

Industry Insights:

Outdoor Products - 2016

Highlights

Rapid growth of e-commerce, significant competition, and market saturation will continue to drive consolidation in the outdoor and sporting goods retail industry.

Secular trends continue to drive individuals to the outdoors, leading to a growing participation in outdoor activities

U.S. adoption of the Trans-Pacific Partnership is expected to be a boon for Asia-Pacific exporters and U.S. importers on a variety of consumer goods

Large strategic buyers are acquiring leaders in niche markets to enhance authenticity, expand product offerings, boost market share, and benefit from supply chain and sales channel efficiencies

A hybrid of wakeboarding and windsurfing, kiteboarding is a rapidly growing niche that has grown into a multi-million dollar industry

Recent M&A trends have shown strategic buyers being aggressive in adding-on complimentary brands

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Outdoor Products Recent Trends

Consumers desire to lead healthy, active lifestyles continues to propel M&A activity and premium public valuations in the outdoor products industry. Outdoor recreation product sales represent a \$120 billion market in the U.S. and continue to grow as Americans seek to become healthier, social and environmentally focused.¹ The sector has proven resilient, demonstrating ~5% annual growth between 2005 – 2011 while many other sectors contracted. M&A activity was extremely active in 2014 – 2015, and indications point to continued consolidation among large strategic players while innovative, high growth outdoor brands continue to pique the interest of private equity investors.

Growing Participation in Outdoor Activities

Secular trends continue to drive individuals to the great outdoors. Motivation for participation range from desire to improve overall health and wellness, spend time with friends and family in a rural setting, search for a release from the pressures of a stressful job, “disconnect” from a technology-infused lifestyle, or simply reconnect with mother nature. According to its most recent Outdoor Participation Report, the Outdoor Foundation suggests that 141 million Americans participated in an outdoor activity in 2014, up from 138 million in 2010.² As a result, demand for quality, innovative products continues to fuel industry growth.

According to its most recent Outdoor Recreation Economy publication, the Outdoor Industry Association reports that water sports brought in the largest spend at \$19.4 billion, representing 16% of overall spending, followed by camping at \$18.6 billion, representing 15% of overall spending.³ The Outdoor Foundation reports that stand-up paddle boarding is the fastest growing outdoor sport, with participation increasing 27% annually from 2010 – 2014. kayak / fishing (19% annual participation growth) and adventure racing (15% annual participation growth) represent the second and third fastest growing activities. Running / jogging, biking and fishing remain the top three activities in terms of absolute participation. Also of note, participation in hiking has risen by 3% annually, attracting over 36 million participants in 2014 and ranking within the top five most popular activities across all major demographics.⁴

Impact of Unusually Warm Weather

Shifts in weather impacts consumer buying decisions. Typically the anticipation of winter and winter holidays compels consumers to purchase outdoor snow and winter equipment to prepare for the seasonal shift. Consequently, outdoor retailers and wholesalers adjust inventories to prepare for forecasted demand. The uncommonly warm weather in late 2015 affected large regions of the United States (primarily the Northeast) and negatively impacted sales of cold weather equipment as consumers adjusted their expectations regarding necessary winter items.

1 “The Outdoor Recreation Economy.” Outdoor Industry Association.

2 “Outdoor Participation Report.” Outdoor Foundation.

3 Ibid.

4 “Outdoor Participation Report.” Outdoor Foundation.

5 “Warm Weather Melting Millions Off Winter Gear Retailers.” The Guardian

November 2015 was reported as the planet’s warmest month on record, in addition to an unusually strong El Niño effect heating up the U.S. and Europe, and the change has carved a chunk out of retailers who rely on the cold weather for clothing sales.⁵ Likewise for the branded outdoor product companies who are reliant on retailer inventory levels, the warm weather has affected sell-through of seasonal products.⁶ This in turn disrupts the manufacturing and distribution cycle for wholesalers. As such, there has been a decline in the overall market for cold weather products and a negative impact on the general outdoor products industry in late 2015 and into early 2016.

