

FALL 2021

INDUSTRY UPDATE

# Consumer Market Monitor



Outdoor and Active Lifestyle Market Insights



## OUTDOOR AND ACTIVE LIFESTYLE MARKET INSIGHTS

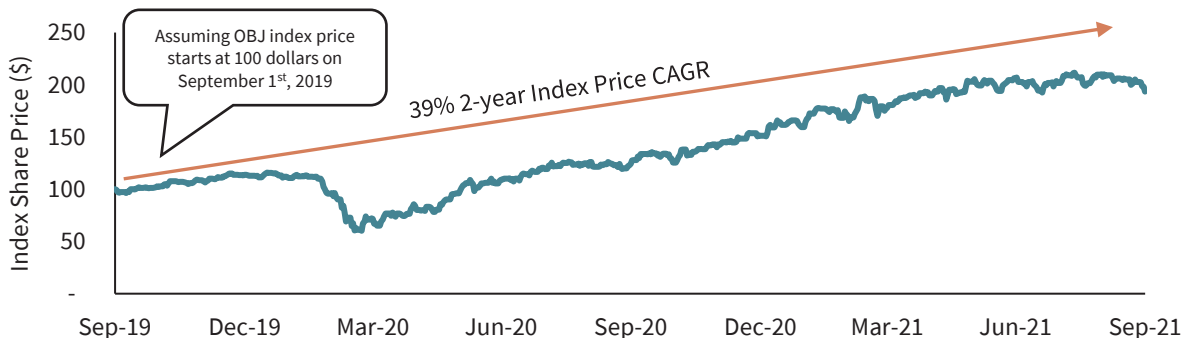
### Everyone is Going Outside... But Will They Stay?

- Based on the Outdoor Foundation’s 2021 Participation Report, 160.7 million Americans over the age of six participated in at least one outdoor activity, with running, jogging, and trail running being the most popular (63.8M participants), closely followed by hiking (57.8M), fishing (54.7M), and biking (52.7M):
  - Although there was a significant increase in year-over-year participant growth, the number of outings and overall intensity (times per week) has steadily declined from 2012 levels, as screen time continues to be a key competitor for outdoor recreation.
  - A recent study by the Council to Advance Hunting and the Shooting Sports concluded that 2020 hunting license sales increased approximately 5% over 2019. 35 states saw an overall increase in the number of licenses sold in 2020 when compared to 2021.
- During the pandemic, many consumers have gravitated towards healthier lifestyles and increasingly ventured outside to recreate. Although there was an increase in outdoor recreation, some participants do not expect to continue their new habits:
  - Based on a recent special report conducted by Naxion Research, approximately one-quarter of new outdoor recreation participants say they don’t want to continue their outdoor activities, with increased travel, reduced time, and family demands being the main reasons.
  - 46% of these participants said they are spending more time online, while 52% said they are spending more time watching TV than they were pre-pandemic.

### Outdoor Industry Suffers Slowdown in Q3 2021

- Significant supply chain constraints have plagued many business around the world throughout 2021 and continue to impact stock price growth for publicly-traded companies. These constraints are expected to throttle growth as the outdoor industry continues to see robust demand:
  - Companies within the OBJ Outdoor Index saw a 6% decline in aggregate share price from July to September, down from Q2 (14.9 percent) and Q1 (15.8 percent).
  - With the holidays coming up and optimism supply chains will improve over the next few quarters, many outdoor companies will have the opportunity to capitalize on the increased demand over the next 12-18 months.

