



Thriving in Motion: Exploring the Latest Outdoor and Sports Industry Trends

As the dust settles from the pandemic-induced frenzy, the active outdoor and sports equipment industries now stand at a fascinating crossroads. What began as a surge in demand—a lifeline for many sector participants—has now evolved into a nuanced landscape of opportunities and obstacles that Lincoln International explores in the below article.

Active Outdoor Dynamics Shaping the Industry

Navigating rocky terrain: short-term hurdles, long-term summit views

Driven by changing consumer preferences during COVID-19, the active outdoor market saw a step change increase in consumer participation, representing a fundamental recalibration of lifestyle choices, with lasting implications for the industry. Participation rates and per-participant spending in many outdoor activities increased dramatically over this period with significant growth over pre-COVID-19 levels. As demand outstripped supply, brands were steadfastly focused on trying to maintain stock levels while battling elevated costs throughout their supply chains.

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As the supply chain recovered and consumer demand preferences began to evolve, the market had to manage through elevated inventory levels in 2023, leading to significant discounting from brick-and-mortar and e-commerce retailers, or inventory being pushed back onto brands. In response, many companies tried to double down on finding ways to grow their e-commerce presence to avoid potential inventory challenges with retailers. Despite strategic initiatives to reduce the impact, many outdoor brands and retailers, including Columbia Sportswear, Nike, Solo Brands, Revelyst, VF (North Face) and REI are now experiencing significant revenue declines and cost cutting measures as they react to these market difficulties.

While many brands are facing these challenges, several differentiated outdoor product companies continue to take market share within their categories. These companies typically have a similar trait such as an insatiable consumer following (e.g., Yeti, Arc'teryx) or a technical differentiation that provides a competitive advantage over others in the pack (e.g., Gore-Tex, BOA).

While headwinds will persist for some subsectors within active outdoor in the near-term, the long-term view for the industry is positive, with many brands and retailers looking ahead to brighter days. The active outdoor industry will continue to push forward and while the path ahead may be full of switchbacks, the long-term summit views remain promising.

Innovation Fueling the Future of Sports Products

Winning streak: sports sector keeps outperforming the broader discretionary market

Representing a bright spot within the broader discretionary consumer product sector, many sports equipment product companies have continued to deliver impressive financial results, as the recurring nature of this subsector leads to more stable consumer spending trends year over year. These companies are taking advantage of the continued consumer spending on youth sports and the need for consistent innovation within the category. What was once thought of as a category soon to be impacted by generational shifts to video games rather than team sports, is now experiencing increasing average spend per athlete, pricing power and overall category revenue.

While the industry battled similar supply chain challenges as the active outdoor category, the path forward is far less rocky. Companies will be able to lean on their resilient consumer base and bring innovation to a category that consistently craves the “next best thing”. The desire of athletes to gain an edge over their competitors and parents’ willingness to spend money on their kids’ sports endeavors will remain constant symbols of stability for the category.

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Future Prospects: 2024 M&A Outlook

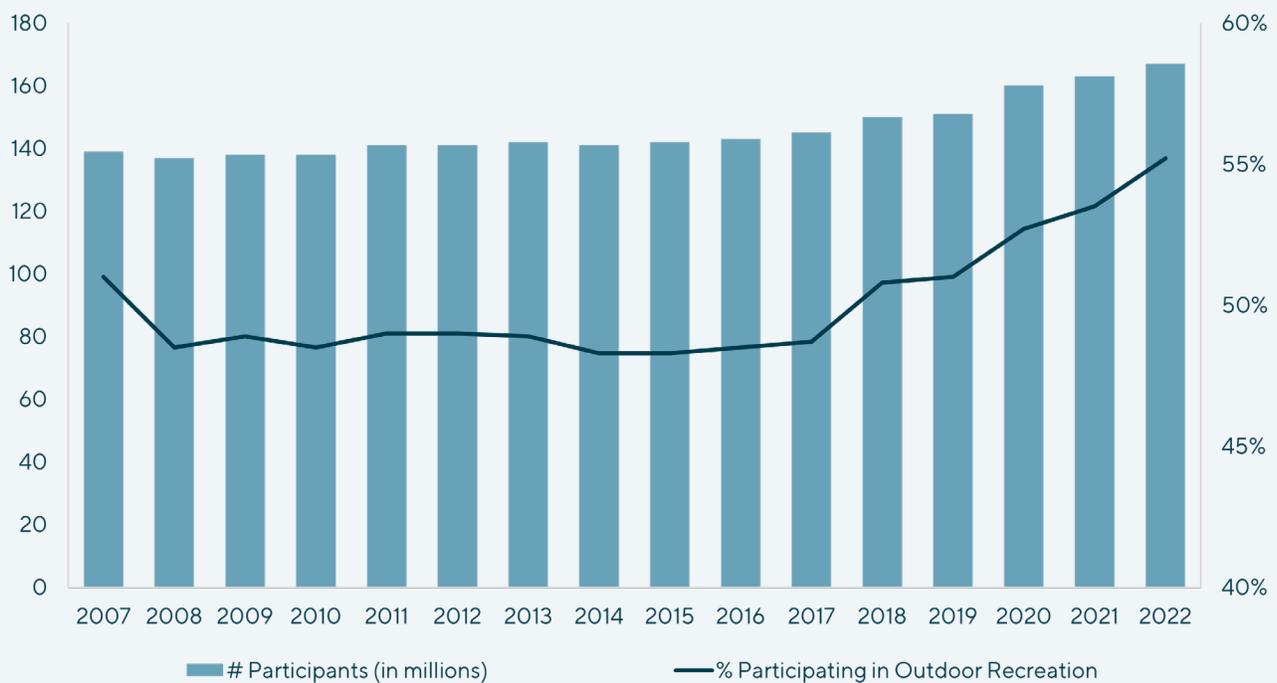
Active Outdoor: Financial acquirers and lenders exhibited increased discernment and rigor in their investment and financing strategies, particularly regarding discretionary consumable product companies. This led to a significant impact on active outdoor M&A processes, as financial investors shied away from companies battling margin compression, elevated inventories and changing consumer preferences.

