



Outdoor & Enthusiast Industry Update | Q3 2018



Dynamic Times in a Dynamic Market

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Our Outdoor & Enthusiast Practice

Outdoor & Enthusiast Team



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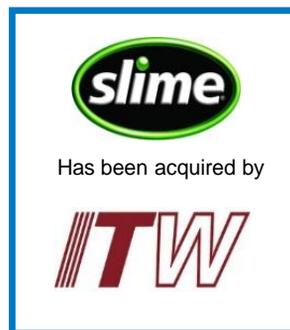


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About MHT Partners

MHT Partners is a leading national middle market investment bank focused on high-growth companies and industry leaders. The team at MHT Partners assists clients with seller advisory, acquisition advisory, corporate finance, and strategic advisory assignments. With a tightly integrated combination of Wall Street, middle market, and strategic consulting expertise, we are uniquely qualified to serve the distinct advisory needs of companies across a range of industries. Within the consumer industry, the senior professionals of MHT Partners have completed over 100 deals, including ten outdoor / enthusiast transactions. We bring these combined skill sets to bear in every engagement, creating maximum value for each client through thoughtful positioning and creative deal structuring.

Select Transactions



Spotlight

Quarterly Spotlight

Summer Outdoor Retailer (“OR”) Wrap Up

An Article by MHT Partners’ Malcolm Thompson

Denver hosted its first summer, and only second overall, OR the last full week of July. The OR show moved to the Mile High City last year after a long run in Salt Lake City given its growth and some of the key participants not seeing eye-to-eye with the State of Utah and its approach to the use of public lands. Denver was a great host, and attendance robust. Thousands of companies, from large to small, came to show off their wares and point the way forward for the outdoor industry. From my consumer investment banker point of view, interest and participation by corporate development teams and private equity firms was high, demonstrating the continued enthusiasm institutional investors have for this highly attractive space. Here are a few takeaways from my time on the floor:



The Cooler Wars – We all remember the cola wars, right? We’ve now entered the era of the Cooler Wars. Yeti’s astounding rise awakened people to the realization that the market for \$350+ coolers is a lot larger than one might think (or, in fact, that a market for \$350+ coolers even exists). The fast followers are legion. From old stalwarts including Igloo and Coleman, to brands expanding into the fast-growing segment from ancillary markets like Otter Box, to newcomers like Rovr and Kysek, the conference room floor was dotted with plastic and metal boxes that keep food and drinks cold for days on end. Is there room at the top for another one, two, or three leaders in the high-end cooler market? That remains to be seen but given how many of the product ‘innovations’ seem to be copied from competitors, we may well be approaching ‘peak cooler.’

Kids Are Off Trend – That isn’t to say we’re having a population decline in children, but the number of child-focused companies and offerings at OR seemed significantly down from prior years. There remained the usual presence of kids’ shoes and clothing, but the number of toys and accessories for children has declined. One area of relative strength and innovation is flexible play structures – think slack lines with flexible ladders, trampolines to be tied between trees, and the like.

Target Market Expansion in Clothing – As clothing companies strive to find new avenues of growth, many have turned to simply targeting a different audience with the same, or similar, gear, but through different marketing channels and messages. One of the first to do this, arguably, was Carhartt. Long known for rugged work wear, consumers are now just as likely to see the well-known logo at a summer BBQ or ball game. Dickies has followed a similar path broadening its offerings to include more casual wear. We also noted some highly specialized brands, think fishing and hunting, testing the waters in hiking and camping lines, and vice versa. It’s worthy to note, however, Under Armor attempted to tap into the hunting market by offering a line of its clothing in camouflage patterns, though the results have not been overwhelmingly successful.

Spotlight

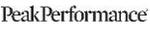
Quarterly Spotlight (Continued)

Venture Out – One of our favorite areas to see up-and-comers and do some trend spotting continues to be the Venture Out section of the conference hall, one level below the main floor. Conceptualized to concentrate smaller, fast-growing companies in one area, Venture Out is a great place to spend a few hours looking for innovation. Indeed, many of the product enhancements seen upstairs may well have germinated in the Venture Out area.