E-Tail vs. Retail

Many top-selling outdoor brands, that have historically operated a wholesale / retail sales model, are now opting to sell products direct-to-consumer via their own websites. Direct-to-consumer sales continue to compete with brick-and-mortar, creating a new balance between wholesalers and retailers. E-commerce accounted for 6.0% of the total retail market worldwide in 2014 or \$1.3 trillion. By 2018, that share is projected to increase to approximately 8.8%.⁷

Some outdoor retailers are enjoying a period of exceptional growth in digital commerce. Visits to outdoor e-commerce sites increased 38% Y-o-Y in 2015 (with an 11% conversion rate), and popular outdoor retailers including REI.com, Backcountry, Moosejaw and Amazon continue to capitalize on this trend.⁸ For example, Amazon recently separated Outdoor products into its own sub-category (previously housed within “Sports and Outdoor”). The new, standalone Outdoor sub-category, with a concentrated focus on premium outdoor brands, has experienced disproportionate category growth since its launch.

REI, which registered over \$2.4 billion in sales in 2015, has successfully integrated a multi-channel sales model. The Company has focused intently on synchronizing its retail channels, rather than pitting them against each other. REI has deployed both an in-store pickup service for items ordered on the Web and a multi-channel gift registry to involve customers in both online and brick-and-mortar stores.

Many outdoor brands are also responding to the fast-growing rise in mobile commerce. In early 2015, Black Diamond turned its energy towards creating a best-in-class mobile experience for shoppers. The mobile platform delivers a streamlined navigation, mobile-friendly product pages, integrated payment solutions and a GPS function for shoppers seeking to touch and feel products at their local retail store. The focus on mobile and infusion of best practices proved successful; mobile conversion rates have climbed and total revenue from mobile phones continues to increase.

6 “Columbia Sportswear Company.” Earnings Call Transcript - 2/11/2016.

7 “Trends in Digital Retail.” WBR Digital Whitepaper presented by Sailthru, Criteo, and Soasta.

8 “Outdoor Shopping Focus.” DemandWare.

Outdoor Products Recent Trends (cont.)

Outdoor brands have turned to User Generated Content (UGC) to educate and inspire customers and further expand the reach of marketing messages. UGC allows customers to connect with one another and share experiences with the broader, outdoor community. In fact, 63% of consumers trust user-generated photos more than brand-created images.⁹ Columbia Sportswear, in its recent Trying Stuff campaign, encouraged customers to submit examples of experiences enjoying the Columbia brand in the great outdoors. By sharing experiences, rather than promoting and advertising, the campaign was able to reach consumers on a personal level and further reinforce the brand and lifestyle in the minds of its customers.

Channel Consolidation

Rapid growth of e-commerce, significant competition, and market saturation has driven, and will continue to drive consolidation in the outdoor and sporting goods retail industry. Intensified competition between brick-and-mortar and dominant e-commerce players is putting enormous pressure on many retail sector participants. This is visible in several sub-verticals of the retail landscape.

In the outdoor products industry, REI has emerged as the dominant force. As sales growth beat the S&P Retail Index eight of the last nine years, the company gained significant market share and inflicted pain on smaller businesses.¹⁰ The same trend can be spotted in the sporting goods industry, as evidenced by a recent slew of retail bankruptcies. The Sports Authority filed for Chapter 11 in late February 2016, as a steady decline in profitability caused it to default on debt payments. Once the largest sporting goods retailer in the U.S., The Sports Authority faced growing competition from Dick's Sporting Goods and most recently, Academy Sports + Outdoors. One year prior, a similar regional chain, City Sports, filed for Chapter 11 as it struggled to stay competitive as well. Vestis Retail Group, which operates EMS, Bob's Stores and Sport Chalet, filed for Chapter 11 in April 2016 and is expected to use the process to strategically reduce its store footprint.¹¹ A large number of brick-and-mortar store closures throughout the industry demonstrate the impact of evolving consumer habits and residual overstoreing of the U.S. retail landscape. Demand for in-store shopping experience has declined and continues to face the challenges of rising e-commerce and wholesale brands expanding their proprietary retail and direct-to-consumer capabilities.