Given these dynamics, most companies are sitting on the sidelines and waiting for either improved company financial performance or financial investor interest in the category to pick back up. In the interim, active outdoor M&A processes with strategic or strategic financial buyer outcomes will continue to be over-indexed to historical averages (such as Yeti's acquisition of Mystery Ranch). As company financials continue to improve and the challenges related to the inventory glut of 2023 move farther in the rear-view mirror, the expectation is that buyer and seller valuation expectations will become closer aligned and investor interest in the category will follow the heels of the long-term consumer participation rate in the industry.

Sports Products: On the other end of the spectrum, sports product companies fared better and as such, financial investors are still been willing to aggressively pursue A+ assets in this sector. This is evident in recent successful transactions such as Compass Diversified's sale of Marucci to Fox Holdings and Bregal Partner's sale of United Sports Brands back to Norwest Equity Partners. Expect to see several more companies trade hands in the near term.

Industry Trends

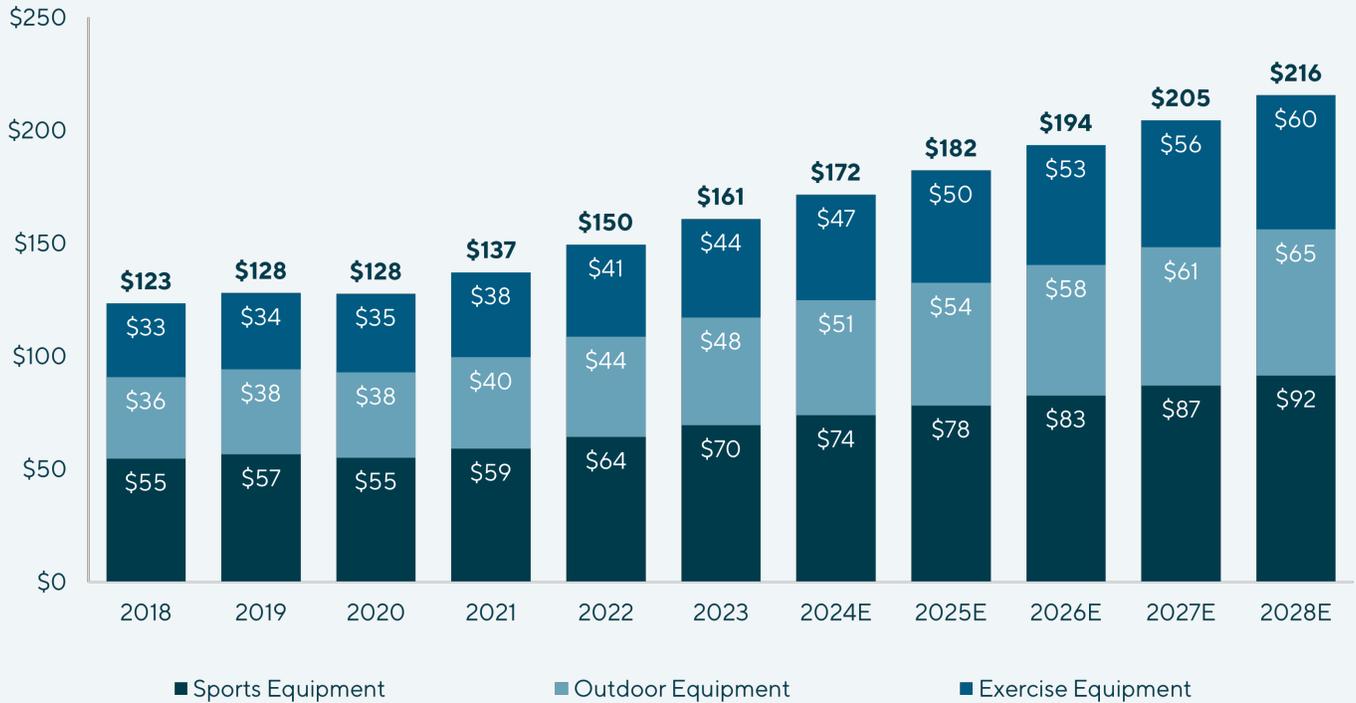
Outdoor Recreation Participant Count and Participation Rate 2007 to 2022



