

# Industry Insights: Outdoor Recreational Products

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Spring 2018



# Q Highlights

A strong macroeconomic climate coupled with a growing desire among consumers to lead active, healthy lifestyles (driven by Millennials) has resulted in growing M&A activity and healthy deal multiples in the outdoor products industry.

Secular trends continue to drive consumers outside, leading to increasing participation in outdoor activities.

The M&A market has been dominated by both hyper-acquisitive strategic buyers, motivated to expand category offerings, fill product gaps and bolster e-commerce capabilities, as well as resurgence of financial sponsors actively seeking add-on acquisitions for platform companies and smaller, high-growth investments.

The Outdoor industry faces a shifting political landscape involving public lands that anchor recreation, resulting in outdoor industry companies responding with political activism.

The U.S. sportswear market is seeing a major shift from traditional in-store purchases to higher velocity digital purchases. Brick-and-mortar outdoor retail specialists face competition from pure “e-tailers” and direct-to-consumer (D2C) brands that price aggressively.

Outdoor brands have become more fashion-conscious to meet consumer preferences for versatile outerwear that is stylish yet possess the functional capabilities of traditional outdoor gear. This trend, defined as “athleisure,” consists of casual, comfortable clothing designed to be suitable for both exercise and everyday wear.

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# Key Recent Trends Impacting the Industry ●○○

## Increasing Participation in Outdoor Activities

Consumer enthusiasm for outdoor activities has risen considerably over the past five years, propelling the industry to generate revenues of more than \$650 billion in 2016. Nearly half of all Americans participated in at least one outdoor activity in 2016, equating to ~150 million people.<sup>1</sup>

Hiking and climbing continue to grow in the outdoor industry, increasing their participation rates 7% and 6%, respectively, over the three years 2014 to 2016. Cross-country skiing and BMX bicycling also saw some of the biggest participation increases during the same time period. While participation in running was down 5%, running-related activities such as triathlon, adventure racing and trail running all gained in popularity.<sup>2</sup>

Key factors driving demand in the global outdoor products market include changing lifestyles driving increased shifts toward outdoor recreational activities, along with growing consumer awareness regarding the physical and mental benefits of sporting activities. With the ever-growing presence of e-commerce, consumers are now able to research, compare and buy the outdoor products of their choice.

Recreational activities and travel continue to be a core, yet increasing, component of the American lifestyle. Recreational activities are also a vital aspect of international visitation. The Department of Commerce reports that 40% of the nearly 25.6 million non-North American leisure visitors to the United States in 2016 included national parks in their itineraries. Most components of the recreation industry reported significant gains in 2017 and the general outlook for 2018 continues to be optimistic. It is likely that recreational activities will increase as more people seek active, healthy “high value” vacationing.<sup>3</sup>

## Strong Macroeconomic Climate

The U.S. economy appears positioned for continued growth of 2%–2.5% throughout 2018, providing favorable tailwinds for the outdoor products industry through discretionary spending. Consumers, a key source of that strength, continue to benefit from a strengthening labor market, low inflation and rising incomes. Unemployment hit a record low of 4.2% in 2017, with an average of about 148,000 jobs added every month over the past year.<sup>4</sup>

## Generational Shifts Toward Healthier Lifestyles

A growing percentage of the general population is shifting toward healthier lifestyles, driving growth in various sub-segments of the outdoor market through stronger participation in sports, fitness and recreational activities.

Generally speaking, Millennials tend to take a more holistic approach to health and wellness than older demographics. Millennials make fitness part of their daily regimen, they are more conscious of their diet and they smoke less than previous generations.

## Industry Views Climate Change as an Existential Threat to the Industry

The scientific community is increasingly concerned that climate change may alter the way parks and recreation administrators plan, design and manage parks, public lands and recreation facilities.<sup>5</sup>

Many types of outdoor recreation is affected by climate change, from snow-skiing to desert hiking. For backcountry recreation, climate change is having a more indirect, though no less potent, effect. Certain types of outdoor recreation, such as whitewater rafting, kayaking and other aquatic activities, are already facing a higher likelihood of disruption as climate change becomes increasingly real.

Industry leaders suggest that climate change is not only affecting the ways people recreate, but also how they may do business. This has caused many manufacturers to take a much more active role in advocacy for public lands.

Companies such as Patagonia, The North Face and Keen Footwear have spoken out through social media and national campaigns to protect public lands and demand action for conservation at the national level.

The negative impacts of climate change have led corporations to become advocates for outdoor recreation and the environment.

# Key Recent Trends Impacting the Industry ○●○

## Shifting Political Landscape

The Outdoor industry is facing a shift in political landscape involving the public lands that anchor recreation. Having a nearly trillion dollar impact, outdoor recreation is one of the nation's largest economic sectors.<sup>6</sup> With the investments in the foundation of the recreation economy, i.e., public lands and waters, there is compounding return in the form of healthier communities, healthier economies and healthier people.

## The Outdoor Recreation Jobs and Economic Impact Act

The U.S. Congress passed the Outdoor Recreation Jobs and Economic Impact (REC) Act with unanimous, bipartisan support, marking an important milestone for the outdoor category. Signed by former President Barack Obama, the law ensures the outdoor recreation economy is counted as part of U.S. gross domestic product.

## Trump Orders the Review of National Monument Designations

In April 2017, President Trump signed an executive order requesting Ryan Zinke (Secretary of the Interior) to review every national monument designation made under the Antiquities Act since 1996. The review will look at protections made by the last three former presidents, with particular emphasis on Obama's controversial protection of Bears Ears in Utah last year.

## The Outdoor Industry Association Takes Action

The Outdoor Industry Association's separately owned Outdoor Retailer trade shows recently moved its longtime home from Salt Lake City, citing the state legislature's position on public lands.