### OBJ Outdoor Index<sup>1</sup>



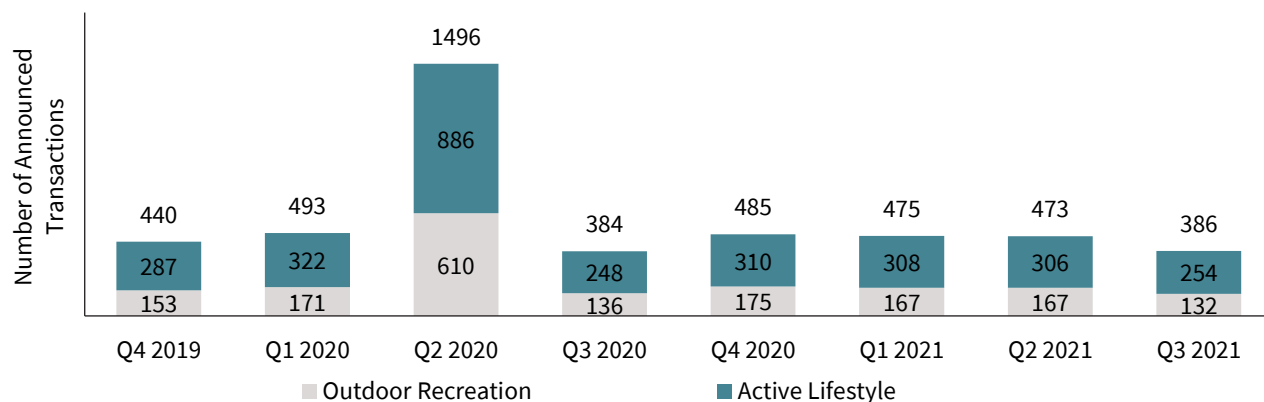
Source: Outside Business Journal; Outdoor Industry Association; Council to Advance Hunting and the Shooting Sports; Naxion Research Consulting; Southwick; Public Company filings; Meridian Research

1. OBJ Index includes: ADDYY, ANPDY, ELY, CWH, GOOS, CDNAF, CLAR, COLM, CODI, DECK, DKS, EEX, GRMN, GPRO, HELE, JOUT, NWL, SMSEY, THUPY, MTN, VFC, VSTO, WWW, YETI

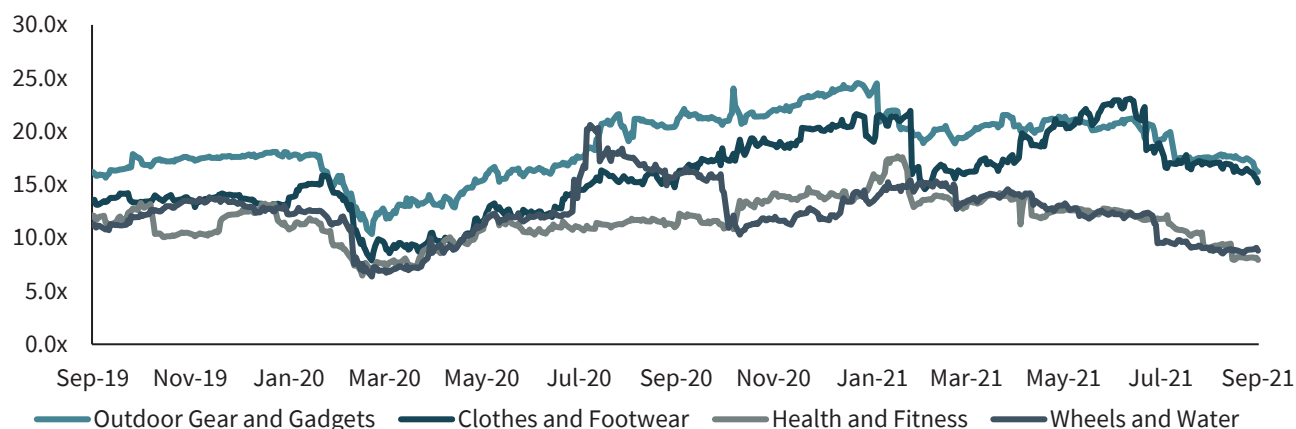


## OUTDOOR AND ACTIVE LIFESTYLE MIDDLE MARKET M&A ACTIVITY AND TRENDS

### U.S. Outdoor and Active Lifestyle M&A Activity



### Public Market Valuations (EV/EBITDA)



### Commentary

- Spurred by the COVID-19 pandemic, 2020 and 2021 brought record levels of outdoor recreation participation as travel and indoor restrictions pushed consumers outside to find new hobbies.
- M&A activity in the sector followed a similar trajectory with a flurry of activity early in the pandemic, subsequently returning to more normalized levels in 2021.
- Subsector valuations have seen major separation since Q2 2020. Clothing, footwear, and outdoor gear EBITDA multiples climbed from pre-pandemic highs below 15x to nearly 30x in Q2 2021 before returning to slightly above 15x in Q3 2021. Wheel and watersports companies on the other hand saw enormous multiple growth in Q3-Q4 2020 but have since dropped below pre-pandemic levels in Q3 2021.

