



# Industry Insights

Outdoor Activity and Recreation

Winter 2023



# Industry Insights - Highlights

## Overview

Since the onset of COVID-19 in March 2020, consumers globally have flocked to the outdoors. Two years later, outdoor participation has increased ~7%, and though many indoor entertainment restrictions ended in 2021, outdoor participation has continued to grow, especially among younger demographics. For many, these activities have become “experiential,” with more consumers participating in solo and group outdoor activities, accessing national parks and visiting other outdoor recreation destinations. This consumer shift has catalyzed the relevancy and wallet share of both active lifestyle brands and retailers, alike.

## Macro Context

The global economy continues to feel the ramifications of COVID-19, global political tensions, the slow unwinding of challenged supply chains, and levels of inflation not seen in over two decades. Central banks across the globe are rapidly raising interest rates and reducing quantitative easing programs to cool overheated economies and tame inflation.

## State of the Consumer

Consumers continue to face significant uncertainty. Rampant inflation, surging prices, layoffs/hiring freezes, and persisting supply chain disruptions have culminated in the lowest levels of consumer confidence in over a decade. Though consumer spending has endured, concerns mount on higher costs of living, including elevated interest rates and home prices.

# Industry Insights – Highlights Overview



Increased Outdoor / Active Lifestyle Participation



Changing Consumer Demographics / Trends



Shift from Brick and Mortar to E-Commerce Retail



Impact of Social Media and Digital Advertising



Heightened Focus on ESG

# Industry Insights In depth - Changing Consumer Demographics / Trends

## Participant Demographics Snapshot

~50M

Core Participants<sup>1</sup>

~\$70K

Average Income

~60% | ~45%

Families vs. Adults<sup>2</sup>  
Participation Rates

~45% | ~55%

Female vs. Male

~25%

College Graduates

~20%

Outdoor Industry Sales<sup>3</sup>  
YoY Growth %

Source: Outdoor Foundation

1) Core participants are defined as those who go on 52+ outdoor outings per year

2) Adults include those with no children

3) Outdoor industry sales represent outdoor equipment, apparel and footwear sold at large-format sporting goods retailers and smaller specialty retailers in the U.S. as of March 2022

# Industry Insights In Depth - Impact of Social Media and Digital Advertising

Brands are Creatively Enlisting Athletes and Influencers to Drive Engagement

**11x**

Influencer  
Marketing ROI

**\$6.50**

Average revenue  
per dollar spent on  
influencer marketing

**66.0%**

Companies planning to spend  
more on influencer marketing  
in 2022

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4. Public Sector Performance
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# Section 1: Macroeconomic Update



# Global Market Volatility

Consumers Remain Cautious as Inflation Persists and Fed Rate Hikes Continue

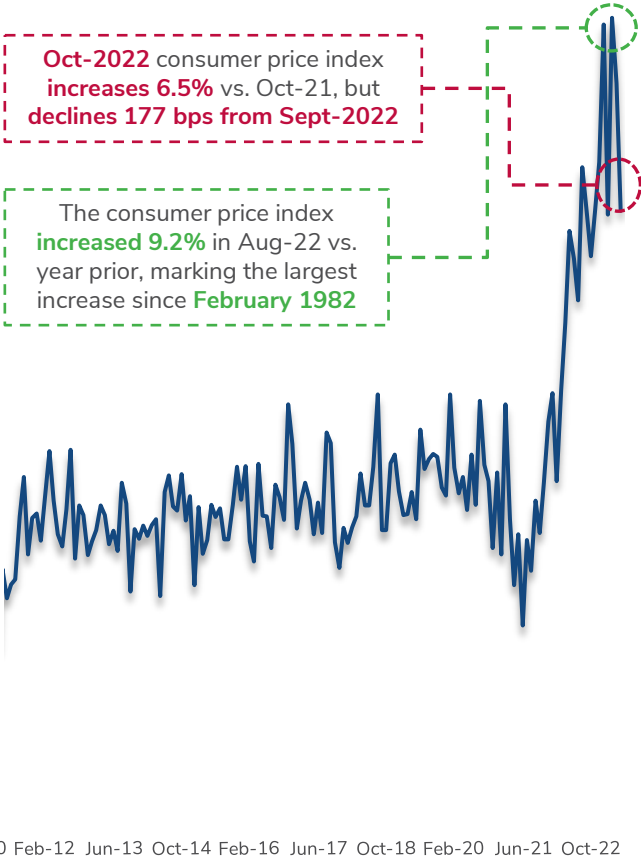
Sustained **dislocation of the global supply chain plus the inflationary environment ...**

... further **exacerbated by the Russia/Ukraine conflict...**

... resulting in **steep interest rate hikes and significantly decreased consumer sentiment**



**Major Market Performance Since January 3, 2022**



**Year-On-Year (YoY) Change in Consumer Price Index**



**Consumer Sentiment Through the Years**

Source: Surveys of Consumers, University of Michigan, Refinitiv, Federal Reserve Economic Data