## Significant Retail Bankruptcies

Following several significant retail bankruptcies that have occurred since 2015, excess inventory comprising over 20 million square feet has opened up to potentially flood a mixture of alternative selling channels: Third-party brick-and-mortar stores, third-party "e-tailers" and DTC sales.<sup>7</sup>

In April 2016, Vestis Retail Group, owner of Eastern Mountain Sports (EMS), Bob's Stores and Sport Chalet, announced plans for Chapter 11 bankruptcy. The company shuttered its Sport Chalet business due to operational and financial challenges and placed a long-term strategic focus on Bob's Stores and Eastern Mountain Sports.

Sports Chalet closed all of its locations, while EMS and Bob's were restructured and recapitalized through a section 363 sale to an affiliate of Versa Capital Management.

In March 2017, outdoor retailer Gander Mountain filed for Chapter 11 bankruptcy, announcing plans to close 30+ underperforming stores. The company has since rebranded as Gander Outdoors and will relaunch in 2018 with a revamped customer experience for outdoor enthusiasts.

### Third-Party Brick-and-Mortar



### Third-Party Online Only Sales



### Direct-to-Consumer Sales



# Key Recent Trends Impacting the Industry ○○○

## Strong Adoption of DTC Business Models in Sportswear and Outdoor

The U.S. sportswear market is seeing a major shift from in-store to digital purchases. The segment saw current value retail growth of 40% between 2011 and 2016, while online sales of sportswear recorded much faster growth of over 150%. Although sportswear companies consider sporting goods retailers an important channel, they have reduced inventory in this channel due to lower in-store traffic trends, focusing instead on DTC channels.<sup>8</sup>

Specialty brick-and-mortar outdoor retailers also face many challenges, particularly in the United States. These include competition from DTC retailers and pure e-tailers who can apply downward pressure on prices.

## Growing Focus on Athleisure

Outdoor brands have become more fashion-conscious to meet consumer demand for versatile outerwear that is stylish yet possesses the technical characteristics of traditional outdoor gear. This trend, defined as “athleisure,” consists of casual, comfortable clothing designed to be suitable for both physical activity and everyday wear. The North Face is one example of an outdoor apparel brand that has launched fashionable, athleisure lines. The brand is collaborating with fashion designer Junya Watanabe and luxury streetwear brand Supreme to produce trendy outdoor apparel collections.<sup>9</sup>

## Climbing Activities Soar in Popularity

The U.S. climbing market is becoming increasingly urbanized. Far from the mountains, the soaring popularity of indoor climbing has sparked new interest in the activity, helping the industry to grow by 13% in 2016, according to global information company The NPD Group, Inc.. The industry has grown its sales by over \$50 million since 2014, reaching a four-year high of approximately \$175 million.<sup>10</sup>

Climbing gear, the largest category, comprising over 80% of total sales dollars, grew by 13% in 2016, with climbing shoes (+28%), quickdraws (+26%) and cams (+24%) driving growth. Meanwhile, sales of climbing ropes and helmets grew by 8% and 6%, respectively.<sup>11</sup>

## Hydration Becomes a Key Growth Area

Consumers have shown that they are willing to pay a price for water. According to The NPD Group, Inc., hydration represents a nearly \$320 million category within the core U.S. outdoor industry, with sales up over 15% in the 12 months ending May 2017. Dollar sales have grown by nearly \$95 million (37%) in the past two years. Nearly all hydration categories have experienced sales increases, including bottles (+23%), hands-free fanny packs (+11%), large containers/jugs (+7%) and reservoirs (+2%). Strategic buyers have also expressed M&A interest in hydration deals, demonstrated by the recent acquisitions of CamelBak, Nathan, FuelBelt and Hydroflask over the past two years.<sup>12</sup>

## Increased Overall Participation Rates

Within the Outdoor industry, outdoor sports and shooting activities have seen an increased participation rate across gender and age demographics. Research from a 2016 Outdoor Foundation report shows that the 18-to-24-year old age category showed the most significant increase in participation rates for outdoor recreational activities; furthermore, within that demographic, the participation rate among females was over 15% higher than that of males.<sup>13</sup>

Female participation continues to rise due to accessibility and as more companies create apparel and other products specifically for women. Outdoor Industry leaders have recognized the growing number of female participants and are proactively providing the resources to encourage that growth.

## Millennials are Fueling New Growth in Recreational Vehicle Sales

Manufacturers are expected to ship nearly 450,000 RVs in 2017, up 3.5% from 2016, which was also a record year. Industry experts say that low fuel prices, favorable interest rates and an increased interest in the outdoors suggest that more Americans than ever will likely see this as a good time to buy an RV.<sup>14</sup>

# Segment Highlights.

## 1

### Athletic Apparel/Athleisure

The global fitness apparel market is projected to eclipse \$230 billion by 2024.<sup>15</sup> Growth in the market will likely be driven by a growing portion of the population living healthier lifestyles given stronger participation in sports and fitness activities. Technological developments designed to improve comfort and performance have also propelled growth. As a result, sportswear is turning into a highly functional and fashionable category.

Athleisure is the trend of donning activewear (designed for physical activity) both inside and outside the gym. Millennials tend to take a more holistic approach to health and wellness than older demographics as fitness has become more intertwined into their daily regimen. Athleisure brands have been successful in building a perceived authenticity and emotional connection between their products and customer, driving repeat purchases. The athleisure universe is growing across price segments, making it increasingly difficult for brands to truly differentiate themselves. The most successful brands have proven they can withstand new market entrants and do not sell only clothes but offer a lifestyle.