*With so much activity in the sector, investors have been forced to prioritize opportunities more than ever before. Companies that can prove fundamental and sustainable changes in their businesses, or in consumer behavior, are able to secure meaningful valuation premiums and get 'credit' for recent growth.*

## RECENT TRANSACTION SPOTLIGHTS

### Vista Outdoor (NYSE:VSTO) Acquires Foresight Sports

Announced September 10<sup>th</sup>, 2021

- In Q2 2021, Vista Outdoor announced its acquisition of Foresight Sports. Vista owns a broad collection of well-established consumer brands across outdoor and shooting sports including Camelbak, Camp Chef, Bushnell, Bell, Giro, Blackhawk, Federal, and Remington.
- Foresight Sports is an award-winning, San Diego-based manufacturer of technology-centric golf analytics, data collection, and performance products including swing monitors, simulators, smart club carts, and more.
- The acquisition significantly strengthens VSTO's presence and market leadership in the growing golf technology market, bringing Foresight and Bushnell Golf (range finders) together.
- Transaction value was \$474 million with up to \$25 million in additional contingent proceeds based on performance targets.



#### Transaction Multiples (excl. contingent value)

EV / 2021E Revenue	4.7x
EV / 2021E EBITDA	9.5x

### Pon Holdings Acquires Dorel Sports from Dorel (TSE: DII.B)

Announced October 11<sup>th</sup>, 2021

- Netherlands-based Pon Holdings, a collection of renowned cycling brands including Cervelo, Gazelle, and Santa Cruz, has announced its acquisition of Dorel Sports, the cycling division of Canada-based Dorel.
- Dorel Sports is a collection of powerhouse bicycle brands such as Cannondale, GT, Schwinn, and Brazil-based Caloi.
- The combination will create a global leader across urban, sport/racing, MTB, and electric bicycle brands with combined revenue of nearly \$3.0B.
- Transaction value was announced at \$810M.



#### Transaction Multiples

EV / 2021E Revenue	0.7x
EV/2021E EBITDA (*EST.)	7.5x – 8.0x



## PUBLIC COMPANY VALUATIONS

Clothing and Footwear	Market Cap	Enterprise Value	LTM			Enterprise Value /		52-Week Change
			Rev	EBITDA	EBITDA %	LTM Rev	LTM EBITDA	
Nike, Inc.	\$249,800	\$248,895	\$44,538	\$7,720	17.3%	5.6x	32.2x	21.9%
Adidas AG	60,790	62,138	26,054	4,141	15.9%	2.4x	15.0x	(6.8%)
Lululemon Athletica, Inc.	56,253	55,878	5,524	1,352	24.5%	10.1x	41.3x	27.2%
VF Corp.	28,863	33,917	10,357	1,354	13.1%	3.3x	25.0x	(0.0%)
Moncler S.p.A.	18,333	18,930	1,977	834	42.2%	9.6x	22.7x	56.9%
Puma SE	17,484	17,805	7,440	939	12.6%	2.4x	19.0x	22.5%
Deckers Outdoor Corporation	10,025	9,300	2,767	616	22.3%	3.4x	15.1x	45.0%
Under Armour Inc.	8,923	9,281	5,446	617	11.3%	1.7x	15.0x	42.5%
Crocs Inc.	8,884	9,281	1,874	485	25.9%	5.0x	19.1x	160.7%
Ralph Lauren	8,718	9,286	5,290	593	11.2%	1.8x	15.7x	53.9%
SKECHERS USA Inc	6,799	7,423	5,712	664	11.6%	1.3x	11.2x	27.8%
Columbia Sportswear Company	6,400	5,995	2,809	375	13.4%	2.1x	16.0x	(1.6%)
Airwair International Limited	5,052	5,399	1,009	189	18.7%	5.4x	28.6x	(18.2%)
ASICS Japan Co., Ltd	4,583	4,969	3,675	261	7.1%	1.4x	19.0x	79.7%
Canada Goose, Inc.	4,222	4,490	727	n/a	n/a	6.2x	n/a	9.8%
Wolverine Worldwide Inc.	2,572	3,112	2,145	(16)	(0.8%)	1.5x	nm	10.1%
Kathmandu Holdings Ltd	804	975	548	115	20.9%	1.8x	8.5x	33.4%
Duluth Holdings Inc.	476	637	674	78	11.6%	0.9x	8.1x	(10.9%)
Rocky Brands, Inc.	381	562	385	42	10.8%	1.5x	13.5x	102.9%
SuperGroup PLC	304	628	732	32	4.4%	0.9x	19.6x	63.5%
Median	\$7,759	\$8,352	\$2,788	\$593	13.1%	2.3x	17.5x	27.5%
Average	\$24,983	\$25,445	\$6,484	\$1,073	15.5%	3.4x	19.2x	36.0%