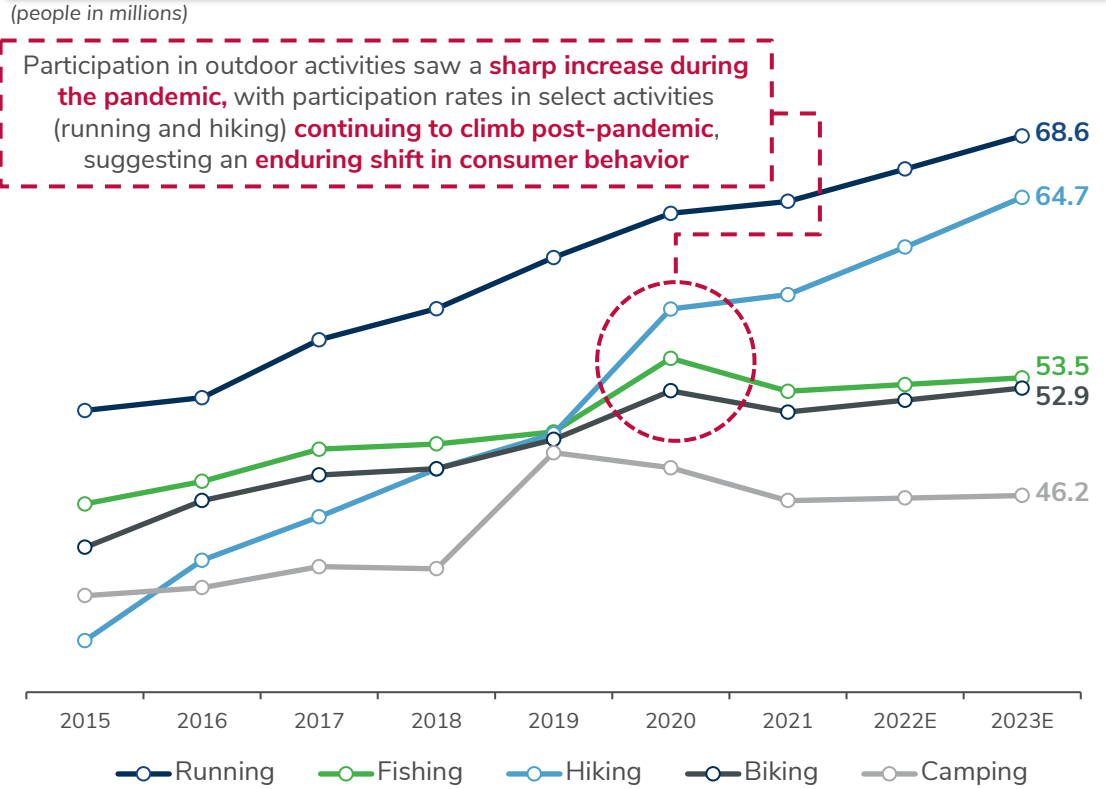


# Section 2: Trends and Insights

# Outdoor Recreation Participation

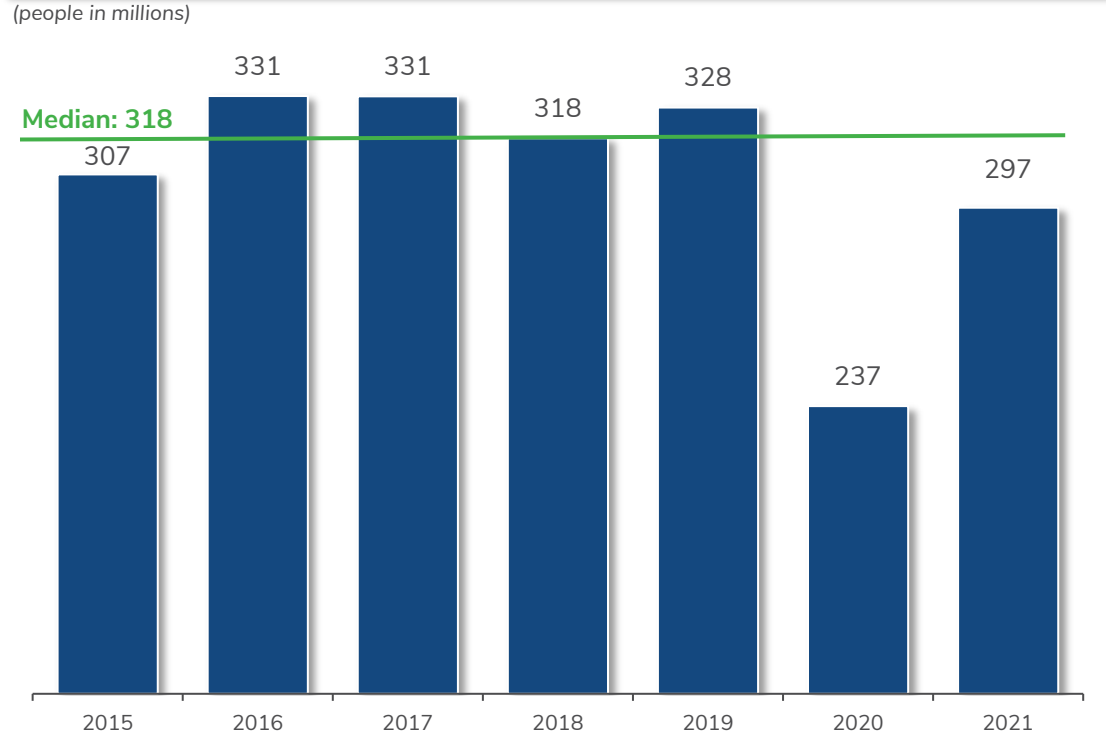
Participation Rates were Further Catalyzed/Accelerated by the Pandemic

## Number of Outdoor Activity Participants in the United States



Over the last decade, an increasing number of people in the United States **spent more time outside participating in recreational and fitness activities**

## United States National Parks Visitor Traffic



Visitors to national parks in the United States **recovered in 2021 from 2020 lows**, driven by easing of COVID-19 visitor restrictions and a **desire to be in the outdoors**

Source: National Park Service Data, Statista






# Outdoor Participant Demographics

Age and Gender Demographics of Outdoor Recreation Participants Is Broadening

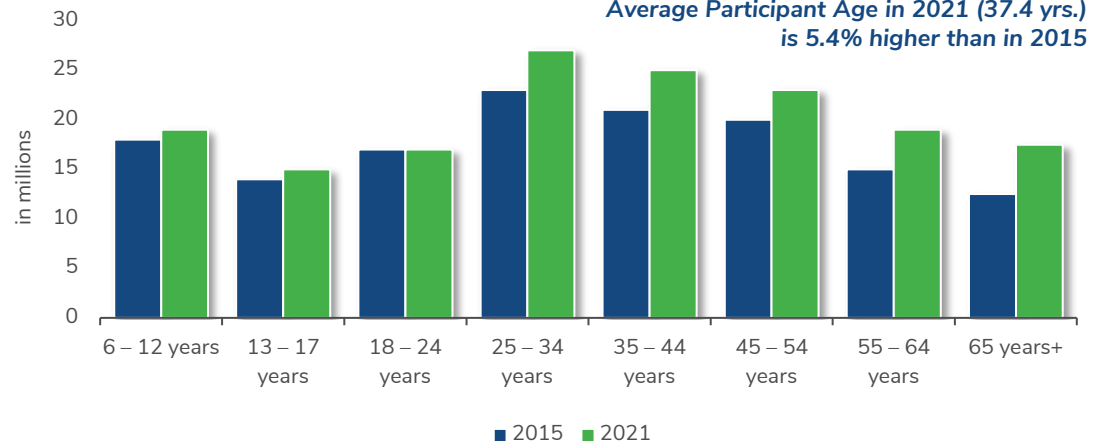
## Participant Demographics Snapshot

~50M Core Participants <sup>1</sup>	~\$70K Average Income	~60%   ~45% Families vs. Adults <sup>2</sup> Participation Rates
~45%   ~55% Female vs. Male	~25% College Graduates	~20% Outdoor Industry Sales <sup>3</sup> YoY Growth %

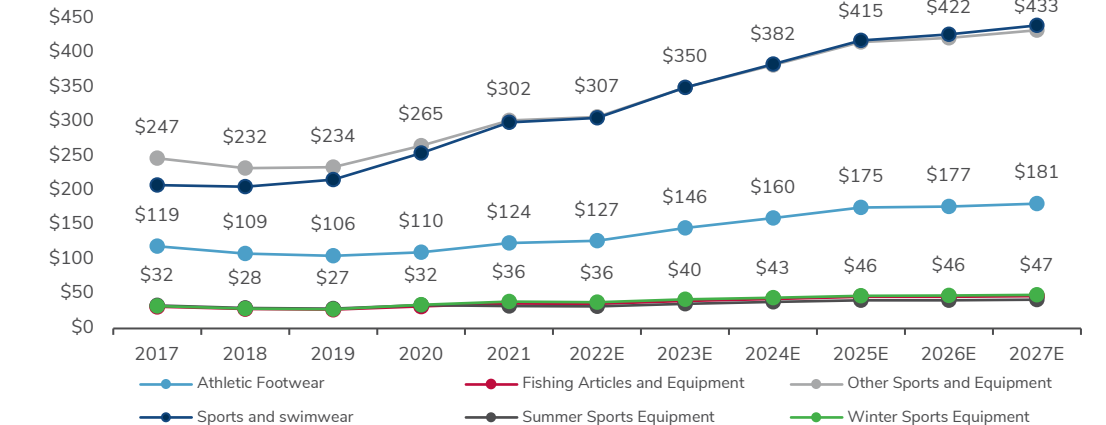
## % Interest in Outdoor Activities by Race/Ethnicity

	 Running	 Biking	 Hiking	 Camping	 Fishing
Asian/Pacific Islander	23.8%	16.7%	22.3%	17.7%	9.8%
African American/ Black	15.4%	11.8%	6.3%	7.2%	10.8%
Hispanic Latinx	20.8%	17.0%	17.9%	15.7%	13.8%
White	15.4%	16.9%	22.0%	17.7%	18.7%

## Older Demographics Are Engaging More in Outdoor Activities



## Per Participant Spend Continues to Grow Across Categories



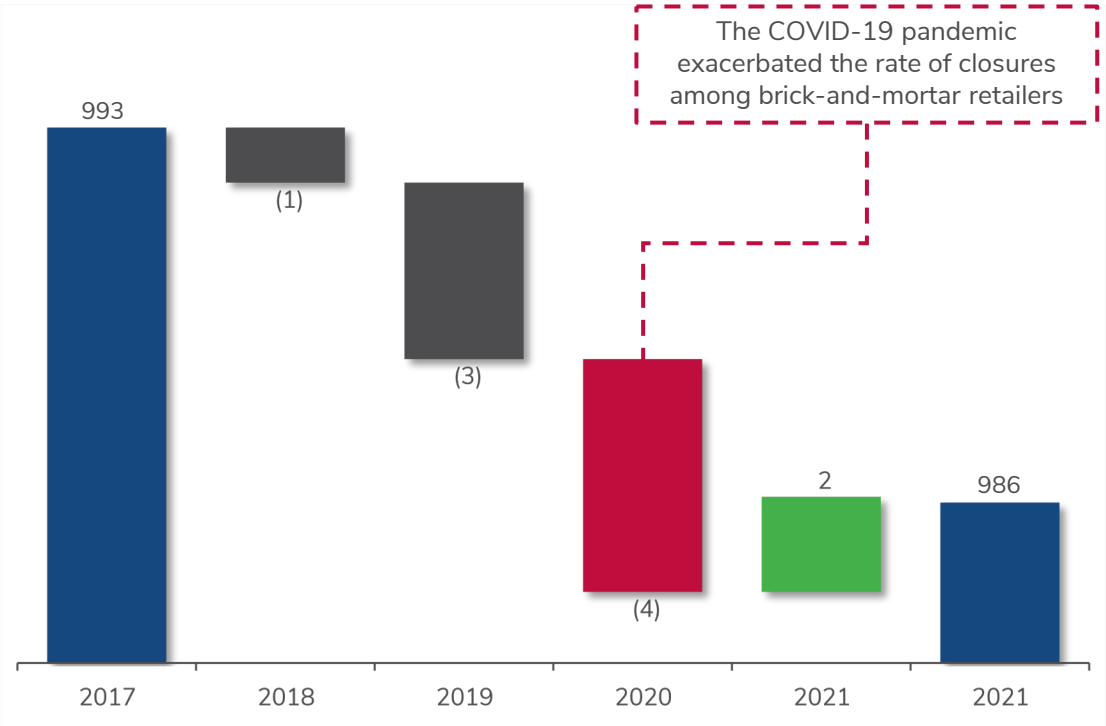
Source: Outdoor Foundation  
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 3) Outdoor industry sales represent outdoor equipment, apparel and footwear sold at large-format sporting goods retailers and smaller specialty retailers in the U.S. as of March 2022