#### Select Athleisure Brands' Price Positioning<sup>16</sup>



Source: (15): Business Insider, "The Growth of Sales in Sportswear," (16) Companies selected based on Fung Global Retail Tech Groupings  
Fung Global Retail Tech, "A Primer on Athleisure," Forbes

## 2

### Top Outdoor Footwear Sector Developments

#### Light-Hiking, Trail Shoes and Sandals Are Becoming More Prevalent

- Light, travel-friendly shoes that are sturdy yet comfortable appeal to Millennial consumers who place a high importance on traveling
- Trail running shoes have been an effective form/function offering that attracts younger customers, while light-hiking

#### Outdoor Brands Are Becoming Environmentally Conscious

- Brands that have demonstrated a commitment to environmental awareness and sustainability are winning today's consumer
- Timberland recently developed 6" boots with uppers made from recycled plastic to appeal to consumers seeking this type of authentic brand connection

#### Consumers Have Demonstrated "Buy Now, Wear Now" Behavior

- Consumers are becoming increasingly accustomed to on-demand "everything" and, as a result, are purchasing products closer to their exact time of need
- Shoppers can now purchase based on cold-weather needs instead of planning ahead in the fall when products typically hit retailers

#### Retailers Are Leveraging Customer Data

- Both traditional specialty retailers are using consumer databases to shift their merchandising strategies and develop targeted marketing campaigns
- Physical stores are also placing fewer orders in advance of each season, preferring to make in-season orders once they have gauged seasonal trends and potential customer demand

#### New Niche of "Made in America" Brands and Techniques Are Flourishing

- Vendors utilizing overseas manufacturing with long lead times are challenged by ever-changing consumer preferences
- As a result, a new niche of "Made In America" brands and production techniques are flourishing due to greater supply chain flexibility and reduced production times

Source: SGB Media: SGB Online

# Segment Highlights

## 3 Winter Sports

The Winter Sports industry grew by a compound annual growth rate (CAGR) of 5.5% to \$4.7 billion between 2011 and 2016, despite lower than expected snowfall in recent years.<sup>17</sup> Increased recreational spending driven by rising consumer incomes is propelling demand for snow sports apparel in the United States. Furthermore, the growing popularity of the Winter Olympics has only fueled demand for snow sports apparel worldwide. Countries such as Austria, Canada, France, Germany, Italy, Norway, Russia, Sweden and the United States, have long been associated with winter sports, whereas emerging Asian economies such as Australia, China and Japan are now also making a foray into the category. Alpine and Freestyle Skiing, Ski Mountaineering, Cross-country Skiing, Ski Jumping, Snowboarding, Ice Hockey and Biathlon are some of the most common snow sports across the world.

Aside from the growing popularity of winter sports, safety awareness among participants has increased significantly in past years. As a result, greater utilization of protective gear such as shell tops and helmets has taken place. Additionally, nature-based getaways which combine leisure and competition have grown in popularity and have been accretive to the global snow sports apparel market. As a result, consumers and large strategic corporations alike continue to seek out winter sports acquisitions.

### Select Recent Winter Sports Acquisitions<sup>18</sup>



Source: (17): SnowSports Industries America, (18): Mergermarket Group Intelligence, S&P Capital IQ, PR Newswire, "Snow Sports Apparel Market: Popularity of Winter Olympics Driving Demand, Notes TMR"

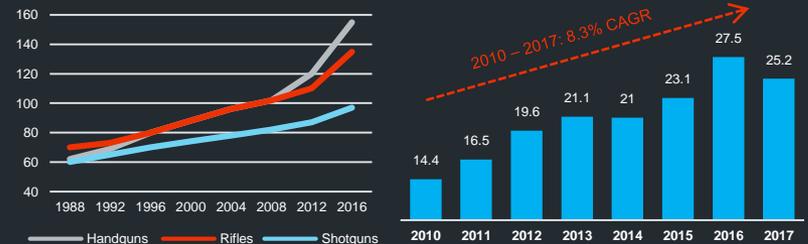
## 4 Firearms and Ammunition

Over the last few years, gun ownership and purchases have risen as consumers are stockpiling in record numbers. As the debate about legislature related to gun control has grown, gun sales have soared above historical levels. Since 2007, firearm sales have grown at an 11% CAGR vs. 2% for other consumer durables—the expansion due, in part, to a combination of new participants, an increased focus on personal protection and a high level of repeat purchases due to new product innovations.<sup>19</sup> There has been a recent decline in demand following the 2016 presidential election as Republican policy has historically posed little threat of gun reform. 2017 NICS firearm background checks (a general indicator of industry growth) were down 9% from 2016, however, background checks in 2017 actually exceeded those from 2015.<sup>20</sup>

The firearm industry remains highly consolidated as the top 10 gun manufacturers account for 8 million firearm sales annually, representing roughly two-thirds of the total market.<sup>21</sup>

Remington Outdoor, one of the oldest and most acquisitive firearm manufacturers in the U.S., filed for bankruptcy on March 25, 2018. The company said it had between \$100M and \$500M in debt and would continue to operate under protection.<sup>22</sup>

### Firearm Sales in the U.S.<sup>23</sup> /NCIS Background Checks<sup>24</sup>(millions)



Source: (19): Department of the Treasury, Alcohol and Tobacco Tax and Trade Bureau, NSSF, BEA, and Jefferies estimates, (20) and (24): FBI.gov, (21): Motherjones.com, (22): NY Times, (23): Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)

# M&A Activity Highlights

Large strategic players and financial sponsors have consolidated smaller outdoor products banners, increasing scale while diversifying product offerings and filling gaps. Publicly-traded strategics, flush with balance sheet cash, have been under increased pressure to generate growth, both organically and through acquisition. This has resulted in premium acquisition multiples for smaller, high-growth and high-margin targets. Well-managed and operated businesses provide attractive platforms for larger market participants.

The M&A market has been dominated by both hyper-acquisitive strategic buyers, motivated by expanding their e-commerce platforms and product offerings, and resurgent private equity players making add-on acquisitions for platform companies.

## Selected Recent Deal Activity



PeakPerformance®

Amer Sports Corporation (HLSE:AMEAS) has announced the acquisition of Peak Performance Production AB, a manufacturer and retailer of technical sports and fashion wear, from IC Group.

**Deal Facts**

Transaction: \$308M  
Date: April 2018  
EV/Revenue: 1.80x



Kathmandu Holdings announced plans to acquire Oboz, an outdoor footwear and apparel manufacturer and retailer.