Retailers - Outdoor and Active	Market Cap	Enterprise Value	LTM			Enterprise Value /		52-Week Change
			Rev	EBITDA	EBITDA %	LTM Rev	LTM EBITDA	
JD Sports Fashion PLC	\$14,935	\$17,043	\$10,173	\$1,664	16.4%	1.7x	10.2x	35.2%
Canadian Tire Corporation, Limited	9,356	14,231	12,543	2,057	16.4%	1.1x	6.9x	39.7%
Frasers Group PLC	4,452	5,832	4,861	591	12.2%	1.2x	9.9x	79.2%
Academy Sports and Outdoors, Inc.	3,636	4,962	6,318	736	11.7%	0.8x	6.7x	181.2%
Boot Barn Holdings, Inc.	2,818	3,052	1,052	198	18.9%	2.9x	15.4x	187.3%
Hibbett Sports, Inc.	1,171	1,248	1,634	268	16.4%	0.8x	4.7x	70.0%
Zumiez Inc.	1,006	883	1,150	183	15.9%	0.8x	4.8x	30.3%
Sportsman's Warehouse, Inc.	781	1,092	1,513	141	9.3%	0.7x	7.7x	25.0%
Big 5 Sporting Goods Corp.	536	715	1,194	144	12.0%	0.6x	5.0x	188.9%
XXL Sport & Vildmark AB	472	779	1,136	158	13.9%	0.7x	4.9x	(31.1%)
Median	\$1,994	\$2,150	\$1,574	\$233	14.9%	0.8x	6.8x	54.9%
Average	\$3,916	\$4,984	\$4,158	\$614	14.3%	1.1x	7.6x	80.6%

Health, Fitness, and Wellness	Market Cap	Enterprise Value	LTM			Enterprise Value /		52-Week Change
			Rev	EBITDA	EBITDA %	LTM Rev	LTM EBITDA	
Peloton Interactive, Inc.	\$26,501	\$26,406	\$4,022	(\$128)	(3.2%)	6.6x	nm	(25.0%)
Herbalife International of America, Inc.	5,164	7,354	5,986	895	15.0%	1.2x	8.2x	(5.6%)
Medifast, Inc.	2,310	2,133	1,271	205	16.1%	1.7x	10.4x	35.0%
Technogym S.p.A	2,308	2,218	672	129	19.2%	3.3x	17.2x	56.6%
Nu Skin Enterprises Inc.	2,032	2,194	2,833	387	13.6%	0.8x	5.7x	(21.7%)
USANA Health Sciences, Inc.	1,981	1,716	1,254	217	17.3%	1.4x	7.9x	18.6%
Johnson Health Tech Co Ltd	627	1,077	1,089	86	7.9%	1.0x	12.5x	(13.1%)
Midsona AB	526	727	439	32	7.3%	1.7x	22.8x	(13.1%)
Nautilus, Inc.	306	266	735	140	19.0%	0.4x	1.9x	(61.3%)
Median	\$2,032	\$2,133	\$1,254	\$140	15.0%	1.4x	9.3x	(13.1%)
Average	\$4,639	\$4,899	\$2,034	\$218	12.5%	2.0x	10.8x	(3.3%)