# E-Commerce Adoption Accelerating

Rising E-Commerce Sales Have Inversely Impacted Brick-and-Mortar Retail Sales

## Decline in the Number of Retail Stores in the United States<sup>1</sup>

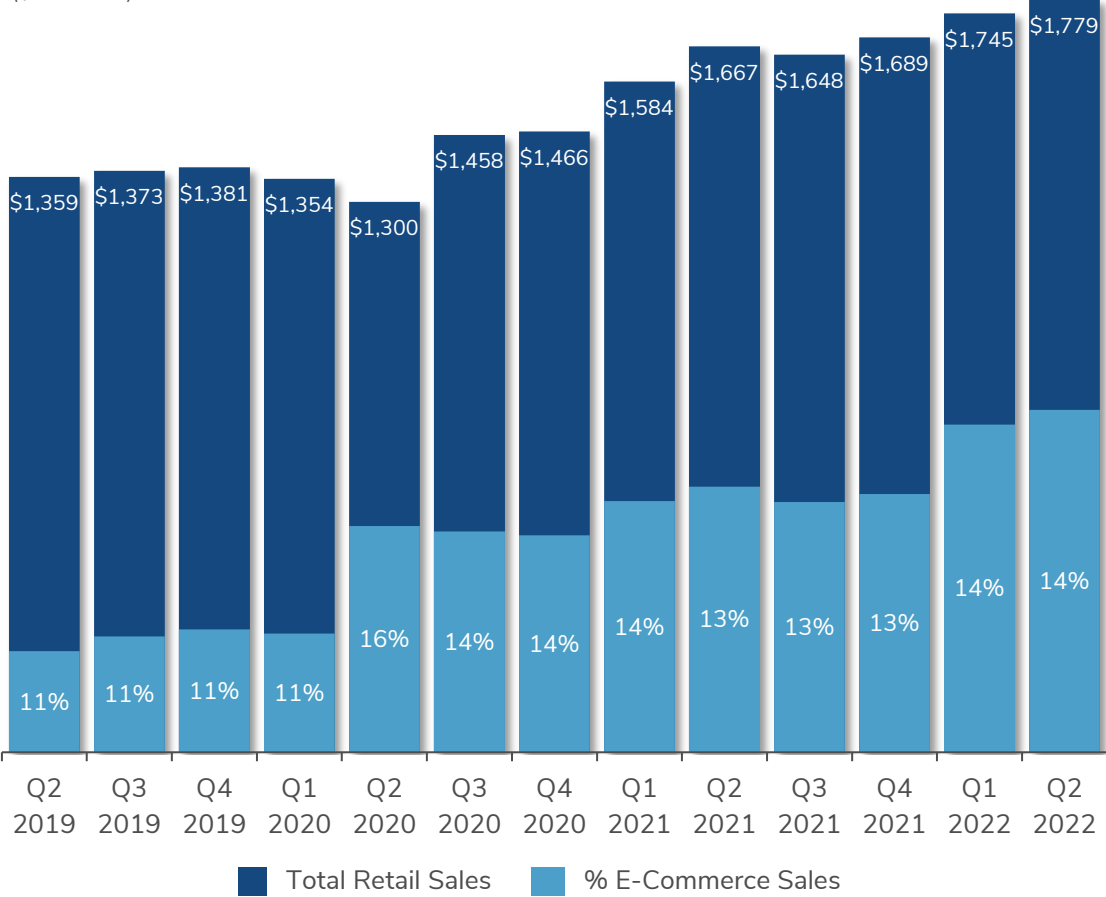
(stores in thousands)



Nearly **7,000** Brick-and-Mortar Store Closures in **Four Years**

## Growing E-Commerce Penetration in the United States

(\$ in billions)



Source: United States Census Data, Statista, and Bureau of Labor Statistics  
 1) In computing the number of retail stores, non-store retailers have been deducted from the total number of retail establishments

# Retailers Effectively Managing Supply Chain Impacts

Brands Are So Far Bearing the Brunt of Excess Inventory Challenges

## Recent Commentary



Equity Research  
(October 2022)

- Higher promotions highly concentrated in the value sector, where DKS is underpenetrated, with limited spillover beyond apparel <\$25
- Athletic/sporting goods retailers' inventories are meaningfully healthier than athletic brand inventories, as little of the problematic inventory is going through premium athletic channels
- "Pandemic winner" categories (like golf, home gym, camping, fishing, outdoors, etc.) are clean. Team sports is clean too, seeing relatively little discounting in equipment (largest division at 44% of sales)



Equity Research  
(October 2022)

- Clearing excess inventory—a rise in in-transit inventory pushed up North American inventory levels 65% in Q1-22 YoY
- Ordered holiday products early to avoid shipping delays, but as transit times improved, became overwhelmed with product this quarter
- "Tighten up" purchases in 2H23 and liquidate excess inventory more aggressively, focusing on product flow to partners and Nike Direct



Equity Research  
(October 2022)

- Real inventory growth is running at record levels: 11.2% in the last YoY reading, with excessive growth
- Expanded discounting in associated categories remains likely in the coming quarters, but margins remain structurally above pre-pandemic levels and should hold flat in CY23

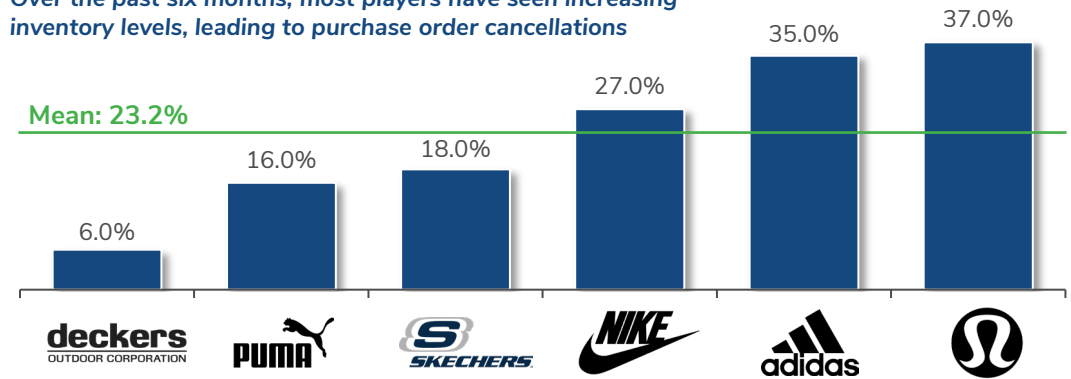


Equity Research  
(September 2022)

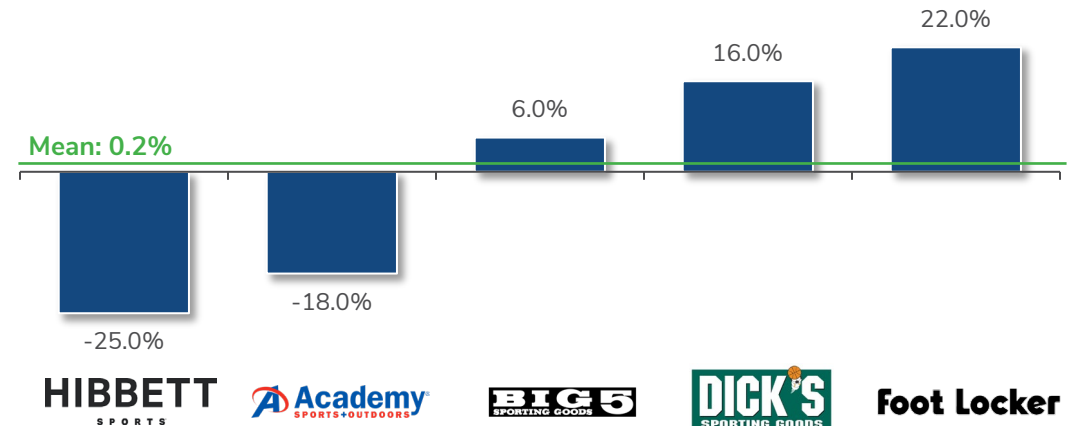
- Rising inflation and supply chain issues are affecting JD's international brands, which dragged down the stock of trainers
- Products are mostly shipped from Asia; the industrial action at ports have aggravated supply chain problems
- Widespread economic uncertainty, inflationary pressures and industrial action could cause additional issues and hurt 2H 2022