Innovative companies that have identified previously underserved demand for a niche shopping experience have expanded in recent years. West Marine, a specialty retailer of water related outdoor products has demonstrated strong sales growth over the past two years.¹² The company achieved this through store optimization, merchandise expansion and a focus on its e-commerce platform. West Marine's innovative business model operates under a "fewer, but better" store strategy, while continually investing in its online platform. Many in the industry have noted the clear similarities to

REI's "edit and amplify" mantra. West Marine's business model supports the notion that demand still exists for brick-and-mortar retail, but that portfolios need to become lean, efficient and offer a differentiated in-store experience to survive.

Growing Niches

Running Specialty

Running (running/jogging and trail running) remains the most popular U.S. outdoor activity with more than 51 million participants. Triathlon, with 2.2 million participants in 2014, is experiencing participation rates that are nearly double the previous decade. Increased participation in running, triathlon and adventure races continues to draw newcomers to the outdoors.¹³

Race Craze

With both typical road races and adventure races becoming more popular, major brands are benefiting from partnerships with race organizers. Races appeal to a wide range of contenders, from running enthusiasts to those seeking fun and social interaction. The lively ambiance surrounding a race presents an exciting opportunity for brands to connect with prospective customers while promoting outdoor recreation and fun. Outdoor companies including Under Armour (Tough Mudder), Reebok (Spartan Race), Columbia (Muddy Buddy) and Merrell (GODZone) are examples of major brands that have expanded sponsorships to traditional adventure racing, trail running events and mud races.

Kiteboarding

A hybrid of wakeboarding and windsurfing, kiteboarding is a rapidly growing niche water sport that got its start on Maui in the 1990s and has since grown into a multi-million dollar industry. Kiteboarding relies on a kite nearly the size of a parachute to pull a person through the water on a board. Unlike wakeboarding, there is no need for a boat and unlike windsurfing; there is no need to wait for the necessary high winds. It is a sport that has grown largely because of its versatility and use in all conditions. Rapid industry growth has given wind to a new market of branded kiteboarding companies such as Cabrinha, Litewave Designs, Slingshot, Ozone, and F-One Kites, all of which help promote the sports expansion.

Trade Tariff

The Trans-Pacific Partnership ("TPP") is a trade agreement among twelve Pacific Rim countries, which among other economic matters, seeks to lower trade barriers, including tariffs. Its adoption by the Obama administration is expected to be a boon for Asia-Pacific exporters and U.S. importers on a variety of goods. The U.S., Japan and ten other countries including Vietnam, Malaysia and Singapore, reached a historic accord to lower trade barriers on goods and services and set commercial rules of the road for two-fifths of the global economy. Manufacturers of outdoor apparel and products are among those considering increased production in the Southeast

¹² West Marine Inc. Form 10-K on 3/9/16.

¹³ "Outdoor Participation Report." Outdoor Foundation.

⁹ "Outdoor Shopping Focus." DemandWare.

¹⁰ "REI's Crunchy Business Model is Crushing Retail Competitors." Bloomberg.

¹¹ "Eastern Mountain Sports Said to Be Headed for Bankruptcy Court." Bloomberg.

Outdoor Products Recent Trends (cont.)

Asian countries to capitalize on export growth expected from the accord, which decreases tariffs to U.S. markets. By 2025, membership of the TPP could boost exports from Vietnam by an additional 29% and from Malaysia by almost 12%.¹⁴

Tariffs on outdoor apparel exports from Vietnam to the U.S. are expected to eventually drop materially from the current industry average of 14%. High-performance recreational apparel sourced from abroad are among the most highly taxed when entering the U.S. despite the fact that they face no viable domestic competition. The average bound tariff rate on imported goods is less than 3%, but duties on outdoor products average 14% or higher, with some as high as 40%.¹⁵ Since these outdated tariffs no longer protect a domestic industry, they are believed to unnecessarily harm U.S. outdoor companies and ultimately U.S. consumers. As such, the TPP negotiations present a tremendous opportunity for the outdoor products industry. The duty savings from eliminating these disproportionately high tariffs could help lower costs for consumers and wholesalers, fuel innovation and create jobs across the U.S.

