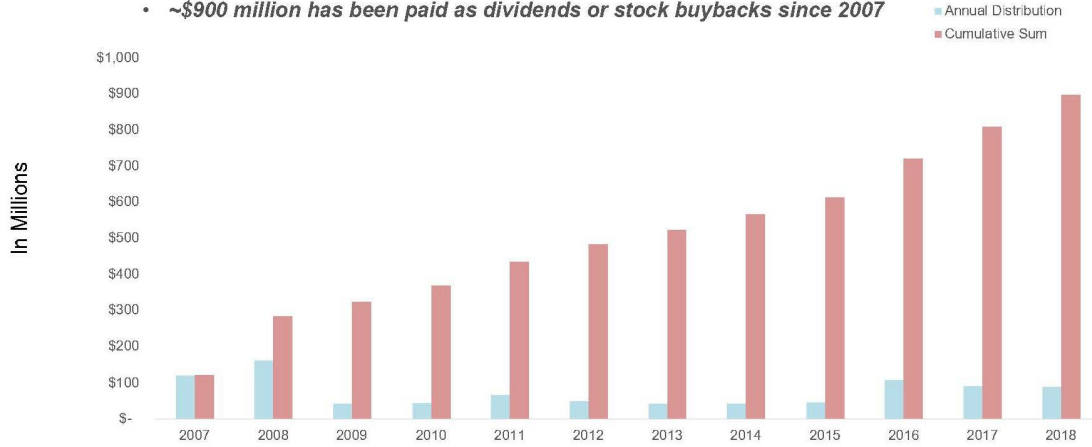


CONFIDENTIAL & PROPRIETARY

PAGE 5

Annual Track Dividends and Buybacks (2007 – 2018)

- Track companies have generated significant free cash flow
- ~\$900 million has been paid as dividends or stock buybacks since 2007



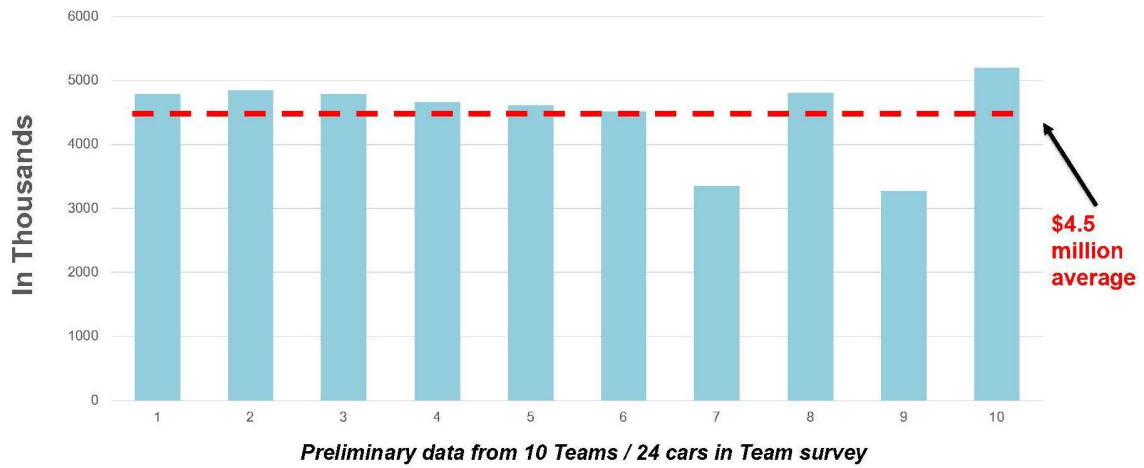
* Graph includes numbers from ISC, SMI and Dover

CONFIDENTIAL & PROPRIETARY

PAGE 6

Potential Gen 7 Conversion Costs

- *Estimated average per car upfront transition cost is between \$3 and \$5 million*
- *Savings and estimated payback period are uncertain*
- *Teams continue to work with NASCAR to reach a more accurate number*



CONFIDENTIAL & PROPRIETARY

PAGE 7

Summary

- The current Charters are up for renewal and no substantive discussions have been held to date
- In the last decade, Team revenue has fallen short when compared to the broadcast revenues that have come into the sport
- While cost containment discussions are ongoing, it is all still a work-in-progress

The goal of the Teams is to reach an agreement with NASCAR where they are treated fairly and as long term strategic partners

CONFIDENTIAL & PROPRIETARY

PAGE 8

Sources

Page 2 - Forbes, where "team" is defined as a single Cup car.

Page 3 - Eight NASCAR Teams (representing 24 Charters) were surveyed and asked to provide information concerning both sponsorship revenue and the cost to field a competitive car in Cup Series (excluding driver costs) for 2019, 2014 and 2009.

Page 4 - Broadcast revenue information was obtained directly from NASCAR (via information in the Charter Agreements) for the current broadcast agreements (starting in 2015), and in the prior years, a combination of NASCAR (via information found on Entry Blanks) and from Tracks (via their public filings).

Page 5 - See notes to Page 4.

Page 6 - From public filings for each of International Speedway Corporation, Speedway Motorsports Inc. and Dover Motorsports Inc.

Page 7 - Ten NASCAR Teams (representing 24 Charters) were provided with a template and asked to respond in connection with their per car cost to transition from the Gen 6 car to the proposed Gen 7 car. These numbers reflect up front costs of conversion and do not represent any potential savings. The Teams continue to work amongst themselves and with NASCAR to make sure there is an "apples to apples" comparison and reach a more accurate number.

CONFIDENTIAL & PROPRIETARY

PAGE 9