**Deal Facts**

Transaction: \$75M  
Date: March 2018  
EV/EBITDA: 16.3x; EV/Revenue: 2.48x



V.F. Corporation (NYSE:VFC) has announced the acquisition of Altra Footwear Brand, a manufacturer of lifestyle footwear, from Icon Health & Fitness Ltd.

**Deal Facts**

Transaction: ND  
Date: March 2018



Goode Partners has made an investment in Marolina Outdoor, Inc., a manufacturer of fishing and hunting apparel. Brands include Huk and Nomad.

**Deal Facts**

Transaction: \$38M Minority Investment  
Date: January 2018  
EV/EBITDA: 7.0x; EV/Revenue: 0.36x



Boardriders (f.k.a. Quiksilver) has announced the acquisition of Billabong International, an Australian surf, skate and snow specialist. Brands include RVCA, Element and Xcel.

**Deal Facts**

Transaction: \$224M (81%)  
Date: December 2017  
EV/EBITDA: 7.0x; EV/Revenue: 0.36x



VF Corporation announced the acquisition of Icebreaker New Zealand, a retailer of Merino wool apparel for outdoor activities and sports.

**Deal Facts**

Transaction: \$288M  
Date: November 2017  
EV/Revenue: 1.92x



Birch Hill Equity has acquired Reebok-CCM Hockey, a designer and manufacturer of hockey equipment and apparel, from Adidas AG.

**Deal Facts**

Transaction: \$110M  
Date: July 2017  
EV/EBITDA: 11.0x



Castanea Partners has made an investment in Simms Fishing Products, a manufacturer of high-performance fishing apparel, footwear and gear.

**Deal Facts**

Transaction: \$28M Minority Investment  
Date: July 2017

# Selected Recent M&A Activity

Date Announced	Acquirer/Target	Enterprise Value (\$mm)	Enterprise Value as a Multiple of LTM: Revenue	Enterprise Value as a Multiple of LTM: EBITDA	Target Description
04/30/18	Amer Sports Corporation/Peak Performance Production AB	\$307.9	1.80x	-	- Peak Performance Production AB manufactures and retail technical sports and fashion wear.
03/19/18	Kathmandu Holdings Limited/Oboz Footwear, LLC	\$75.0	2.48x	16.3x	Oboz Footwear, LLC designs, manufactures and sells shoes for men and women.
03/19/18	Authentic Brands Group LLC/Nautica	-	-	-	- Nautica brand business of V.F. Corporation comprises apparel manufacturing business.
03/14/18	V.F. Corporation/Altra Footwear Brand	-	-	-	- Altra Footwear Brand of Icon Health & Fitness, Inc. comprises business operation that manufactures lifestyle footwear.
01/26/18	ITOCHU Corporation/Honma Golf Limited	\$515.7	2.31x	9.9x	Honma Golf Limited designs, develops, manufactures and sells a range of golf club equipment .
01/02/18	Goode Partners/Marolina Outdoors*	-	-	-	- Marolina Outdoor, Inc. designs and manufactures outdoor apparel.
12/01/17	Boardriders, Inc./Billabong International Limited	\$266.9	0.36x	7.1x	Billabong International Limited produces and retails apparel, accessories and hard goods in the board sports sector.
11/06/17	Do Outdoors, Inc./Strike King Lure Company, LLC	-	-	-	- Strike King Lure Company, LLC designs and manufactures fishing lures, terminal tackle and related accessories.
11/02/17	V.F. Corporation/Ice Breaker New Zealand	\$288.0	1.92x	-	- Icebreaker New Zealand Ltd. produces merino clothing for outdoors, technical sports and lifestyle.
10/02/17	MCBC Holdings, Inc./Nautic Star	\$79.8	1.25x	-	- Nautic Star, LLC manufactures and sells recreational boats, engines and parts to retail dealers in the United States.
10/02/17	Court Square Capital Partners L.P./PlayCore, Inc.	-	-	-	- PlayCore, Inc. manufactures and sells educational play and recreation products.
09/01/17	ShelterLogic Corp./Outdoor Prod. Div. (Bravo Sports)	-	-	-	- Outdoor Prod. Div. of Bravo Sports designs and manufactures shade canopies, outdoor chairs and accessories.
08/29/17	Sumitomo Rubber Industries/Dunlop Sports Co. Ltd.	\$469.2	0.63x	7.5x	Dunlop Sports Co. Ltd. manufactures and sells sporting goods to golfers and tennis players in Japan.
08/21/17	Clarus Corporation/Sierra Bullets, L.L.C.	\$79.0	2.47x	6.3x	Sierra Bullets, L.L.C. manufactures and sells bullets for shooters in the United States and internationally.
08/21/17	AEA Investors LP; Ontario Teachers' Pension Plan Board; Trilantic Capital Management LLC/Traeger Pellet Grills	-	-	-	- Traeger Pellet Grills manufactures wood pellet grills for outdoor cooking.
08/03/17	Callaway Golf Company/travisMathew, LLC	\$125.5	-	-	- travisMathew, LLC manufactures and sells apparel and accessories for men.
08/01/17	Capital Southwest Corporation; Luther King Capital Management Corporation/Alliance Sports Group, L.P.	-	-	-	- Alliance Sports Group, L.P. designs, manufactures and distributes sports and outdoor products worldwide.
07/27/17	Birch Hill Equity/Reebok CCM Hockey Inc.	\$110.0	-	-	- Reebok-CCM Hockey, Inc. designs, manufactures and markets hockey equipment and related apparel.
07/25/17	Michael Kors Holdings Limited/Jimmy Choo PLC	\$1,377.5	2.65x	18.2x	Jimmy Choo PLC manufactures and sells shoes and accessories for men and women worldwide.
07/20/17	Crosman Corporation/LaserMax Corp., Commercial Business	-	-	-	- Commercial Business of LaserMax Corp. manufactures laser sight systems for commercial markets worldwide.
07/05/17	Castanea Partners/Simms Fishing Products LLC*	-	-	-	- Simms Fishing Products LLC manufactures fishing gear for professional guides.
06/09/17	Invision Capital/ShoreMaster, LLC	-	-	-	- ShoreMaster, LLC manufactures waterfront equipment for a broad range of waterfront environments.
06/02/17	Compass Diversified Holdings/Crosman Corporation	\$151.5	1.28x	7.6x	Crosman Corporation manufactures airguns and other related products for hunting, recreation and competitive shooting.
05/26/17	Kohlberg & Company, LLC/Newell Brands Inc., Winter Sports Business	\$240.0	0.73x	9.6x	Newell Brands Inc., Winter Sports Business is comprised of Vökl, K2, Marker, Dalbello, Madshus, Line, Full Tilt, Atlas and Tubbs, Ride and BCA, among other winter sports brands.
05/16/17	Mad Engine Inc./Neff Headwear, Inc.	-	-	-	- Neff Headwear, Inc. manufactures snow and skate headwear.
05/11/17	Garmin Ltd./Active Corporation	-	-	-	- Active Corporation develops an electronic marine database, ActiveCaptain, that contains real-time marina information.