Synergies Driving M&A

In a somewhat fragmented industry, comprised of numerous, small-scale entrepreneurial brands, innovative companies are commanding attention from corporate and private equity buyers, with the market ripe for further acquisition activity. As the retail experience becomes increasingly transparent, consumers have become more educated about product features and how they relate to price, facilitating the need for product innovation as a means to differentiate from competition. As a result, large strategic buyers are active in acquiring leaders in niche markets in order to enhance authenticity, expand product offerings, boost market share and benefit from supply chain and sales channel efficiencies.

Recent M&A trends have shown strategic buyers being aggressive in adding-on complementary brands. The targets are plentiful and varied, as the outdoor performance industry includes numerous sub-sectors within the apparel and equipment space, including hunting, fishing, rock-climbing, snowboarding, skiing, surfing and cycling. Technical packs and gear carrying equipment have been a hot category in recent years with several strategic buyers pursuing authentic brands with innovative and unique product offerings.

The vast majority of transactions in the outdoor products space provide access to new distribution channels and geographic markets, broader product lines and economies of scale. This presents a significant opportunity to benefit from sales channel, supply chain and research and development synergies. Vista Outdoor's acquisition of CamelBak Products strengthens and expands Vista's presence in outdoor sports and recreation. It creates an opportunity to increase the scale, reach and growth of

several current offerings through expanded global sourcing capabilities and a broadened retail distribution network. With limited overlap between key customers, the acquisition creates significant cross-selling opportunities, increased channel presence and access to expanded domestic and international markets. For example, Wilson's acquisition of Louisville Slugger enables Wilson to leverage its broad platform of sales channels to promote and expand sales of the Louisville Slugger brand in large retail outlets, including Dick's Sporting Goods. Samsonite's acquisition of Gregory enables a luggage maker to broaden its product footprint into outdoor packs and the opportunity to gain significant market share in both the outdoor marketplace and in Asian markets. Samsonite is also able to consolidate sourcing capabilities and take advantage of supply chain synergies.

Conclusion

Outdoor recreation is growing and is an increasingly critical sector of the American economy. Outdoor products are evolving from a consumer discretionary to a staple as large corporations, business leaders and political figures across the country increasingly emphasize the undeniable economic, social and health benefits of outdoor recreation. At the core of outdoor recreation is the outdoor consumer, whose expansive and diverse interests fuel a robust and innovative industry. Today's consumer seeks meaningful outdoor experiences and is no longer confined to traditional demographics or activity segments. The industry has grown to encompass all genders, ages, ethnicities and income levels and is now viewed as an essential part of daily life. The outdoor recreation industry is exceptionally dynamic and is in the midst of a renaissance driving rapid growth in certain niches and substantial technological innovation resulting in strong top line sales and brand consolidation over the past decade. As long as the consumer continues this progression, so will the growth of the outdoor products industry.

14 "Company Stampede to Southeast Asia Seen on Trans-Pacific Partnership Trade Pact". Wall Street Journal.

15 "U.S. Bill to Remove Outdoor Apparel Tariff Gains Steam". New Hampshire Business Review.

Selected Outdoor Products M&A Activity

Outdoor products M&A activity has continued at a strong pace during FY 2015 and YTD 2016. Private equity funds have significant amounts of dry powder and the increasingly competitive marketplace is pushing EBITDA multiples higher. Strategic acquirers, particularly outdoor product manufacturers owning multiple brands, are also in search of opportunities to expand their portfolios. The high level of activity reflects

a strong interest in the outdoor products industry, making firms in the industry attractive acquisition targets for PE and strategic acquirers alike. Several notable transactions have already been completed or announced in the outdoor products industry in 2016. Below is a broad cross-section of transaction activity dating back to 2011.