## Athletic Brand Inventories Are >20% Above Normal<sup>1</sup>

Over the past six months, most players have seen increasing inventory levels, leading to purchase order cancellations



## Athletic Retailer Inventories Remain Flat on Average<sup>1</sup>



Source: Wallstreet Research, Technomic

1) Normal inventory days calculated at inventories/(Trailing 12-month (TTM) Cost of Goods Sold (COGS) /365) at the end of Q2 for the average of Q2 2019, Q2 2018, Q2 2017, and Q2 2016. Current inventories = Q2 2022 inventories/(forward 12 mo COGS/365)

# Driving Engagement through Influencers

Brands Are Creatively Enlisting Athletes and Influencers to Drive Engagement

## Influencer Marketing ROI

Brands across the Outdoor Activity category **partner with influencers and athletes** alike to promote their brands

# 11x

Influencer Marketing ROI

# \$6.50

Average revenue per dollar spent on influencer marketing















# 66.0%

Companies planning to spend more on influencer marketing in 2022

## Athletes with Large Instagram Followings

	<b>Cristiano Ronaldo</b>	
Followers: 487 million	Contract Value: \$1 billion lifetime	Market Cap: \$145.0 billion
	<b>Lionel Messi</b>	
365 million	\$93 million/year	\$17.8 billion
	<b>Virat Kohli</b>	
217 million	\$15 million/year	\$6.7 billion
	<b>LeBron James</b>	
134 million	\$1 billion lifetime	\$145.0 billion
	<b>Tom Brady</b>	
13 million	\$15 million/year	\$3.2 billion
	<b>Roger Federer</b>	
11 million	\$30 million/year	\$59 billion <sup>1</sup>
	<b>Rory McIlroy</b>	
2.4 million	\$10 million/year	\$145.0 billion

## Celebrity Influencers with High-Profile Endorsements

	<b>Dwayne Johnson</b>		Market Cap: \$3.2 billion
Followers: 340 million			
	<b>Drake</b>		\$145.0 billion
121 million			
	<b>Billie Eilish</b>		\$145.0 billion
106 million			
	<b>Dua Lipa</b>		\$6.7 billion
87 million			
	<b>DJ Khaled</b>		\$145.0 billion
31 million			
	<b>Joe Wicks</b>		\$42.0 billion
4.5 million			
	<b>Alex Honnold</b>		\$11.0 billion
2.5 million			

Source: Sportico.com, Instagram, Saleslion, Capital IQ

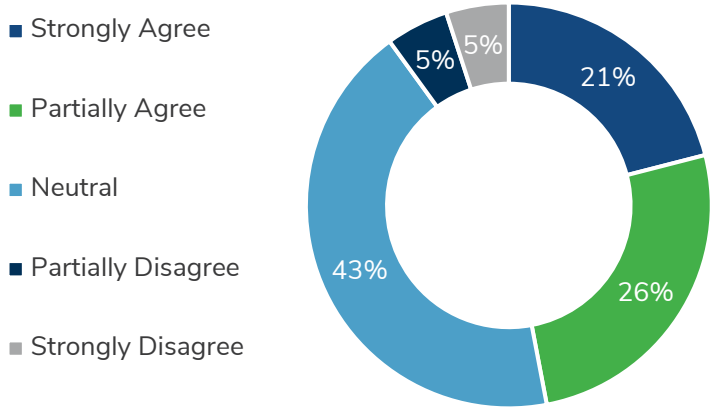
1) Market Cap for Fast Retailing Co.

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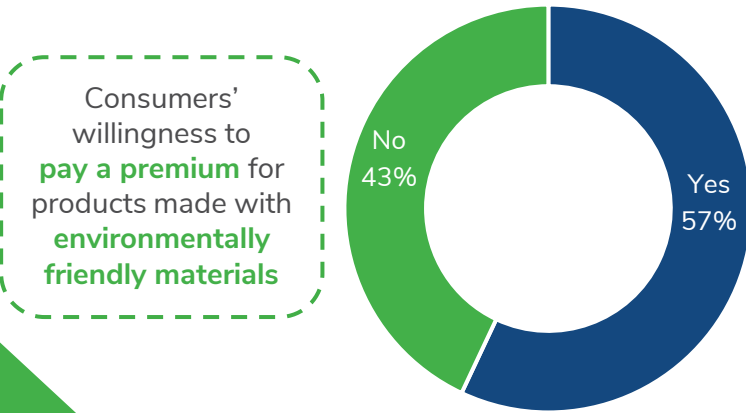
# Consumer Emphasis on ESG

Consumers Are More Likely to Emphasize the Importance of ESG in Purchasing Decisions

## Importance of Sustainability in Leisure Products

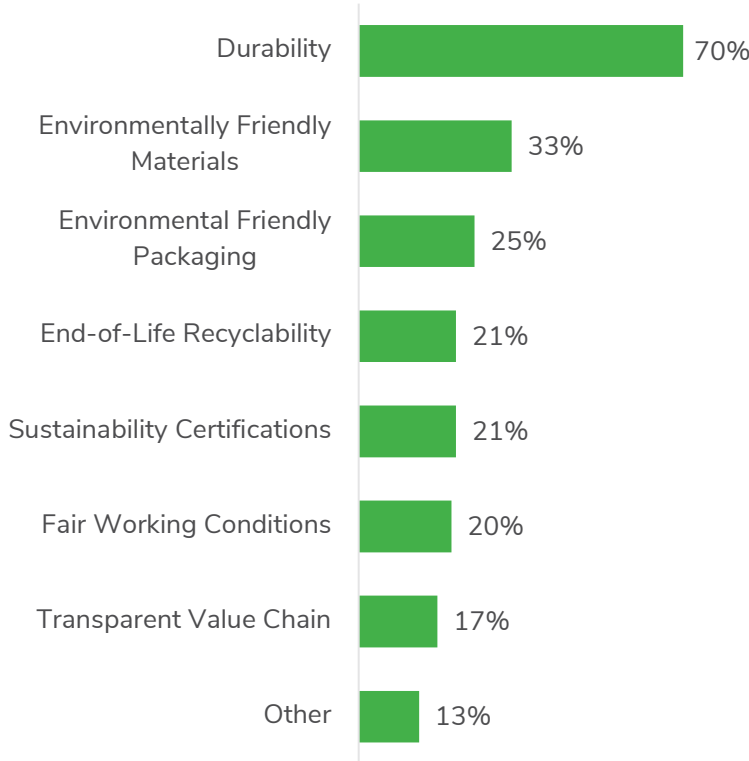


## Willingness to Pay Premium



Consumers' willingness to pay a premium for products made with environmentally friendly materials

## Sustainability Criteria in Decision-Making



Consumers prioritize durability, environmentally friendly materials and packaging, and end-of-life recyclability when purchasing outdoor products

## Companies Introduce Sustainable Offerings

Among sporting goods brands, sustainability is a key strategic agenda topic

Sustainable SKUs increased 58% from 2017–2020

### Adidas's Three Loop Strategy

- Recycled Loop: Use of recycled Parley Ocean Plastic
- Circular Loop: Products designed for multiple life cycles
- Regenerative Loop: Products made with renewable resources

### Nike's Space Hippie collection

- Collection inspired by life on Mars, created from "space junks"
- Shoes with 90% recycled material inputs

### On Running's Cyclon

- Cyclon Subscription: Customers return shoes at end of useful life
- Returned item will be recycled and reused to create new gear

### Patagonia's Worn Wear Strategy

- Worn Wear is a dedicated hub to extend gear life
- Circular Reinvestment: Trade in pre-owned gear for credits

### Arc'teryx

- Bluesign Partner: Select sustainable raw materials and heed sustainability at every step of the production process
- Circular Economy: Grow participation in the circular economy through Arc'teryx ReGEAR. By 2025, 80% of Arc'teryx products will be Fair Trade Certified

### Hoka

- Recycled Packaging: Over 96% of packaging is FSC certified from recycled and responsibly managed forests
- To date, saved over 2.76M lbs. of footwear packaging

### Kathmandu

- BioDown Jacket: A fully biodegradable version of the puffer—designed to last 15-20 years with normal wear, a world first, head-to-toe biodegradable garment
- Exemplifies goal of zero-waste production by 2025