# Selected Recent M&A Activity (Cont'd)

Date Announced	Acquirer/Target	Enterprise Value (\$mm)	Enterprise Value as a Multiple of LTM:		Target Description
			Revenue	EBITDA	
05/10/17	KPS Capital Partners, LP/Taylor Made Golf Company	\$425.0	0.48x	-	- Taylor Made Golf Company manufactures golf products.
05/08/17	Roustan Capital/Supreme Brands L.L.C.	-	-	-	- Supreme Brands L.L.C. manufactures hockey equipment.
04/28/17	CDH Investments/Belle International Holdings Limited	\$5,553.9	0.93x	6.6x	Belle International Holdings Limited, an investment holding company, manufactures, distributes and retails footwear products.
04/20/17	Main Post Partners/KUIU, Inc.*	\$217.4	4.00x	-	- KUIU, Inc. manufactures high-end hunting gear, offering clothing, tents, gearbags and accessories.
04/11/17	KL Outdoor LLC/GSC Technology Corp.	-	-	-	- GSC Technology Corp. manufactures plastic storage and organization products, sporting goods and household products.
03/15/17	FeraDyne Outdoors LLC/Eastman Outdoors, Inc.	-	-	-	- Eastman Outdoors, Inc. is a leading producer of premium archery components and accessories.
02/23/17	Crescent Capital Partners/Tigerlily Swimwear Pty Ltd.	\$45.8	2.00x	-	- Tigerlily Swimwear Pty Ltd. engages in swimwear and girls apparel businesses.
02/15/17	Marucci Sports LLC/Victus Sports, LLC	-	-	-	- Victus Sports, LLC manufactures wooden bats.
02/02/17	Trek Bicycle Corporation/Revolution Cycles, Inc.	-	-	-	- Revolution Cycles, Inc. sells and services bicycles and related products for diplomats, couriers, students and families.
01/31/17	PlayPower, Inc./Wabash Valley Manufacturing, Inc.	-	-	-	- Wabash Valley Manufacturing, Inc. manufactures outdoor furniture and accessories.
01/24/17	Textron Specialized Vehicles Inc./Arctic Cat Inc.	\$314.9	0.62x	-	NM Arctic Cat Inc. designs, manufactures and markets snowmobiles, ATVs and recreational off-highway vehicles.
01/23/17	One Step Up Ltd.; Hilco Streambank, LLC/Hillerich & Bradsby Co., PowerBilt Golf and Sporting Goods Portfolio	-	-	-	- Hillerich & Bradsby Co., PowerBilt Golf and Sporting Goods Portfolio manufactures golf and sporting goods.
01/19/17	Falconhead Capital, LLC; M3 Outdoor Investments LLC/Kwik Tek, Inc.	-	-	-	- Kwik Tek, Inc., doing business as Airhead Sports Group, designs, manufactures and distributes outdoor water sport and winter sport consumer products.
01/12/17	FlyDive, Inc./Jetpack Enterprises, LLC	-	-	-	- Jetpack Enterprises, LLC sells and rents hydro-flight equipment in the United States.
01/11/17	New Water Capital/KL Outdoor	-	-	-	- KL Outdoor is a leading manufacturer of branded outdoor products.
01/11/17	Callaway Golf Company/OGIO International, Inc.	\$75.5	-	-	- OGIO International, Inc. designs and manufactures bags and backpacks.
01/09/17	Bear Archery, INC./Jim Fletcher Archery Aids, Inc.	-	-	-	- Jim Fletcher Archery Aids, Inc. manufactures precision archery equipment, releases and archery aids.
01/09/17	Sea to Summit Inc./Neptune Mountaineering, Inc.	-	-	-	- Neptune Mountaineering, Inc. operates an outdoor retail store in Boulder, Colorado.
12/13/16	Caleres, Inc./Allen Edmonds Corporation	\$255.0	-	-	- Allen Edmonds Corporation designs and manufactures footwear, clothing and accessories for men.
12/06/16	L Catterton/Cicli Pinarello S.p.A	-	-	-	- Cicli Pinarello S.p.A. manufactures and sells racing and after racing bicycles and accessories for men, women and kids.
11/29/16	Golf Digest Online Inc./U.S. Kids Golf, LLC	-	-	-	- U.S. Kids Golf, LLC manufactures and markets golf equipment and related accessories for kids.
11/22/16	True Temper Sports, Inc./VH Footwear Inc.	-	-	-	- VH Footwear Inc. designs and manufactures ice hockey skates.
11/18/16	Brunswick Corporation/Paynes Marine Supply Inc.	-	-	-	- Paynes Marine Supply Inc. distributes and wholesales marine equipment in Canada.

