

Remington Segment Performance

Remington's extra shotgun barrel line includes Model SP-10, Model 11-87, Model 1100, and Model 870 extra barrels. 2002 sales totaled 33.3M units, or \$4.5MM in revenue. This represents a 13.3% decrease in units and a 13.5% decrease in revenue from 2001 actuals. Worldwide Remington performance for the extra shotgun barrel category follows:

Extra Barrels	1999 Actual	2000 Act.	2001 Act.	2002 Act.	2003 Est.	2003 P.O.
Units Sales (M)	39.2	31.9	38.4	33.3	35.9	37.0
Sales Dollars (\$MM)	5.0	4.2	5.2	4.5	5.2	5.5
Standard Margin (\$MM)	2.8	2.5	2.6	2.2	2.7	3.0
Standard Margin % Sales	56.8%	58.2%	49.4%	50.1%	52.1%	54.2%

Competitive Outlook

In terms of gross profit, extra shotgun barrels have some of the best margins in Remington shotgun products, with a SGM of almost \$72 per unit, or over 50%.

Remington's main competition in this market is from **Hastings®**, who manufactures extra barrels and choke tubes not only for Remington but for Browning, Ithaca and Beretta shotguns as well. Hastings has a reputation for good levels of quality and enjoys respectable sales with its replacement barrels for Remington shotguns. Hastings barrels are offered for the Model 870, Model 1100 and Model 11-87, and come with interchangeable chokes. The Hastings Paradox® line is comprised of fully rifled 12 and 20 gauge barrels, and offers rifled sight and scope mount options. The Hastings barrel line for Remington shotguns spans over 40 SKUs and carries a distributor price after discounts and terms of 5%-10% less than comparable Remington product.

Mossberg® also offers replacement barrels for Remington shotguns, but only in 12 gauge and only for the Model 870. Their line includes 7 SKUs and is almost entirely made up of deer barrels. The distributor price after discounts and terms is around 5% less than comparable Remington barrels, but the perceived low quality of the Mossberg product does not make them a serious threat.