Selected Transaction Analysis

(\$ in millions)

Date Announced	Acquirer Name	Target Name	Enterprise Value (\$mm)	Enterprise Value as a Multiple of LTM:	
				Revenue	EBITDA
05/04/16	Gilden Activewear	Alstyle Apparel	\$110.0	-	-
05/02/16	Dunlop Industrial and Protective Footwear	ONGUARD Industries	-	-	-
04/28/16	Lion Capital	Authentic Brands Group	-	-	-
04/20/16	Oxford of South Carolina	Southern Tide	\$85.0	-	-
03/24/16	Arcus Hunting, LLC	Ramcat Broadheads	-	-	-
03/03/16	Samsonite	Tumi Holdings	\$1,731.7	3.16x	14.2x
02/24/16	Vista Outdoor Inc.	Bell Sports Corp.	\$400.0	1.14x	10.0x
10/7/2015	Dainese	POC Sweden	\$65.0	1.87x	-
7/24/2015	Vista Outdoor Inc.	CamelBak Acquisition Corp.	\$412.5	2.58x	11.0x
7/1/2015	TSG Consumer Partners	Backcountry.com	\$300.0	-	-
6/10/2015	One Industries Corp.	Bravo Sports Corporation	-	-	-
4/2/2015	Exel Outdoors, LLC	American Recreation Products, Inc.	\$30.0	-	-
4/2/2015	Arcus Hunting, LLC	Obsession Bows	-	-	-
03/23/15	Wilson Sporting Goods	Louisville Slugger	\$70.0	-	-
03/10/15	Boot Barn, Inc.	Sheplers, Inc.	\$147.0	0.94x	9.9x
02/11/15	Webster Capital	Dover Saddlery, Inc.	\$73.2	0.70x	17.2x
01/08/15	Jarden Corp	Dalbello Sports	\$40.0	1.14x	10.0x
11/05/14	Investcorp	Dainese	\$142.8	1.11x	11.8x
06/30/14	Vestis Retail Group	Sport Chalet	\$60.3	0.18x	NM
6/18/2014	Samsonite	Gregory Mountain Products	\$84.1	2.41x	10.0x
4/29/2014	Columbia Sportswear Company	prAna Living	\$188.5	-	13.0x
4/22/2014	J.H. Whitney & Co.	Confluence Outdoor	-	-	-
3/17/2014	Bregal Investments	Shock Doctor	-	-	-
2/13/2014	Bauer Performance Sports	Easton	\$330.0	-	9.0x
12/10/2013	Bain Capital Private Equity	Canada Goose	-	-	-
11/27/2013	EMERAM Capital Partners	Boards & More	\$53.7	0.87x	-
11/25/2013	Ansell	BarrierSafe Solutions	\$615.0	2.16x	9.6x
11/7/2013	Essilor International	Costa	\$253.5	1.30x	13.1x
10/22/2013	Altamont Capital Partners	Mervin Manufacturing	\$51.5	1.61x	-
9/11/2013	Mill Road Capital; Blackstone	R.G. Barry Corporation	\$212.5	1.50x	10.4x
9/4/2013	Alliant Techsystems	Bushnell	\$985.0	1.79x	10.6x
8/2/2013	Bruckmann, Rosser, Sherrill & Co.	Gamo Outdoor	\$106.3	-	-
3/5/2013	James Fisher and Sons Public Limited Company	Divex	\$33.1	0.64x	4.8x
1/16/2013	E. Land World Company	K-Swiss	\$127.9	0.57x	NM
11/26/2012	Versa Capital Management	Eastern Mountain Sports	-	-	-
7/17/2012	Samsonite International	High Sierra Sport Company	\$110.0	1.72x	-
7/13/2012	Teachers' Private Capital	Helly Hansen	\$327.8	1.27x	11.0x
7/5/2012	ABC-Mart	Lacrosse Footwear	\$145.4	1.06x	14.8x
6/21/2012	Mizuno Corporation	Senoh Corporation	\$99.9	0.82x	-
6/13/2012	Bauer Performance Sports	Cascade Helmets Holdings	\$80.6	3.69x	14.3x
4/3/2012	Accell Group	Raleigh UK Limited	\$98.2	0.40x	-
3/18/2012	Taylor Made Golf Company	Adams Golf	\$80.2	0.73x	9.6x
3/12/2012	Black Diamond	POC Sweden	\$44.3	1.97x	-
08/25/11	Compass Diversified Holdings	CamelBak Products	\$245.0	2.00x	-

Source: S&PCapital IQ; Total U.S. Food Retail closed transactions from 2010 to 2016

Selected Outdoor Products M&A Activity (cont.)