Source: Deloitte, McKinsey and Company

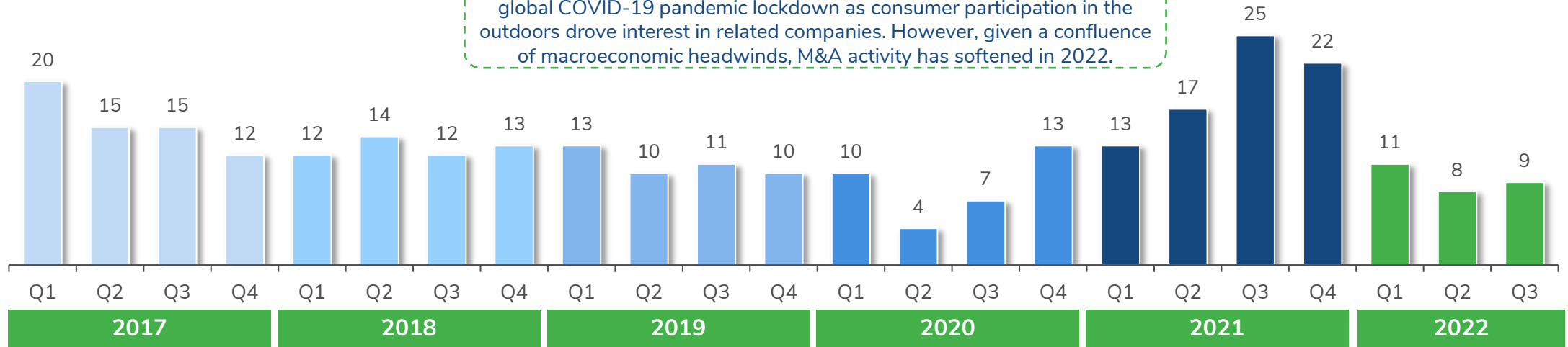


# Section 3: Recent M&A Activity

# Industry Transaction Trends

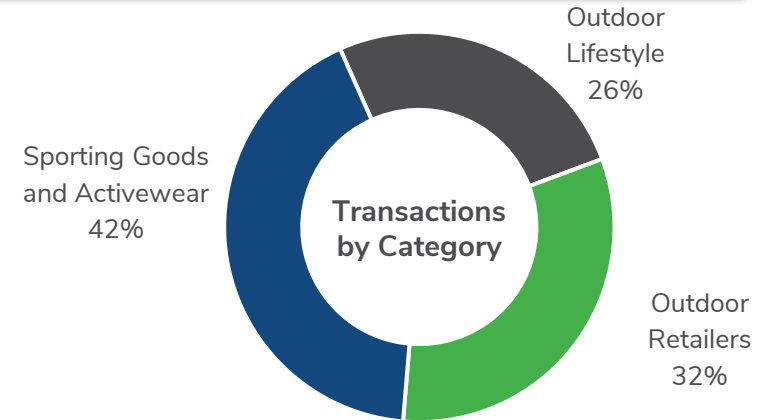
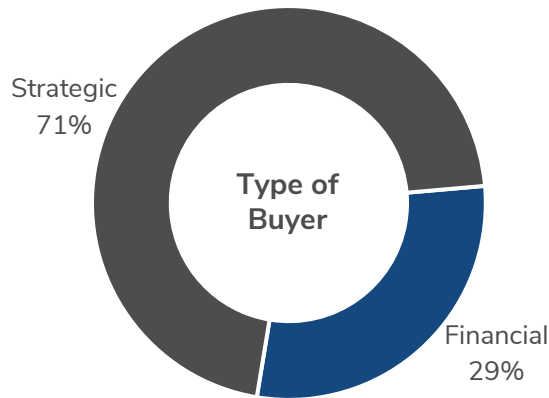
In the Last Five Years, Transaction Values Totaled \$27 Billion

Dealmaking in the outdoor recreation sector quickly picked up after the global COVID-19 pandemic lockdown as consumer participation in the outdoors drove interest in related companies. However, given a confluence of macroeconomic headwinds, M&A activity has softened in 2022.



## For the Nine Months Ending in September 2022

- Strategic acquirers represented over 70% across all transactions
- Most sector transactions were in the Sporting Goods and Activewear category, representing 42% of all deals, followed by Outdoor Retailers and Outdoor Lifestyle



Source: Capital IQ

# Notable Industry M&A Transactions

 has been acquired by  R: 1.8x Jul 2022	 has been acquired by  R: 1.5x <sup>1</sup> /E: 9.8x <sup>1</sup> Jul 2022	 has been acquired by  Mar 2022	 has been acquired by  Feb 2022	 has been acquired by  Feb 2022	 has been acquired by  Jan 2022
 has been acquired by  Jan 2022	 has been acquired by  R: 1.0x/E: 11.0x Jan 2022	 has been acquired by  Dec 2021	 a portfolio company EG CAPITAL has been acquired by  Dec 2021	 has been acquired by  R: 2.6x/E: 13.5x Dec 2021	 a portfolio company of ACON has been acquired by  R: 1.7x/E: 16.7x Oct 2021
 has been acquired by  Oct 2021	 has been acquired by  R: 1.8x/E: 7.9x Sep 2021	 has been acquired by  R: 1.2x Aug 2021	 has been acquired by  Aug 2021	 has been acquired by  May 2021	 has been acquired by  May 2021
 has been acquired by  May 2021	 has been acquired by  R: 1.0x/E: 10.9x Mar 2021	 has been acquired by  Nov 2020	 has been acquired by  Oct 2020	 You never ride alone. has been acquired by  May 2020	 has been acquired by  E: 13.8x Apr 2020


Source: Public filings and press releases

1) Fox Racing multiple is 1.7x revenue and 10.7x EBITDA, inclusive of potential earnout of \$50M

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# Strategic Consolidation—Case Studies

## Solo Brands



 Designer and supplier of portable, low-smoke fire pits and camping stoves was a target in two transactions before jumping across the table and acquiring Chubbies, Oru Kayak and ISLE under the Solo Brands name. Solo Brands, now a publicly traded company, operates a direct-to-consumer platform that offers outdoor lifestyle branded products

**2019**




**Deal Description**  
Bertram Capital Management, a PE firm targeting investments in lower middle market companies, acquired a majority stake in Solo Stove for \$52M at a \$73M valuation

**2020**

**Deal Description**  
Summit Partners, a global alternative investment firm that invests in growth equity, fixed income and public equity opportunities, acquired a majority stake in Solo Stove from Bertram Capital Management for \$273M at a \$432M valuation

**2021**






**Deal Description**  
Solo Stove acquired Chubbies, Oru Kayak, and ISLE, creating a new house of brands, Solo Brands. Chubbies designs and supplies men's shorts, Oru Kayak manufactures origami kayaks, and ISLE is a paddleboard retailer

## Vista Outdoor

Leading global designer, manufacturer and marketer of products in the outdoor sports and recreation markets. Parent company of more than three dozen renowned brands with plans to separate its Outdoor Products and Sporting Products segments into two independent, publicly traded companies, enhancing strategic focus and expanding strategic M&A opportunities

**2021**





**Deal Description**  
U.S.-based outdoor sports and recreational product manufacturer Vista Outdoor acquired Foresight Sports, a supplier of golf analysis solutions, for \$474M

**2021**






**Deal Description**  
Vista Outdoor acquired Stone Glacier, a premium brand focused on ultralightweight, performance hunting gear designed for backcountry use

**2022**




**Deal Description**  
Vista Outdoor acquired Fox Racing, a global icon in performance motocross, mountain bike and lifestyle gear for adventure seekers for \$540M, with a potential \$50M earnout

**2022**

**Deal Description**  
Vista Outdoor acquired Simms Fishing Products, a manufacturer of fishing apparel and accessories for \$193M

## Christy Sports

Retailer of winter and snow sports equipment that offers a variety of products for skiing, backcountry, snowboarding, hiking and biking-related activities. Carries top brands such as Salomon, Atomic, K2, Spyder and Volkl

**2019**






**Deal Description**  
Christy Sports, one of the largest specialty retailers and service providers in the Western U.S., acquired Leisure Living, Inc., a specialty Outdoor Furniture retail operator based in Salt Lake City, Utah

**2019**




**Deal Description**  
TZP Group, a PE firm targeting investments in consumer services companies, acquired a majority stake in Christy Sports

**2020**




**Deal Description**  
Christy Sports acquired Double Diamond Ski and Bike Shop, a premier specialty ski and snowboard retail and rental operator

**2021**




**Deal Description**  
Christy Sports acquired the assets of Lone Mountain Sports, a premier ski and snowboard specialty retail and rental operator

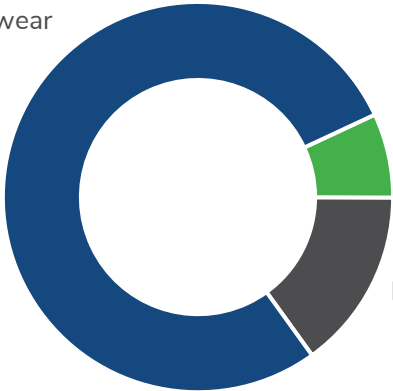
Source: Third-party research, Capital IQ, Kroll research and analysis  
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# Section 4: Public Sector Performance