Wheel and Water Products	Market Cap	Enterprise Value	LTM			Enterprise Value /		52-Week Change
			Rev	EBITDA	EBITDA %	LTM Rev	LTM EBITDA	
Polaris Industries Inc.	\$7,934	\$9,105	\$8,179	\$957	11.7%	1.1x	9.5x	37.7%
Brunswick Corporation	7,800	8,154	5,382	972	18.1%	1.5x	8.4x	56.3%
Bombardier Recreational Products, Inc	7,545	9,019	5,648	1,210	21.4%	1.6x	7.5x	64.4%
Fox Factory, Inc.	6,400	6,521	1,132	221	19.5%	5.8x	29.5x	75.6%
Giant Manufacturing Co. Ltd.	4,290	4,525	2,773	380	13.7%	1.6x	11.9x	21.4%
Camping World Holdings, Inc.	3,369	5,746	6,432	779	12.1%	0.9x	7.4x	36.6%
Malibu Boats, LLC	1,438	1,550	927	174	18.7%	1.7x	8.9x	26.9%
Accell Group NV	1,183	1,366	1,572	134	8.5%	0.9x	10.2x	50.7%
Dorel Industries, Inc.	613	1,154	2,932	210	7.1%	0.4x	5.5x	65.4%
Marine Products	505	559	526	87	16.5%	1.1x	6.4x	36.7%
Median	\$3,829	\$5,135	\$2,852	\$301	15.1%	1.3x	8.7x	44.2%
Average	\$4,108	\$4,770	\$3,550	\$512	14.7%	1.7x	10.5x	47.2%



## PUBLIC COMPANY VALUATIONS

Outdoor Gear and Gadgets	Market	Enterprise	LTM			Enterprise Value /		52-Week
	Cap	Value	Rev	EBITDA	EBITDA %	LTM Rev	LTM EBITDA	Change
ANTA Sports Products Ltd.	\$45,005	\$44,405	\$6,584	\$1,906	29.0%	6.7x	23.3x	43.4%
Garmin International, Inc.	30,681	28,785	4,860	1,465	30.2%	5.9x	19.6x	63.9%
Newell Brands Inc	9,712	15,151	10,385	1,116	10.7%	1.5x	13.6x	29.0%
YETI Coolers, LLC	7,868	7,829	1,276	294	23.0%	6.1x	26.6x	78.0%
Thule Group AB	5,229	5,339	1,143	285	24.9%	4.7x	18.8x	50.8%
Callaway Golf Company	5,179	7,343	2,415	563	23.3%	3.0x	13.0x	36.0%
Dometic Group AB (publ)	4,975	5,688	2,226	408	18.3%	2.6x	13.9x	27.0%
Acushnet Holdings Corp.	3,565	3,697	2,109	326	15.5%	1.8x	11.3x	39.0%
Vista Outdoor Inc	2,413	2,779	2,409	445	18.5%	1.2x	6.2x	106.1%
Fenix Outdoor International AG	2,261	2,300	702	93	13.3%	3.3x	24.7x	55.1%
Compass Group Management LLC	1,933	3,246	1,843	233	12.6%	1.8x	13.9x	63.8%
GoPro, Inc.	1,407	1,371	1,092	82	7.5%	1.3x	16.7x	38.0%
Johnson Outdoors Inc.	1,095	891	750	137	18.2%	1.2x	6.5x	27.2%
Smith & Wesson Brands Inc	1,043	912	1,104	365	33.1%	0.8x	2.5x	31.8%
Clarus Corporation	999	1,019	289	26	9.0%	3.5x	39.2x	94.4%
Rapala VMC Corporation	410	462	362	58	16.0%	1.3x	8.0x	219.9%
American Outdoor Brands, Inc.	338	308	287	44	15.5%	1.1x	6.9x	60.5%
Escalade, Inc.	273	315	312	42	13.5%	1.0x	7.5x	(3.8%)
Median	\$2,337	\$3,013	\$1,209	\$289	17.1%	1.8x	13.8x	47.1%
Average	\$6,910	\$7,324	\$2,230	\$438	18.5%	2.7x	15.1x	58.9%

Specialty and Other	Market	Enterprise	LTM			Enterprise Value /		52-Week
	Cap	Value	Rev	EBITDA	EBITDA %	LTM Rev	LTM EBITDA	Change
Vail Resorts, Inc.	\$14,154	\$16,220	\$1,910	\$529	27.7%	8.5x	30.7x	42.4%
Traeger Pellet Grills, LLC	2,385	2,816	727	114	15.6%	3.9x	24.8x	(4.9%)
Weber-Stephen Products, LLC	898	2,068	2,000	195	9.7%	1.0x	10.6x	5.3%
Fusheng Co., Ltd	871	896	697	109	15.6%	1.3x	8.2x	6.6%
Median	\$1,641	\$2,442	\$1,319	\$154	15.6%	2.6x	17.7x	5.9%
Average	\$4,577	\$5,500	\$1,334	\$237	17.2%	3.7x	18.6x	12.4%