While the current economic expansion is quite long in the tooth, there is no doubt things continue to hum along at a robust pace. With unemployment rates very low, steady economic growth, and wages beginning to rise across all income groups, Americans are able to both engage in outdoor hobbies and interests and have the money to spend on the goods which facilitate those pursuits. This summer's OR reflects that state of affairs with more energy and engagement than we've seen in a couple of years. Fingers crossed the good times continue to roll.

Recent M&A Transactions

\$ in Millions

Date	Target	Acquirer	Target Description	Enterprise Value	Enterprise Revenue	Enterprise Value / EBITDA
Announced	Crest Marine, LLC 	MasterCraft Boat Company, LLC 	Crest Marine, LLC manufactures commercial watercraft, houseboats, and recreational models.	\$80.0	1.2x	--
Announced	Pursuit Boats 	Malibu Boats, LLC 	Pursuit Boats comprises boat building business.	\$100.0	0.8x	6.5x
Announced	WSI Industries, Inc. 	Polaris Industries Inc. 	WSI Industries, Inc. engages in the precision contract metal machining business in the United States.	\$24.4	0.7x	9.0x
Announced	Amer Sports Corporation 	ANTA Sports Products Limited; FountainVest Partners 	Amer Sports Corporation, a sporting goods company, together with its subsidiaries, designs, manufactures, distributes, sells, and markets sports equipment, apparel, and footwear primarily in the Americas, Europe, the Middle East, Africa, and the	\$6,336.6	2.1x	19.2x
9/19/2018	Woolrich, Inc. 	L-Gam Advisors Sarl 	Woolrich, Inc. manufactures and sells outdoor clothing and furniture.	--	--	--
9/10/2018	Rome Snowboards Corporation 	Nidecker SA 	Rome Snowboards Corporation manufactures snowboards.	--	--	--
9/5/2018	Paramount Leisure Industries, Inc. 	Hayward Industries, Inc. 	Paramount Leisure Industries, Inc., doing business as Paramount Pool & Spa Systems, engages in the research, development, manufacture, and distribution of pool and spa related products.	--	--	--
9/4/2018	Ravin Crossbows, LLC 	Velocity Outdoor, Inc. 	Ravin Crossbows, LLC designs and manufactures crossbows and accessories.	\$119.0	2.6x	--
8/22/2018	EastPoint Sports, Ltd. 	Mason Wells Inc 	EastPoint Sports, Ltd. designs and delivers home recreational products.	--	--	--
8/1/2018	Pro Performance Sports, LLC 	Implus Corporation 	Substantially All Assets of Pro Performance Sports, LLC engages in the manufacture of multisport athletic performance and skill development training products.	--	--	--
7/25/2018	Mountain Hub, Inc. 	Mammut Sports Group AG 	Mountain Hub, Inc. provides an online and offline GPS application for outdoor adventures.	--	--	--
7/2/2018	Boat Holdings, LLC	Polaris Sales Inc. 	Boat Holdings, LLC manufactures pontoon, deck, and cruiser boats.	\$825.0	1.5x	11.0x
6/29/2018	Peak Performance Production AB 	Amer Sports Corporation 	Peak Performance Production AB manufactures and markets active and casual wear/clothing for men, women, and juniors.	\$297.5	1.8x	--

Recent M&A Transactions (Cont.)