# Sector Overview

## Equity Sector Breakdown by Subsector

Sporting Goods and Activewear  
78%



Outdoor Lifestyle  
7%

Outdoor Retailers  
15%

## Overall Performance of Public Companies

**\$326B**

Total Sector Market Capitalization

**-36%**

TTM Performance

## Largest Brands in the Outdoor Sector

**deckers**  
OUTDOOR CORPORATION  
Market Cap: ~\$9B

**VF CORPORATION**  
Market Cap: \$11B

**TRACTOR SUPPLY CO**  
Market Cap: ~\$24B

**VISTA OUTDOOR**  
Market Cap: ~\$2B

**JD**  
Market Cap: ~\$6B

**DICK'S SPORTING GOODS**  
Market Cap: ~\$9B

**NIKE**  
Market Cap: \$145B

**adidas**  
Market Cap: \$17B

## ESG and the Modern Consumer

**57%**

Consumers Willing to Pay More for Premium ESG-Conscious Products

**58%**

Increase in Sustainably Designed SKUs from 2017 to 2020

## M&A Deal Activity in the Sector

**~300**

Deals Since Jan 2017

**\$27B**

Total Transaction Value

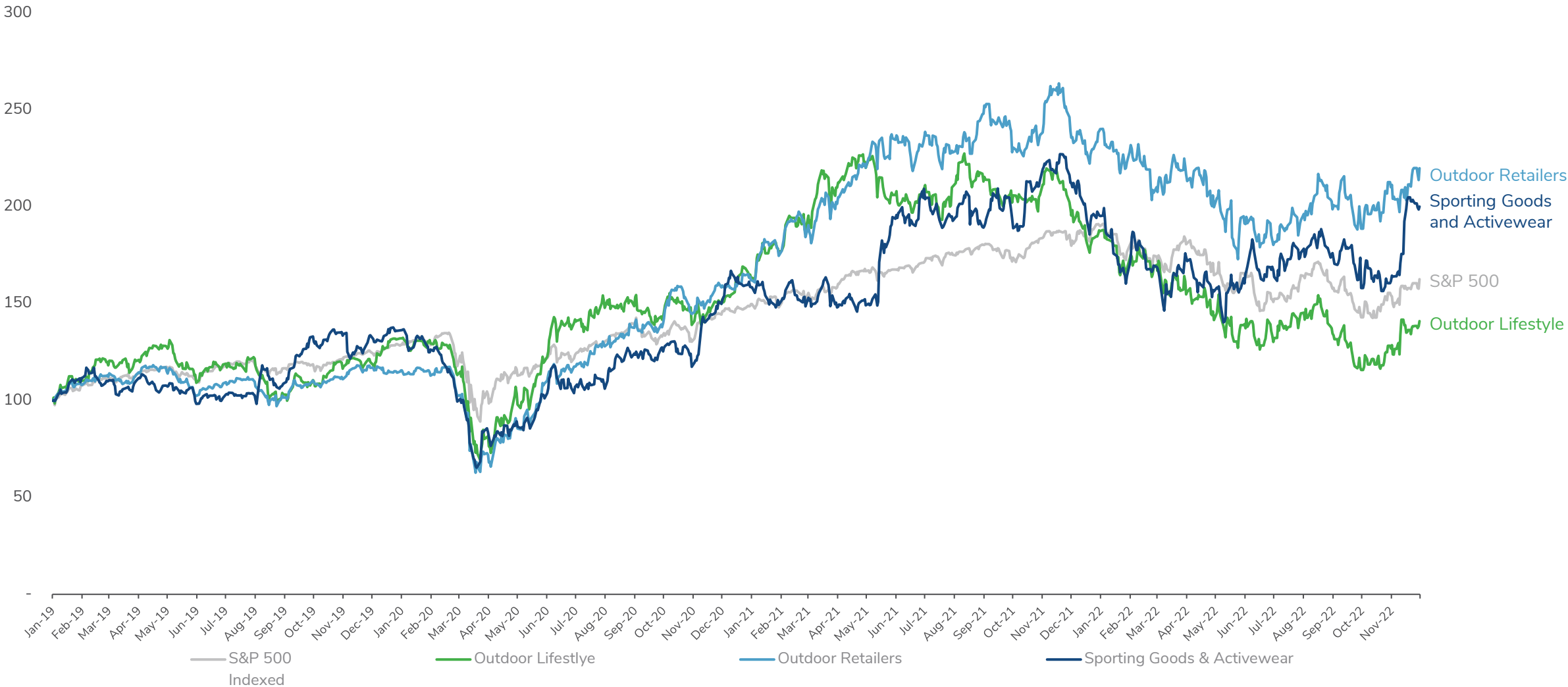
## Key Developments

- ✓ #1 Half of adults from across the United States now participate in outdoor recreation on at least a monthly basis
- ✓ #2 President Biden targets ~\$3 billion for conservation and outdoor recreation
- ✓ #3 Global sporting goods market is expected to grow to approximately \$450 billion by 2025

Source: McKinsey and Company, Third-party research, Capital IQ, and Kroll research and analysis  
 Note: Market information as per prices on September 30, 2022  
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# Sector Market Performance

On a Total Return Basis, Sporting Goods and Activewear and Outdoor Retailers Benchmarks Outperformed the S&P 500



Source: Capital IQ



# Public Company Operating Metrics

## Year-Over-Year Growth

Company	Revenue	EBITDA	2021	2022E	2023E	5-Year CAGR	Gross Margin	Operating Margin
<b>Sporting Goods and Activewear</b>								
NIKE	\$49,107	\$7,178	13.5%	4.4%	7.3%	6.6%	44.6%	13.0%
adidas	22,008	1,970	(9.0%)	1.2%	4.8%	4.4%	49.6%	6.5%
V.F. Corporation	11,791	1,714	15.2%	0.5%	2.8%	(3.5%)	53.5%	12.4%
JD Sports Fashion	11,067	1,466	42.6%	(0.4%)	5.0%	26.8%	49.1%	10.6%
Lululemon Athletica	7,468	1,870	57.2%	27.9%	14.1%	16.4%	56.3%	21.4%
Under Armour	5,230	20	7.9%	1.9%	5.4%	3.3%	44.1%	(2.2%)
Callaway Golf	3,856	438	84.2%	27.1%	10.0%	29.2%	33.4%	6.3%
Deckers Outdoor Corporation	3,414	607	38.3%	16.6%	8.7%	6.3%	49.7%	16.4%
Gildan	3,305	716	3.5%	12.8%	1.0%	2.5%	28.5%	18.4%
Vista Outdoor	3,188	691	53.5%	11.1%	(1.1%)	(0.4%)	35.5%	19.1%
ASICS Corporation	3,075	252	0.9%	3.9%	6.3%	0.5%	49.5%	4.9%
Acushnet Holdings	2,243	275	27.7%	4.6%	0.2%	6.4%	51.7%	10.8%
Compass Diversified	2,139	321	45.8%	21.2%	9.8%	20.3%	39.8%	8.8%
Canada Goose Holdings	842	131	15.1%	2.7%	13.7%	26.2%	67.1%	12.1%
Clarus Corporation	462	59	63.8%	18.4%	2.8%	20.5%	36.9%	7.7%
Escalade, Incorporated	315	34	73.7%	(0.2%)	4.9%	12.8%	23.4%	8.8%
<b>Median</b>	<b>\$3,359</b>	<b>\$523</b>	<b>33.0%</b>	<b>4.5%</b>	<b>5.2%</b>	<b>6.5%</b>	<b>46.8%</b>	<b>10.7%</b>
<b>Average</b>	<b>\$8,094</b>	<b>\$1,109</b>	<b>33.4%</b>	<b>9.6%</b>	<b>6.0%</b>	<b>11.1%</b>	<b>44.5%</b>	<b>11.0%</b>

## Year-Over-Year Growth

Company	Revenue	EBITDA	2021	2022E	2023E	5-Year CAGR	Gross Margin	Operating Margin
<b>Outdoor Lifestyle</b>								
THOR Industries	\$15,462	\$1,702	65.8%	(5.3%)	(19.4%)	21.9%	17.1%	9.2%
Polaris	8,983	949	19.4%	5.0%	(0.9%)	12.4%	22.6%	7.8%
Columbia Sportswear	3,424	568	2.8%	10.5%	4.3%	5.6%	50.0%	13.1%
Wolverine World Wide	2,655	216	6.2%	11.1%	3.2%	(0.6%)	41.7%	6.8%
Weber	1,586	(110)	NA	(22.8%)	(7.7%)	NA	27.4%	(10.8%)
YETI Holdings	1,590	301	54.4%	16.1%	9.9%	11.5%	53.5%	16.6%
Smith & Wesson Brands	564	137	96.3%	(49.1%)	(4.1%)	7.9%	39.9%	19.0%
Traeger	693	(58)	116.2%	(19.0%)	3.3%	NA	36.1%	(16.4%)
Johnson Outdoors	743	77	26.2%	2.6%	(2.2%)	11.6%	36.5%	8.9%
Solo Brands	497	66	913.0%	18.0%	13.0%	NA	65.3%	8.9%
American Outdoor Brands	214	14	NA	(23.3%)	10.9%	NA	45.4%	(1.5%)
<b>Median</b>	<b>\$1,586</b>	<b>\$137</b>	<b>54.4%</b>	<b>2.6%</b>	<b>3.2%</b>	<b>11.5%</b>	<b>39.9%</b>	<b>8.9%</b>
<b>Average</b>	<b>\$3,310</b>	<b>\$351</b>	<b>144.5%</b>	<b>(5.1%)</b>	<b>0.9%</b>	<b>10.0%</b>	<b>39.6%</b>	<b>5.6%</b>