## SELECT CONSUMER M&A TRANSACTIONS

Date	Target	Buyer	Description	Enterprise Value	Enterprise Value /	
					LTM Rev	LTM EBITDA
21-Sep	WSS	Foot Locker	Retailer of footwear and accessories	\$750	1.8x	-
21-Sep	EGO Movement	TVS Motor Company	Developer of an e-bike - equipped with IoT functionality	\$23	2.1x	-
21-Sep	Northcore	Internet Fusion Group	Retailer of surf accessories and clothing	\$6	1.8x	10.1x
21-Sep	Chubbies Shorts	Solo Stove	Designer and supplier of men's shorts	-	-	-
21-Aug	Barletta Pontoon Boats	Winnebago Industries	Manufacturer of pontoon boats	\$320	1.5x	12.1x
21-Aug	Trekitt	Frilufts Retail Europé	Retailer of outdoor equipment and clothing	\$12	-	-
21-Aug	Seajacks International	Scorpio Bulkers	Provider of lift boats	\$500	2.2x	4.0x
21-Aug	Simply Hike	Astbury Collections	Retailer of skiwear and clothing	-	-	-
21-Aug	Sweaty Betty	Wolverine World Wide	Manufacturer and retailer of women's sportswear and activewear	\$410	1.6x	-
21-Jul	Arcata	Mark Loughmiller	California-based paddlesports apparel and gear brand	-	-	-
21-Jul	Klymit	MacNeill Pride Group	Manufacturer of outdoor camping products	-	-	-
21-Jul	TaylorMade	Centroid Investment Partners	Manufacturer of golf equipment and accessories	\$1,700	-	12.8x
21-Jul	SWEAT	iFit	Operator of online health and fitness platform	\$300	3.0x	-
21-Jun	Mammut Sports Group	Telemos Capital	Retailer of outdoor clothing brand	\$253	1.1x	-
21-Jun	Superfeet	Westward Partners	Washington-based insole brand	-	-	-
21-Jun	Rhino-Rack	Clarus	Manufacturer of roof racks and accessories	\$198	2.2x	11.9x
21-May	Marine Store	Nimbus Group	Dealer of motor boats	\$21	0.6x	5.6x
21-May	GCI Outdoor	MacNeill Pride Group	Manufacturer of outdoor and waterside rockers, chairs, tables and gears	-	-	-
21-Apr	Stoke Park	Reliance	Operator of a hotel and leisure estate	\$79	-	-
21-Apr	Knee Deep Limited	Stevia Nutra Corporation	Manufacturer and designer of insulated clothing	-	-	-
21-Apr	Bike Evasion Sports	M-Way	Offers electric bikes, bicycles, bicycles parts and accessories	-	-	-
21-Apr	Sandaya	InfraVia	Operator of campsites and other leisure facilities	\$517	-	-
21-Mar	DUX Waterfowl	Made By Influence	Manufacturer of apparel and accessories	-	-	-
21-Mar	Topgolf Entertainment Group	Callaway Golf	Operator of sports entertainment company	\$2,000	-	-
21-Mar	Canyon Bicycles	Groupe Bruxelles Lambert	Designer and manufacturer of bicycles and related products	\$805	1.8x	11.8x
21-Feb	Shively Sporting Goods	BSN Sports	Provides sports equipment and accessories	-	-	-
21-Feb	GunBroker.com	AMMO	Provides an online platform to find hunting accessories	\$240	4.0x	6.0x
21-Jan	Maverick Boat Group	Malibu Boats	Manufacturers and designs center and dual console, flats, and bay boats	\$150	1.3x	-
20-Dec	Sportsman's	Great Outdoors Groups	Offers outdoor sporting goods including camping and fishing products	\$1,083	0.9x	-
20-Oct	TCX Boots	Dainese	Manufacturer of motorcycle gear and accessories in Italy	\$16	0.7x	6.9x
20-Apr	Clubhouse Golf	all4golf	Retailer of golf-related equipment and accessories	\$72	1.9x	-
20-Apr	Marucci Sports	Compass Diversified	Manufacturer of sporting goods	\$200	-	13.3x
19-Nov	Ciesse Piumini	Mittel	Manufacturer of outerwear clothing	\$18	0.6x	3.4x
19-Oct	Rip Curl International	Kathmandu Holdings	Manufacturer of surfing wet-suits	\$350	0.8x	7.1x
19-Sep	Peak Resorts	Vail Resorts	Operates ski resorts	\$250	1.3x	5.7x
19-Sep	Fox International Group	Lew's Fishing	Manufacturer and retailer of fishing equipment and supplies	\$185	2.9x	15.0x
19-Jun	Merlin Entertainments	KIRKBI	Operator of entertainment centers	\$6,047	-	12.0x
19-May	Away Resorts	Freshstream Investment Partners	Operator of a chain of holiday resorts	\$129	1.5x	8.0x
<b>Median</b>				<b>\$245</b>	<b>1.6x</b>	<b>9.0x</b>
<b>Average</b>				<b>\$594</b>	<b>1.7x</b>	<b>9.1x</b>