\$ in Millions

Date	Target	Acquirer	Target Description	Enterprise Value	Enterprise Value /	
					Revenue	EBITDA
6/29/2018	Rawlings Sporting Goods Company, Inc. 	Seidler Equity Partners; Major League Baseball Enterprises, Inc. 	Rawlings Sporting Goods Company, Inc. manufactures and markets sporting goods for professional athletes, national governing bodies, and sports leagues worldwide.	\$395.0	1.2x	--
6/28/2018	Alumacraft Boat Co 	BRP Inc. 	Alumacraft Boat Co builds aluminum boats.	--	--	--
6/27/2018	Hi Fibre Textiles (Sugoi) Ltd. 	Louis Garneau Sports, Inc. 	Hi Fibre Textiles (Sugoi) Ltd. engages in manufacturing and distributing running, bike, and triathlon clothing.	--	--	--
6/18/2018	The Finish Line, Inc. 	JD Sports Fashion plc 	The Finish Line, Inc., together with its subsidiaries, operates as a retailer of athletic shoes, apparel, and accessories for men, women, and kids.	\$464.4	0.3x	5.8x
6/7/2018	Good Sportsman Marketing, L.L.C. 	Sentinel Capital Partners, L.L.C.; Yukon Partners Management, LLC 	Good Sportsman Marketing, L.L.C., through its subsidiaries, develops, manufactures and distributes outdoor sports products.	--	--	--
6/4/2018	Chris-Craft Corporation 	Winnebago Industries, Inc. 	Chris-Craft Corporation designs, manufactures, and sells boats.	--	--	--
6/1/2018	Altra Footwear Brand of Icon Health & Fitness, Inc. 	V.F. Corporation 	Altra Footwear Brand of Icon Health & Fitness, Inc. comprises business operation that manufactures lifestyle footwear.	--	--	--
5/8/2018	Ellsworth Handcrafted Bicycles, Inc. 	Fulcrum Capital Partners Inc THE ASG GROUP	Ellsworth Handcrafted Bicycles, Inc. designs and manufactures mountain bicycles.	--	--	--
4/30/2018	32north Corporation	Implus Corporation 	32north Corporation manufactures and sells ice cleats in the United States and internationally.	--	--	--
4/30/2018	Nautica brand business of V.F. Corporation 	Authentic Brands Group LLC 	As of April 30, 2018, Nautica brand business of V.F. Corporation was acquired by Authentic Brands Group LLC. Nautica brand business of V.F. Corporation comprises apparel manufacturing business.	--	--	--
4/23/2018	Athletica Sport Systems Inc. 	Fulcrum Capital Partners Inc. 	Athletica Sport Systems Inc. engages in designing, manufacturing, and installing dasher board systems for ice and inline hockey, indoor soccer, lacrosse, and other sports and recreational activities.	--	--	--
4/9/2018	Billabong International Limited 	Boardriders, Inc. 	Billabong International Limited engages in the marketing, distribution, wholesale, and retail of apparel, accessories, eyewear, wetsuits, and hard goods in the board sports sector in the Asia Pacific, the Americas, Europe, and internationally.	\$266.9	0.4x	7.1x

Recent M&A Transactions (Cont.)