Source: Capital IQ as of November 30, 2022

Note: Compound annual growth rate (CAGR), Year-on-Year Growth for 2021 is vs. 2019

# Public Company Operating Metrics

## Year-Over-Year Growth

Company	Revenue	EBITDA	2021	2022E	2023E	5-Year CAGR	Gross Margin	Operating Margin
<b>Outdoor Retailers</b>								
Canadian Tire Corporation	\$12,825	\$1,572	7.6%	8.8%	0.8%	6.4%	32.1%	10.7%
Tractor Supply Company	13,518	1,756	52.4%	10.6%	7.5%	13.4%	35.0%	10.6%
DICK'S Sporting Goods	12,124	1,960	40.5%	(0.7%)	1.6%	5.7%	36.1%	13.4%
Camping World Holdings	7,064	738	29.1%	10.0%	(3.4%)	14.5%	33.3%	9.3%
Academy Sports and Outdoors	6,457	947	40.2%	(4.6%)	4.2%	NA	34.4%	13.0%
Sportsman's Warehouse Holdings	1,437	100	69.9%	(4.8%)	8.3%	15.5%	33.0%	4.9%
Hibbett	1,633	173	42.8%	2.3%	6.6%	8.5%	35.2%	8.0%
Big 5 Sporting Goods	1,031	75	16.6%	(13.8%)	3.3%	2.6%	35.4%	5.7%
<b>Median</b>	<b>\$6,761</b>	<b>\$842</b>	<b>40.4%</b>	<b>0.8%</b>	<b>3.7%</b>	<b>8.5%</b>	<b>34.7%</b>	<b>10.0%</b>
<b>Average</b>	<b>\$7,011</b>	<b>\$915</b>	<b>37.4%</b>	<b>1.0%</b>	<b>3.6%</b>	<b>9.5%</b>	<b>34.3%</b>	<b>9.4%</b>

Source: Capital IQ as of November 30, 2022

Note: Compound annual growth rate (CAGR), Year-on-Year Growth for 2021 is vs. 2019

# Public Company Valuation Metrics

Company	Stock Price 11/30/2022	% of 52 Week High	TTM (% Change)	Market Capitalization	Total Enterprise Value	Net Debt	EV/Sales			EV/EBITDA			Price to Earnings	PEG
							TTM	2022E	2023E	TTM	2022E	2023E		
<b>Sporting Goods and Activewear</b>														
NIKE	\$109.69	63.3%	(35.2%)	\$171,620	\$172,335	\$1,904	3.5x	3.6x	3.3x	24.0x	25.5x	23.7x	43.5x	0.3
Lululemon Athletica	380.31	81.3%	(16.3%)	48,492	48,947	686	6.6x	6.1x	5.4x	26.2x	23.9x	20.8x	51.5x	(5.4)
adidas	126.08	45.8%	(56.2%)	24,361	30,086	5,034	1.4x	1.2x	1.2x	15.3x	14.3x	10.9x	33.0x	0.2
V.F. Corporation	32.82	42.0%	(54.2%)	12,750	19,271	6,521	1.6x	1.7x	1.6x	11.2x	13.2x	13.4x	15.5x	(0.3)
Deckers Outdoor	398.88	94.0%	(1.6%)	10,557	10,335	(222)	3.0x	3.0x	2.7x	17.0x	16.4x	14.3x	30.7x	0.6
JD Sports Fashion	1.50	54.9%	(49.0%)	7,759	9,859	1,565	0.9x	0.9x	0.8x	6.7x	5.0x	4.8x	13.3x	(12.2)
Gildan	28.77	70.7%	(28.8%)	5,167	6,088	909	1.8x	1.8x	1.8x	8.5x	7.8x	7.9x	14.7x	(0.0)
Under Armour	45.45	80.5%	(16.4%)	3,191	3,606	374	1.6x	1.6x	1.6x	13.1x	10.8x	10.6x	23.7x	0.3
ASICS Corporation	20.95	72.0%	(22.3%)	3,873	7,103	3,231	1.8x	1.8x	1.6x	16.2x	12.5x	11.6x	49.5x	43.7
Callaway Golf	10.00	40.1%	(57.6%)	4,229	4,886	657	0.9x	0.8x	0.8x	NM	11.5x	9.3x	NM	N/A
Acushnet Holdings	21.21	94.0%	(14.7%)	3,884	4,242	339	1.4x	1.2x	1.1x	16.9x	11.4x	10.5x	41.5x	(0.1)
Canada Goose Holdings	18.62	43.2%	(58.2%)	1,961	2,511	534	3.0x	2.9x	2.5x	19.2x	12.0x	9.8x	39.8x	(0.7)
Vista Outdoor	27.97	53.1%	(36.0%)	1,582	2,936	1,354	0.9x	0.9x	0.9x	4.2x	4.4x	4.8x	4.5x	(0.0)
Compass Diversified	19.56	58.7%	(32.1%)	1,412	3,833	1,896	1.8x	1.7x	1.6x	11.9x	10.0x	8.7x	24.0x	0.1
Clarus Corporation	8.32	28.4%	(68.5%)	308	481	173	1.0x	1.1x	1.1x	8.2x	7.5x	7.2x	19.7x	0.1
Escalade, Incorporated	10.11	56.2%	(40.6%)	137	249	112	0.8x	0.8x	0.8x	7.3x	7.6x	6.9x	8.8x	(1.8)
<b>Median</b>	<b>\$24.59</b>	<b>57.4%</b>	<b>(35.6%)</b>	<b>\$4,057</b>	<b>\$5,487</b>	<b>\$797</b>	<b>1.6x</b>	<b>1.6x</b>	<b>1.6x</b>	<b>13.1x</b>	<b>11.5x</b>	<b>10.2x</b>	<b>24.0x</b>	<b>(0.0)</b>
<b>Average</b>	<b>\$78.77</b>	<b>61.1%</b>	<b>(36.7%)</b>	<b>\$18,830</b>	<b>\$20,423</b>	<b>\$1,567</b>	<b>2.0x</b>	<b>1.9x</b>	<b>1.8x</b>	<b>13.7x</b>	<b>12.1x</b>	<b>10.9x</b>	<b>27.6x</b>	<b>1.6</b>

Company	Stock Price 11/30/2022	% of 52-Week High	TTM (% Change)	Market Capitalization	Total Enterprise Value	Net Debt	EV/Sales			EV/EBITDA			Price to Earnings	PEG
							TTM	2022E	2023E	TTM	2022E	2023E		
<b>Outdoor Lifestyle</b>														
Polaris	\$114.06	89.6%	2.0%	\$6,611	\$8,528	\$1,914	0.9x	1.0x	1.0x	9.0x	8.0x	7.9x	16.9x	0.3
Columbia Sportswear	89.59	86.4%	(8.1%)	5,565	5,789	225	1.7x	1.7x	1.6x	10.2x	10.8x	10.3x	20.3x	0.2
THOR Industries	86.14	77.6%	(18.5%)	4,624	6,137	1,482	0.4x	0.4x	0.5x	3.6x	4.4x	6.3x	5.2x	0.0
YETI Holdings	44.89	47.3%	(51.3%)	3,872	3,962	91	2.5x	2.4x	2.2x	13.2x	12.6x	10.8x	25.5x	0.9
Wolverine World Wide	11.20	33.5%	(64.0%)	882	2,419	1,520	0.9x	0.9x	0.9x	11.2x	10.5x	9.4x	10.0x	0.1
Johnson Outdoors	56.56	53.0%	(45.6%)	571	504	(130)	0.7x	0.7x	0.7x	6.3x	NA	NA	15.3x	0.3
Smith & Wesson Brands	11.77	50.0%	(48.3%)	539	470	(2)	0.8x	0.9x	1.0x	3.4x	3.9x	4.9x	5.5x	0.0
Traeger	6.80	47.5%	(49.5%)	361	1,527	1,363	0.9x	1.0x	1.0x	NM	18.3x	10.2x	NA	NA
Weber <sup>1</sup>	3.20	22.2%	(75.2%)	392	853	461	1.2x	1.3x	1.3x	NM	25.3x	15.5x	NM	N/A
Solo Brands	4.35	23.7%	(74.0%)	277	669	192	1.3x	1.4x	1.2x	10.1x	9.6x	7.8x	10.1x	0.0
American Outdoor Brands	9.46	38.8%	(59.9%)	127	156	29	0.7x	0.8x	0.7x	11.4x	9.2x	7.5x	65.7x	(0.2)
<b>Median</b>	<b>\$11.77</b>	<b>47.5%</b>	<b>(49.5%)</b>	<b>\$571</b>	<b>\$1,527</b>	<b>\$225</b>	<b>0.9x</b>	<b>1.0x</b>	<b>1.0x</b>	<b>10.1x</b>	<b>10.1x</b>	<b>8.6x</b>	<b>15.3x</b>	<b>0.1</b>
<b>Average</b>	<b>\$39.82</b>	<b>51.8%</b>	<b>(44.8%)</b>	<b>\$2,165</b>	<b>\$2,820</b>	<b>\$649</b>	<b>1.1x</b>	<b>1.1x</b>	<b>1.1x</b>	<b>8.7x</b>	<b>11.3x</b>	<b>9.0x</b>	<b>19.4x</b>	<b>0.2</b>