# CONSUMER PRODUCTS PRACTICE OVERVIEW

## MERIDIAN CAPITAL SECTOR COVERAGE

- Wholesale and Distribution
- Retail
- Ecommerce
- Personal Care
- Outdoor and Active Lifestyle
- Housewares
- Apparel
- Juvenile
- Specialty
- Wellness
- Nutrition

## MERIDIAN CAPITAL TRANSACTION EXPERIENCE

<p>Rainier Industries</p>  <p>- Acquired by -</p> 	<p>Tedder Industries</p>  <p>- Acquired by -</p> 	<p>Jacob Ash</p>  <p>JACOB ASH / EMANUEL GERALDO</p> <p>- Recapitalized by -</p> 	<p>La Marzocco</p>  <p>- Minority Recap -</p> <p>Private Investor</p>	<p>Classic Accessories</p>  <p>- Acquired by -</p> 
<p>Emanuel Geraldo</p>  <p>- Acquired by -</p> 	<p>Exposed Skincare</p>  <p>- MBO and growth financing by -</p> 	<p>C3 Worldwide</p>  <p>- Strategic Advisory -</p> 	<p>Old World Christmas</p>  <p>- Acquired by -</p> 	<p>Green Toys</p>  <p>- Acquired by -</p> 
<p>Handi Quilter</p>  <p>Designed by a Quilter, for Quilters.<sup>®</sup></p> <p>- Acquired by -</p> 	<p>Etonic</p>  <p>- Acquired by -</p> 	<p>Chef'n Corporation</p>  <p>- Acquired by -</p> 	<p>Pacific Market International</p>  <p>- Acquired by -</p> 	<p>Artco-Bell</p>  <p>- Acquired by -</p> 
<p>Stanley</p>  <p>- Acquired by -</p> 	<p>Nock Out</p>  <p>- Strategic Advisory -</p> 	<p>The Madison Park Group</p>  <p>- Acquired by -</p> 	<p>Smith &amp; Greene Company</p>  <p>- Acquired by -</p> 	<p>See Kai Run</p>  <p>- Acquired by -</p> 

Includes transactions completed by Meridian bankers while at previous firms

**Meridian Capital LLC**

www.meridianllc.com







# MERIDIAN CAPITAL

## INVESTMENT BANKERS

**Meridian Capital has been helping middle market business owners achieve their M&A and corporate finance goals since 1995.**

### INDUSTRY EXPERIENCE

Meridian's Consumer Products practice provides comprehensive access top industry-wide strategic and financial sponsor relationships, deep sector expertise, and proven transaction experience to help maximize shareholder value.

### TRANSACTION EXPERTISE

- Mergers & Acquisitions
- Growth Capital
- Strategic Advisory

### TAILORED PROCESSES

- High-Touch Approach
- Multidisciplinary Deal Team
- End-to-End Services

## MERIDIAN CAPITAL'S CONSUMER PRODUCTS TEAM

### Team Leadership



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## About Meridian Capital

Meridian Capital ([www.meridianllc.com](http://www.meridianllc.com)), a Seattle-based M&A advisory firm, has served as a trusted advisor to business owners on complex corporate finance, M&A, and strategic challenges for over 20 years. The firm differentiates itself through its deep industry insights, highly customized service approach, and end-to-end commitment to execution.

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