# Selected Recent M&A Activity (Cont'd)

Date Announced	Acquirer/Target	Enterprise Value (\$mm)	Enterprise Value as a Multiple of LTM:		Target Description
			Revenue	EBITDA	
11/03/16	Battenfeld Co./Ultimate Survival Technologies	\$34.3	1.43x	-	Ultimate Survival Technologies, Inc. manufactures and retails camping equipment and survival tools.
11/01/16	Peak Rock Capital/Do Outdoors, Inc.	-	-	-	Do Outdoors, Inc., d.b.a. Lew's Fishing, manufactures and markets fishing equipment and accessories.
10/31/16	Fairfax Financial Holdings Limited; Sagard Holdings Inc./Performance Sports Group Ltd. (Assets)	\$692.8	-	-	Performance Sports Group Ltd. developed ice hockey, roller hockey, lacrosse, baseball and other sports equipment.
10/31/16	Marquee Brands LLC/Body Glove International, LLC	-	-	-	Body Glove International, LLC manufactures and sells water sports apparel and accessories for men and women.
10/26/16	Wilson Sporting Goods Co./EvoShield	\$11.7	1.07x	-	EvoShield LLC manufactures protective sports gear for professional and college sports teams.
10/20/16	Bravo Sports Corporation/Nutcase, Inc.	-	-	-	Nutcase, Inc. manufactures and sells stylized helmets for young and old bicyclists and skaters globally.
10/18/16	Good Sportsman Marketing, L.L.C./HME Products, LLC	-	-	-	HME Products, LLC manufactures hunting accessories.
10/11/16	Nammo AS/Berger Bullets, LLC	-	-	-	Berger Bullets, LLC manufactures and sells rifle bullets for hunting, competitions, ballistics and other applications.
09/02/16	Magnus Holdings/Acushnet Holdings Corp.	\$1,858.8	1.38x	12.2x	Acushnet Holdings Corp. designs, develops, manufactures and distributes golf products worldwide.
09/01/16	Vista Outdoor Inc./Camp Chef, Inc.	\$74.0	-	-	Camp Chef, Inc. manufactures outdoor cooking instruments.
08/29/16	Callaway Golf Company/Toulon Design	-	-	-	Toulon Design manufactures golf putters.
08/15/16	Cintas Corporation/G&K Services, Inc.	\$2,149.6	2.23x	13.7x	G&K Services, Inc. provides branded uniform and facility services programs in the United States and Canada.
08/01/16	Spin Master Corp./Swimways Corporation	\$93.5	1.04x	-	Swimways Corporation develops, manufactures and sells leisure and recreational water products for kids and adults.
07/29/16	Compass Diversified Holdings LLC/5.11, Inc.	\$400.0	1.37x	10.5x	5.11, Inc. designs and manufactures clothing, uniforms, outerwear, footwear and tactical gear for military professionals.
07/26/16	Gildan Activewear Inc./Peds Legwear Inc.	\$55.0	0.70x	-	Peds Legwear Inc. manufactures and markets foot apparel and legwear for women, men, babies and children.
07/25/16	Smith & Wesson/Crimson Trace Corporation	\$95.0	2.16x	5.9x	Crimson Trace Corporation develops, produces and sells laser sighting products and tactical lights for shooters.
07/15/16	Battenfeld Technologies, Inc./Taylor Brands, LLC	\$85.0	2.18x	-	Taylor Brands, LLC manufactures, designs, and distributes stainless steel knives and accessories.
07/05/16	BRS Outdoor Sports Holdings, LLC/Daisy Manufacturing Company, Inc.	-	-	-	Daisy Manufacturing Company, Inc., doing business as Daisy Outdoor Products, manufactures and distributes air guns.
07/01/16	Brunswick Corporation/Thunder Jet Boats Inc.	\$20.9	1.05x	-	Thunder Jet Boats Inc. manufactures and sells aluminum boats for commercial and government applications.
06/29/16	Bravo Sports Corporation/Sector 9 Inc.	\$12.0	-	-	Sector 9 Inc. manufactures skateboards for customers in the United States.
05/04/16	Gildan Activewear/Alstyle Apparel	\$109.4	0.60x	5.8x	Alstyle designs, manufactures and distributes apparel for adults, juniors and youth in the United States, Mexico and Canada.
04/27/16	Hanesbrands Inc./Pacific Brands Limited	\$728.8	1.16x	11.7x	Pacific Brands Limited manufactures, imports and sells consumer products in Australia and internationally.
04/15/16	Waterbrands, LLC/Carbonero, Inc.	-	-	-	Carbonero, Inc. manufactures paddles.
04/14/16	Freeman Spogli/Osprey Packs*	-	-	-	Osprey Packs is a leading provider of technical backpacks.

# Selected Recent M&A Activity (Cont'd)

Date Announced	Acquirer/Target	Enterprise Value (\$mm)	Enterprise Value as a Multiple of LTM:		Target Description
			Revenue	EBITDA	
04/07/16	Hanesbrands Inc./Champion Europe S.p.A.	\$222.1	-	10.0x	Champion Europe S.p.A. manufactures athletic apparel and accessories.
04/04/16	Johnson Outdoors Inc./Northport Systems Inc.	-	-	-	Northport Systems Inc., d.b.a. Fugawi, provides marine software, navigational accessories and operation services.
03/24/16	Arcus Hunting, LLC/Ramcat Broadheads	-	-	-	Ramcat Broadheads manufactures and sells blade over shaft broadheads for crossbows and compound bows.
03/21/16	The Outdoor Group LLC/CAMX Outdoors Inc.	-	-	-	CAMX Outdoors Inc. engages in the design, building, manufacture, support and service of hunting crossbows.
03/08/16	The Outdoor Group LLC/Lynch Mob Calls	-	-	-	Lynch Mob Calls manufactures hunting and outdoor space products.
03/03/16	Samsonite/Tumi Holdings	\$1,722.3	3.17x	14.2x	Tumi Holdings designs, produces and markets premium travel products and accessories.
02/24/16	Vista Outdoor Inc./Bell Sports Corp.	\$400.0	-	-	Bell Sports Corp. manufactures, markets and distributes bicycle accessories and helmets in North America.
02/22/16	Amer Sports Corporation/ENVE Composites, LLC	\$50.0	1.67x	-	ENVE Composites, LLC designs, engineers and manufactures wheels and components for the bicycle industry.
			<b>Median</b>	<b>1.37x</b>	<b>9.9x</b>
			<b>Mean</b>	<b>1.57x</b>	<b>10.2x</b>