Source: Capital IQ

Note: Price/Earnings-to-Growth (PEG) Ratio

1) Weber received an offer from BDT Capital Partners to acquire the remaining shares it does not own for \$6.25 per share

# Public Company Valuation Metrics

Company	Stock Price 11/30/2022	% of 52-Week High	TTM (% Change)	Market Capitalization	Total Enterprise Value	Net Debt	EV/Sales			EV/EBITDA			Price to Earnings	PEG
							TTM	2022E	2023E	TTM	2022E	2023E		
<b>Outdoor Retailers</b>														
Tractor Supply	\$226.31	93.7%	0.4%	\$24,999	\$28,846	\$3,848	2.1x	2.0x	1.9x	16.4x	16.3x	15.0x	29.1x	1.7
DICK'S Sporting Goods	119.58	97.6%	1.7%	9,974	12,684	2,710	1.0x	1.0x	1.0x	6.5x	6.9x	7.2x	13.0x	0.1
Canadian Tire Corporation	112.54	77.4%	(14.7%)	6,885	15,421	7,375	1.2x	1.2x	1.2x	9.8x	8.5x	8.6x	10.3x	0.2
Academy Sports and Outdoors	50.48	96.4%	13.1%	4,025	5,480	1,550	0.8x	0.8x	0.8x	5.8x	5.6x	5.6x	8.6x	0.0
Camping World Holdings	27.53	60.8%	(37.2%)	1,160	4,357	3,067	0.6x	0.6x	0.6x	5.9x	6.4x	8.2x	28.0x	4.7
Hibbett	66.66	80.6%	(14.5%)	854	1,188	334	0.7x	0.7x	0.6x	6.9x	5.5x	5.1x	11.2x	0.1
Sportsman's Warehouse Holdings	9.82	57.0%	(42.3%)	382	761	407	0.5x	0.5x	0.5x	7.2x	7.3x	6.4x	8.7x	0.0
Big 5 Sporting Goods	12.41	49.8%	(47.7%)	270	540	269	0.5x	0.5x	0.5x	7.2x	10.0x	9.0x	7.6x	0.1
<b>Median</b>	<b>\$58.57</b>	<b>79.0%</b>	<b>(14.6%)</b>	<b>\$2,593</b>	<b>\$4,919</b>	<b>\$2,130</b>	<b>0.8x</b>	<b>0.8x</b>	<b>0.7x</b>	<b>7.0x</b>	<b>7.1x</b>	<b>7.7x</b>	<b>10.7x</b>	<b>0.1</b>
<b>Average</b>	<b>\$78.17</b>	<b>76.7%</b>	<b>(17.6%)</b>	<b>\$6,069</b>	<b>\$8,660</b>	<b>\$2,445</b>	<b>1.0x</b>	<b>0.9x</b>	<b>0.9x</b>	<b>8.2x</b>	<b>8.3x</b>	<b>8.1x</b>	<b>14.6x</b>	<b>0.9</b>

Source: Capital IQ  
Price/Earnings-to-Growth (PEG) Ratio

# Section 5: Kroll Overview

# About Our Corporate Finance Practice

Our Consumer and Retail practice specializes in M&A, capital raising and liquidity transactions

## Top Ranked U.S. Middle-Market M&A Advisor

#5 Ranked U.S. Middle-Market M&A Advisor  
over the Past 10 Years

Firm	No. of Deals	Rank
Firm A	1,829	1
Firm B	1,123	2
Firm C	851	3
Firm D	701	4
<b>Kroll</b>	<b>613</b>	<b>5</b>
Firm E	591	6
Firm F	578	7
Firm G	565	8
Firm H	539	9
Firm I	535	10

## Key Differentiators

- ❑ #1 Fairness Opinions in the U.S. and Globally over the Last 10 Years<sup>1</sup>
- ❑ #5 U.S. Middle-Market Transactions over The Past 10 Years<sup>2</sup>
- ❑ 118 fairness and 79 solvency opinions valued at nearly \$1.1 trillion in 2022<sup>3</sup>
- ❑ Over 1,000 transactions for more than 200 financial sponsors in 2022

## Key Services

- ❑ Buy-side and Sell-side M&A
- ❑ Fairness and Solvency Opinions
- ❑ Transaction Advisory Services
- ❑ Restructuring
- ❑ ESOP and ERISA Advisory

1) Refinitiv cumulative data 2012-2021

2) Refinitiv Data (U.S. deals \$10M < \$170M, including deals without a disclosed value.) Full years 2012–2021

3) Kroll

# Kroll Outdoor/Active Lifestyle M&A Experience

<p>Sell-Side Advisor</p>  <p>has been acquired by</p> 	<p>Sell-Side Advisor</p>  <p>has been acquired by</p> 	<p>Sell-Side Advisor</p>  <p>a brand division of</p>  <p>has been acquired by</p> 	<p>Sell-Side Advisor</p>  <p>has received a significant minority investment from</p> 	<p>Sell-Side Advisor</p>  <p>a portfolio company of</p>  <p>has been acquired by</p> 	<p>Buy-Side Advisor</p>  <p>has acquired</p> 	<p>Restructuring Advisor</p>  <p>A portfolio company of</p>  <p>Has been acquired in a \$ 363 sale by</p> 	<p>Sell-Side Advisor</p>  <p>has been acquired by</p> 
<p>Financial Advisor</p>  <p>a portfolio company of</p>  <p>has completed a dividend recapitalization redemption transaction</p>	<p>Financial Advisor</p>  <p>has been acquired by</p> 	<p>Financial Advisor</p>  <p>has been acquired by</p> 	<p>Financial Advisor</p>  <p>has acquired certain assets of</p> 	<p>Sell-Side Advisor</p>  <p>a portfolio company of</p>  <p>has been acquired by</p> 	<p>Restructuring Advisor</p>  <p>a portfolio company of</p>  <p>has completed a recapitalization with</p> 	<p>Buy-Side Advisor</p>  <p>has acquired</p> 	<p>Sell-Side Advisor</p>  <p>a portfolio company of</p>  <p>has been acquired by</p> 
<p>Financial Advisor</p>  <p>has been acquired by</p> 	<p>Sell-Side Advisor</p>  <p>has completed a going private transaction with</p> 	<p>Financial Advisor</p>  <p>has acquired</p> 	<p>Financial Advisor</p>  <p>Senior debt financing</p>	<p>Financial Advisor</p>  <p>has been acquired by</p> 	<p>Financial Advisor</p>  <p>a portfolio company of</p>  <p>has completed a leveraged dividend recapitalization</p>	<p>Buy-Side Advisor</p>  <p>a portfolio company of</p>  <p>has acquired</p> 	<p>Financial Advisor</p>  <p>has acquired</p> 
<p>Financial Advisor</p>  <p>has acquired</p> 	<p>Sell-Side Advisor</p>  <p>has acquired</p>  <p>has acquired</p> 	<p>Financial Advisor</p>  <p>a portfolio company of</p>  <p>has completed a refinancing</p>	<p>Financial Advisor</p>  <p>a portfolio company of</p>  <p>has completed a leveraged share redemption transaction</p>	<p>Sell-Side Advisor</p>  <p>has received a significant minority investment from</p> 	<p>Sell-Side Advisor</p>  <p>has been acquired by</p> 	<p>Sell-Side Advisor</p>  <p>has been acquired by</p> 	<p>Financial Advisor</p>  <p>has been acquired by</p> 

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## About Kroll

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