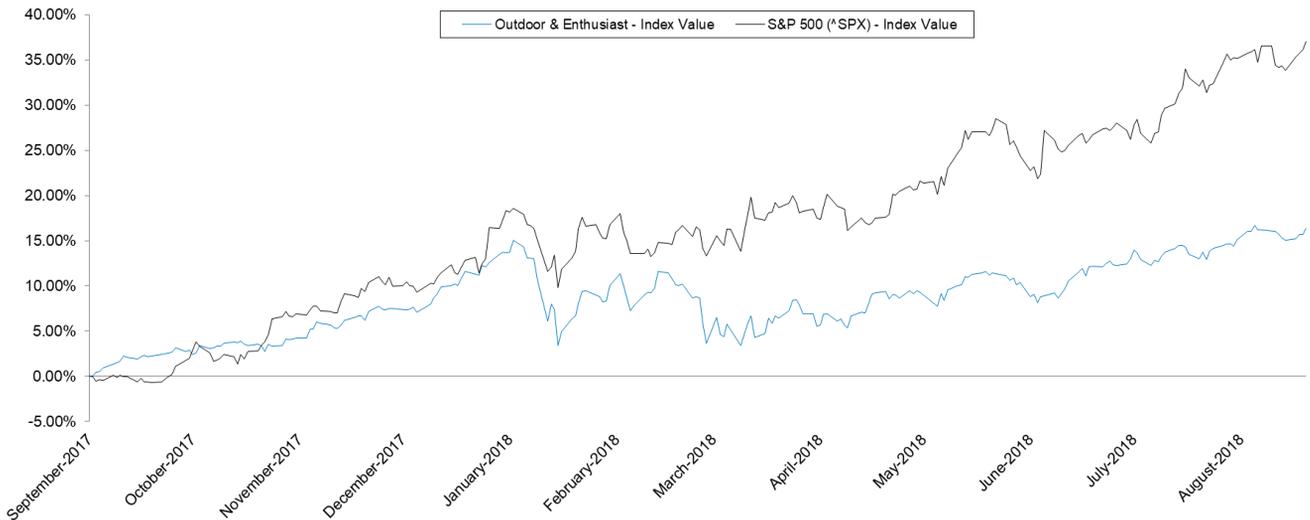
\$ in Millions

Date	Target	Acquirer	Target Description	Enterprise Value	Enterprise Value /		
					Revenue	EBITDA	
4/4/2018	Oboz Footwear, LLC 	Kathmandu Holdings Limited 	Oboz Footwear, LLC designs, manufactures, and sells shoes for men and women.	\$75.0	2.5x	16.3x	
3/28/2018	Royal Robbins LLC 	Fenix Outdoor International AG 	Royal Robbins LLC manufactures and sells outdoor clothing for men and women.	--	--	--	
3/20/2018	Vista Outdoor Inc. 	Unknown European Private Equity Sponsor	Vista Outdoor Inc. designs, manufactures, and markets consumer products for outdoor sports and recreation markets in the United States and internationally. Brands include Eyeware Brands,	\$158.0	--	--	
				High:	\$6,336.6	2.6x	19.2x
				Mean:	\$761.8	1.4x	10.7x
				Median:	\$212.5	1.2x	9.0x
				Low:	\$24.4	0.3x	5.8x

Outdoor & Enthusiast Performance

Public Company Sector Performance

For the last twelve months, the outdoor & enthusiast industry has underperformed the S&P 500 Index, although the outdoor & enthusiast index has increased in 2018 due to continued consumer enthusiasm for outdoor activities. Shifting lifestyle preferences, which favor recreational activities along with elevated consumer awareness of the varied benefits of athletic activity, have driven category growth. Outdoor lifestyle apparel, up 55% YTD, has led the way driven by younger consumers who value health, wellness, and appreciation for the true outdoors.



Key Trading Statistics

Sector	Number of Companies	Median Enterprise Value (\$mm)	Median Stock Price Performance		Median Forward Ratios		Median LTM Multiples		Median 2018E Multiples	
			1 Year	3 Years	P/E	PEG	EV/Revenue	EV/EBITDA	EV/Revenue	EV/EBITDA
Outdoor Lifestyle Apparel	6	\$14,962	48%	74%	25.9x	2.1x	2.1x	21.3x	2.0x	18.7x
Performance Sporting Equipment	11	\$802	11%	11%	0.1x	0.1x	1.0x	12.2x	1.0x	11.9x
Firearms and Optics	4	\$3,421	20%	31%	21.8x	1.0x	1.5x	12.9x	1.4x	10.7x
Recreational Vehicles and Accessories	6	\$4,254	12%	40%	14.5x	1.0x	1.8x	12.0x	1.9x	10.0x
Sporting Retailers	4	\$365	30%	-49%	10.6x	1.9x	0.3x	6.2x	0.4x	6.0x
Outdoor & Enthusiast Index	33	\$3,421	20%	31%	14.5x	1.0x	1.5x	12.2x	1.4x	10.7x

Note:

Outdoor Lifestyle Apparel (NYSE:NKE, DB:ADS, NYSE:UA, NasdaqGS:LULU, NYSE:WWW, NasdaqGS:COLM), **Performance Sporting Equipment** (NYSE:VFC, TSE:7309, HLSE:AMEAS, NYSE:ELY, NasdaqGS:GPRO, TSE:7906, TSE:8022, NYSE:NLS, HLSE:RAP1V, NasdaqGS:JOUT, NasdaqGS:ESCA), **Firearms and Optics** (TSE:7731, NasdaqGS:FLIR, NYSE:VSTO, NYSE:RGR), **Recreational Vehicles and Accessories** (NYSE:HOG, NYSE:PII, NYSE:CWH, NYSE:BC, NasdaqGM:MBUU, NYSE:MPX), **Sporting Retailers** (NYSE:DKS, NasdaqGS:SPWH, NasdaqGS:HIBB, NasdaqGS:BGFV)