Selected Transaction Analysis

(\$ in millions)

Date Announced	Acquirer Name	Target Name	Enterprise Value (\$mm)	Enterprise Value as a Multiple of LTM:	
				Revenue	EBITDA
6/21/2011	Blackstone Capital Partners LP	JACK WOLFSKIN	\$995.1	2.30x	-
6/12/2011	V.F. Corporation	Timberland LLC	\$1,991.7	1.34x	12.3x
5/19/2011	Fila Korea; Financial Sponsor Group	Acushnet Company	\$1,225.0	1.02x	-
5/19/2011	Deckers Outdoor Corp.	Sanuk U.S.A. / C & C Partners	\$149.8	3.08x	11.0x
			Median	1.30x	11.0x
			Mean	1.52x	11.3x

Source: S&PCapital IQ; Total U.S. Food Retail closed transactions from 2010 to 2016

Selected Outdoor Products M&A Transactions

Samsonite/Gregory and Tumi

On June 19, 2014, Samsonite International announced the acquisition of Gregory Mountain Products, an iconic technical outdoor backpack brand, from Black Diamond, for \$85 million. Founded in 1977, U.S.-based Gregory is well-known for setting performance standards for innovative design, ergonomics, high-quality and durability of its products. The acquisition is complementary to Samsonite's High Sierra product offering and significantly broadens the company's presence in the outdoor category.

On March 3, 2016, Samsonite announced the acquisition of premium luggage brand Tumi for \$26.75 per share in an all cash transaction, valuing Tumi at \$1.8 billion. This represents a 13.6x EBITDA multiple for the last twelve months ended December 31, 2015 and a premium of approximately 38% to Tumi's volume weighted price of \$19.34 for the five days up to and including the last trading day prior to market rumors. The acquisition will meaningfully expand Samsonite's presence in the highly attractive premium segment of the bags, travel luggage and accessories market. Founded in 1975, Tumi is a leading global premium lifestyle brand offering a comprehensive line of business bags and travel luggage.

Following the acquisition of Tumi, Samsonite indicated it would take a pause before pursuing new brand acquisitions.

Vista Outdoor/CamelBak and Bell Sports Corp.

On July 27, 2015, Vista Outdoor, a leading global designer, manufacturer and marketer in the growing outdoor sports and recreation markets, announced the acquisition of CamelBak Products from Compass Diversified Holdings for \$412 million. CamelBak is a leading provider of personal hydration solutions for outdoor, recreation and military use. Founded in 1989 and headquartered in Petaluma, California, CamelBak is a category creator for hands-free hydration products including hydration packs, reusable bottles and individual purification and filtration systems. CamelBak has approximately 300 employees and will be integrated into the Outdoor Products segment of Vista Outdoor, increasing the scale of the business and reinforcing a culture focused on delivering high-quality, technologically advanced products.

On February 25, 2016, Vista Outdoor announced the acquisition of BRG Sports' Action Sports division, d/b/a Bell Sports Corporation, which includes the brands Bell, Giro, C-Preme and Blackburn, for a purchase price of \$400 million. The purchase price represents an effective multiple of approximately 10x 2016 EBITDA. The acquisition adds a collection of branded sports equipment products serving cycling, snow sports and powersports to Vista's growing portfolio of outdoor products. This marks the third major acquisition since Vista's spin-off from Alliant Techsystems and has led to its growing prevalence in the outdoor sports and recreational products segment.

Dainese/POC

On October 7, 2015, Swedish skiing and cycling helmet and apparel brand POC was acquired by Dainese, a portfolio company of Investcorp, from Black Diamond for \$65 million. POC was founded in 2005 and has been growing successfully in more than 40 countries across multiple product lines for skiers, snowboarders, mountain bikers and road cyclists. The acquisition comes almost a year after Investcorp acquired the specialist gear and protection maker Dainese.