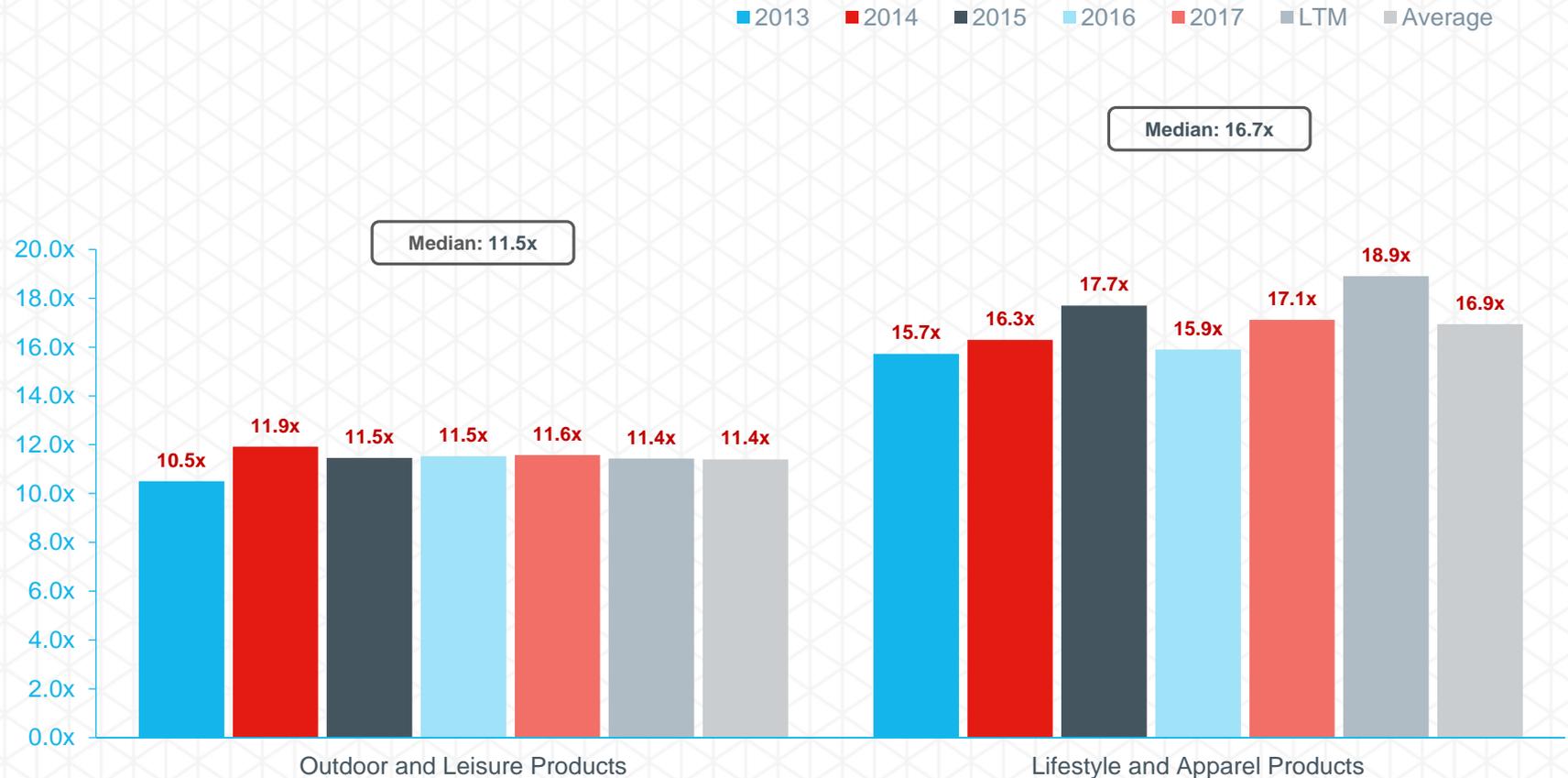
# Public Valuations

\$ in millions, except per share data

	Stock Price 30-Apr-18	% of 52-Week High	Market Value	Enterprise Value	Enterprise Value as a Multiple of				LTM		LTM	
					Revenue		EBITDA		Price / EPS	EBITDA Margin	Revenue Growth	
					LTM	2018E	LTM	2018E				
<b>Outdoor and Leisure Products</b>												
Samsonite International S.A.	\$35.60	92.2%	\$53,464	\$55,057	2.16x	1.96x	13.4x	11.8x	NM	16.1%	(2.1%)	
Shimano Inc.	132.93	79.8%	12,323	10,284	3.30x	3.14x	13.1x	12.9x	37.1x	25.1%	(0.6%)	
Brunswick Corporation	59.88	92.9%	5,231	5,380	1.17x	1.12x	9.0x	8.3x	17.7x	13.0%	3.6%	
BRP Inc.	40.50	93.2%	4,071	4,663	1.33x	1.26x	10.5x	9.5x	22.1x	12.7%	(0.5%)	
Amer Sports Corporation	30.67	95.0%	3,534	4,157	1.30x	1.28x	12.1x	11.6x	24.7x	10.8%	1.2%	
Thule Group AB (publ)	23.20	98.8%	2,394	2,617	3.85x	3.62x	19.6x	18.2x	31.7x	19.7%	(0.9%)	
Vista Outdoor Inc.	16.75	66.8%	960	1,853	0.80x	0.83x	11.7x	10.1x	NM	6.9%	(0.3%)	
Compass Diversified Holdings LLC	15.50	84.5%	928	1,634	1.29x	1.06x	9.1x	7.0x	46.9x	14.2%	0.1%	
Callaway Golf Company	17.26	93.6%	1,644	1,794	1.57x	1.52x	12.2x	13.6x	22.3x	12.9%	(9.3%)	
Dorel Industries Inc.	27.75	75.9%	900	1,371	0.53x	0.52x	8.5x	7.6x	16.6x	6.3%	(0.9%)	
Sturm, Ruger & Company, Inc.	55.25	80.3%	964	901	1.73x	1.68x	8.2x	7.2x	20.3x	21.1%	3.1%	
Accell Group N.V.	23.40	61.1%	615	810	0.63x	0.60x	13.7x	10.4x	26.8x	4.6%	1.6%	
American Outdoor Brands Corporation	11.00	44.9%	595	795	1.20x	1.33x	7.4x	9.0x	20.9x	16.2%	2.3%	
Johnson Outdoors Inc.	64.76	85.0%	640	561	1.09x	1.05x	9.1x	8.6x	18.1x	12.0%	(3.8%)	
Nautilus, Inc.	14.55	73.5%	444	407	1.00x	0.95x	7.6x	8.0x	16.1x	13.2%	0.2%	
Calida Holding AG	36.48	87.3%	299	295	0.77x	0.74x	10.1x	9.2x	24.5x	7.6%	(1.7%)	
Rapala VMC Corporation	4.15	81.5%	159	249	0.81x	0.81x	11.7x	9.0x	28.9x	6.9%	1.1%	
Escalade, Incorporated	13.25	92.0%	191	211	1.19x	1.17x	11.6x	10.4x	20.3x	10.3%	(1.7%)	
Bonny Worldwide Limited	1.09	83.2%	54	47	0.89x	NA	7.8x	NA	37.7x	11.5%	NA	
<b>Median</b>					<b>1.19x</b>	<b>1.15x</b>	<b>10.5x</b>	<b>9.3x</b>	<b>22.3x</b>	<b>12.7%</b>	<b>(0.4%)</b>	
<b>Mean</b>					<b>1.40x</b>	<b>1.37x</b>	<b>10.9x</b>	<b>10.1x</b>	<b>25.5x</b>	<b>12.7%</b>	<b>(0.5%)</b>	
<b>Lifestyle and Apparel Products</b>												
NIKE, Inc.	\$68	97.4%	\$110,228	\$108,963	3.09x	2.91x	21.3x	20.3x	41.8x	14.5%	(0.3%)	
adidas AG	246	94.5%	50,035	49,183	1.92x	1.80x	16.7x	14.3x	32.1x	11.5%	0.6%	
V.F. Corporation	80.87	95.8%	32,492	34,849	2.95x	2.65x	19.0x	16.8x	35.4x	15.6%	2.5%	
Lululemon Athletica Inc.	99.80	99.2%	13,589	12,599	4.76x	4.17x	21.0x	17.7x	42.8x	22.7%	(0.6%)	
PUMA SE	487.20	92.3%	7,282	6,987	1.36x	1.29x	16.1x	14.1x	47.5x	8.4%	(3.1%)	
Columbia Sportswear Company	83.01	94.4%	5,816	5,043	1.99x	1.89x	15.0x	13.7x	34.6x	13.3%	(3.2%)	
Fila Korea Ltd.	122.06	99.2%	1,492	2,848	1.20x	1.21x	10.7x	8.8x	22.8x	11.2%	(1.2%)	
G-III Apparel Group, Ltd.	36.49	89.1%	1,795	2,140	0.76x	0.72x	10.7x	9.5x	24.0x	7.1%	0.3%	
Deckers Outdoor Corporation	93.26	94.3%	2,962	2,501	1.34x	1.32x	10.4x	8.7x	24.1x	12.9%	(0.9%)	
Under Armour, Inc.	15.35	70.4%	0	637	0.13x	0.12x	1.9x	1.6x	NM	6.7%	(2.0%)	
<b>Median</b>					<b>1.64x</b>	<b>1.56x</b>	<b>15.6x</b>	<b>13.9x</b>	<b>34.6x</b>	<b>12.2%</b>	<b>(0.7%)</b>	
<b>Mean</b>					<b>1.95x</b>	<b>1.81x</b>	<b>14.3x</b>	<b>12.6x</b>	<b>33.9x</b>	<b>12.4%</b>	<b>(0.8%)</b>	

# Historical Public Valuations Trends

## Enterprise Value as a Multiple of EBITDA<sup>25</sup>



(25) Index calculation excludes any companies with non-meaningful trading multiples  
 Source: S&P Global Market Intelligence; LTM values as of 4/30/2018  
 Segments weighted based on market cap values at period end

# Selected Recent Duff & Phelps Outdoor Products Transactions

<p><b>Buy-Side Advisor</b></p>  <p>a portfolio company of <b>SNOW PHIPPS</b> has acquired</p> 	<p><b>Sell-Side Advisor</b></p>  <p>has received a significant investment from</p> 	<p><b>Sell-Side Advisor</b></p>  <p>has completed a going-private transaction with</p> 	<p><b>Board Advisor</b></p>  <p>a portfolio company of</p>  <p>has completed a leveraged dividend recapitalization</p>	<p><b>Sell-Side Advisor</b></p>  <p>has been acquired by</p> 
<p><b>Sell-Side Advisor</b></p>  <p>has been acquired by</p> 	<p><b>Sell-Side Advisor</b></p>  <p>has received a significant minority investment from</p> 	<p><b>Buy-Side Advisor</b></p>  <p>has acquired</p> 	<p><b>Placement Agent*</b></p>  <p>has been recapitalized by</p> 	<p><b>Sell-Side Advisor</b></p>  <p>has been acquired by</p> 

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## About Duff & Phelps

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