TSG Consumer/Backcountry.com

On July 1, 2015, TSG Consumer Partners, a leading equity investor in high-growth consumer brands, acquired Backcountry.com, one of the largest online specialty retailers of outdoor gear and apparel, from Liberty Interactive Corporation. Founded in 1996 in Park City, Utah, Backcountry now operates several e-commerce sites, including its flagship Backcountry brand, as well as Competitive Cyclist, MotoSport, Bergfreunde, Steep * Cheap and Whiskey Militia. Following the acquisition, TSG plans to expand Backcountry into adjacent categories and international markets, according to the press release.

Exxel Outdoors/American Recreation Products

On April 6, 2015, Exxel Outdoors, an outdoor equipment and apparel manufacturer, acquired American Recreation Products, an outdoor recreation manufacturer headquartered in Boulder, Colorado. American Recreation Products is home to a number of outdoor brands, including Sierra Designs, Slumberjack, Mountain Trails, and Instabed. American Recreation Products are distributed to sporting goods and outdoor specialty stores throughout the U.S., and are also available online. The combined company will be headquartered in Boulder under the Exxel Outdoors name.

Webster Capital/Dover Saddlery

On July 1, 2015, Dover Saddlery, the leading multichannel retailer of equestrian products in the U.S., completed a going-private transaction with Webster Capital. Dover shareholders received \$8.50 per share in cash, representing a total consideration of \$73 million. The transaction price yielded a 70% premium over Dover's pre-announcement share price of \$5.00 and a multiple of 17.2x LTM EBITDA. Founded in 1975 in Wellesley, Massachusetts by United States Equestrian team members, Dover Saddlery has grown to become the leading retailer of equestrian products.

Wilson Sporting Goods/Louisville Slugger

On March 23, 2015, Wilson Sporting Goods completed its acquisition of the Louisville Slugger brand from Hillerich & Bradsby for a purchase price of \$70 million. Wilson retained global sales and innovative rights to the Louisville Slugger brand. Under the terms of the agreement, Hillerich & Bradsby will be the exclusive manufacturing partner of Louisville Slugger branded wood bats for Wilson.

Selected Publicly Traded Outdoor Product Companies

Trading multiples for outdoor products are near multi-year highs. Lifestyle and Apparel Product multiples are the strongest, trading at 14.8x LTM EBITDA, 13.0x 2016E EBITDA. Outdoor and Leisure Product multiples are also very strong, trading at 12.0x LTM

EBITDA, 11.3x 2016E EBITDA. The high industry multiples are driven by healthy mergers and acquisitions activity as well as overall growth of consumers interest in outdoor recreation.

(\$ in millions except share price data)

Company	Stock Price 06/06/16	% of 52 Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM					
					Revenue			EBITDA			Price/ EPS	EBITDA Margin	Revenue Growth			
					LTM	2016E	2017E	LTM	2016E	2017E						
Outdoor and Leisure Products																
Accell Group NV	\$20.71	88.7%	\$535	\$760	0.70x	0.65x	0.61x	9.5x	9.0x	8.0x	14.2x	7.3%	6.3%			
Amer Sports Corp.	26.50	85.3%	3,116	3,712	1.29x	1.23x	1.16x	12.0x	11.2x	10.1x	23.8x	10.8%	4.9%			
Black Diamond, Inc.	4.22	41.4%	130	54	0.36x	0.37x	0.35x	17.4x	NA	NA	NM	2.1%	(2.3%)			
BRP Inc.	15.34	67.2%	1,747	2,396	0.81x	0.77x	0.74x	NM	6.3x	5.8x	18.5x	(1.0%)	4.8%			
Callaway Golf Co.	10.17	95.8%	955	1,000	1.20x	1.15x	1.10x	19.2x	17.6x	14.1x	NM	6.3%	4.2%			
Dorel Industries Inc.	35.38	98.1%	1,144	1,696	0.64x	0.62x	0.60x	10.7x	9.0x	8.2x	24.4x	5.9%	1.9%			
Escalade Inc.	9.91	51.6%	141	172	1.10x	1.04x	0.98x	10.3x	8.2x	7.2x	17.0x	10.7%	5.4%			
Johnson Outdoors Inc.	26.51	97.4%	265	251	0.56x	0.55x	NA	6.1x	NA	NA	13.8x	9.2%	3.1%			
Nautilus Inc.	18.44	80.7%	572	575	1.60x	1.32x	1.20x	11.1x	8.5x	7.6x	19.6x	14.4%	21.3%			
Performance Sports Group Ltd.	3.88	15.6%	177	640	1.06x	1.16x	1.06x	19.1x	21.4x	9.8x	NM	5.6%	(8.0%)			
Samsonite International S.A.	21.70	77.9%	31,537	31,459	1.70x	1.58x	1.39x	11.0x	10.0x	8.6x	NM	15.5%	7.8%			
					Median			1.06x	1.04x	1.02x	11.0x	9.0x	8.2x	18.5x	7.3%	4.8%
					Mean			1.00x	0.95x	0.92x	12.6x	11.2x	8.8x	18.8x	7.9%	4.5%
Lifestyle and Apparel Products																
Adidas AG	\$141.44	98.6%	\$28,315	\$29,004	1.49x	1.39x	1.29x	17.2x	15.2x	13.4x	33.7x	8.7%	6.9%			
Columbia Sportswear Company	56.98	76.3%	3,970	3,552	1.50x	1.45x	1.35x	11.4x	11.1x	10.2x	26.2x	13.1%	3.6%			
Deckers Outdoor Corp.	57.61	77.1%	1,864	1,718	0.92x	0.93x	0.90x	7.0x	7.2x	6.7x	16.0x	13.0%	(1.0%)			
Fila Korea Ltd.	79.22	73.7%	904	1,139	1.72x	1.66x	1.55x	19.2x	16.5x	12.7x	NM	9.0%	3.6%			
G-III Apparel Group, Ltd.	45.77	61.9%	2,086	1,991	0.84x	0.78x	0.72x	9.7x	8.6x	7.5x	19.4x	8.7%	7.7%			
Lululemon Athletica Inc.	74.41	99.5%	10,193	9,642	4.52x	4.12x	3.67x	22.3x	19.4x	16.9x	46.4x	20.3%	9.8%			
NIKE, Inc.	55.80	81.8%	94,007	90,605	2.80x	2.71x	2.47x	17.5x	17.7x	14.6x	32.8x	16.0%	3.3%			
Under Armour, Inc.	39.85	75.3%	17,398	18,180	4.32x	3.67x	2.93x	34.1x	30.1x	23.3x	NM	12.7%	17.9%			
V.F. Corporation	62.20	80.4%	25,939	27,895	2.25x	2.16x	2.01x	13.8x	12.9x	11.6x	25.4x	16.3%	4.3%			
					Median			1.72x	1.66x	1.55x	17.2x	15.2x	12.7x	26.2x	13.0%	4.3%
					Mean			1.72x	1.66x	1.55x	17.2x	15.2x	12.7x	26.2x	13.0%	4.3%

Source: Capital IQ and SEC filing; Firms represent actively traded outdoor companies.

Selected Recent Duff & Phelps Outdoor Product Transactions

Duff & Phelps professionals have deep experience serving the Outdoor Products industry, providing M&A advisory, capital raising, valuation and restructuring services through a global practice.

Contact Joshua Benn at joshua.benn@duffandphelps.com or Edward Mielke at ed.mielke@duffandphelps.com to arrange a time to meet.

Sell Side Advisor



has received a minority investment from

FS Freeman Spogli & Co.

Buy Side Advisor



has been acquired by

J.H. WHITNEY & CO.
J.H. WHITNEY CAPITAL PARTNERS, LLC

Buy Side Advisor



has acquired



Sell Side Advisor



has completed a going-private transaction with

WEBSTER|capital

Sell Side Advisor



has been acquired by

EG CAPITAL

Sell Side Advisor



acquired a significant minority interest in



Buy Side Advisor



has acquired



Blue Tomato

Financial Advisor



has been acquired by

VESTIS
RETAIL GROUP

Sell Side Advisor



has been acquired by

VERSA
CAPITAL MANAGEMENT, LLC

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About Duff & Phelps

Duff & Phelps is the premier global valuation and corporate finance advisor with expertise in complex valuation, dispute and legal management consulting, M&A, restructuring, and compliance and regulatory consulting. The firm's more than 2,000 employees serve a diverse range of clients from offices around the world.

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