Source: Outdoor Foundation (2023 Outdoor Participation Trends Report)

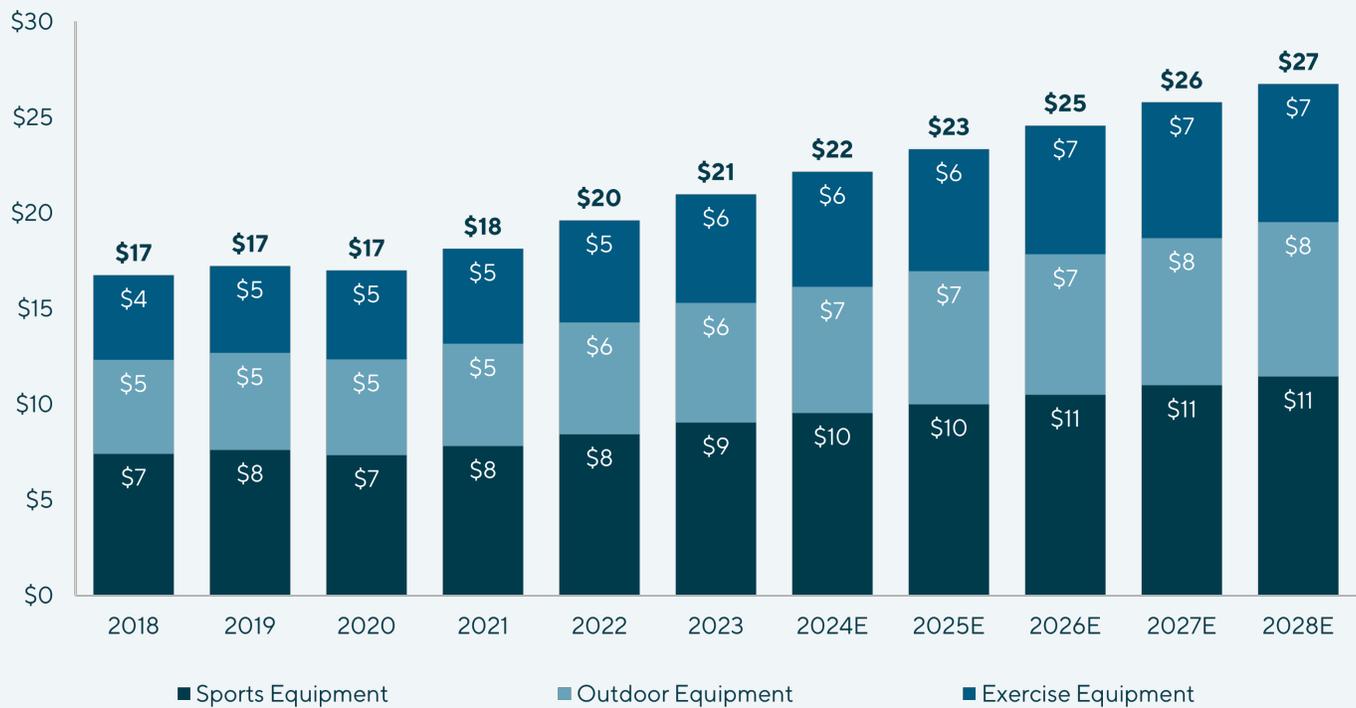
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Global Revenue (\$ in billions)



Source: Statista Market Insights, as of Dec-23

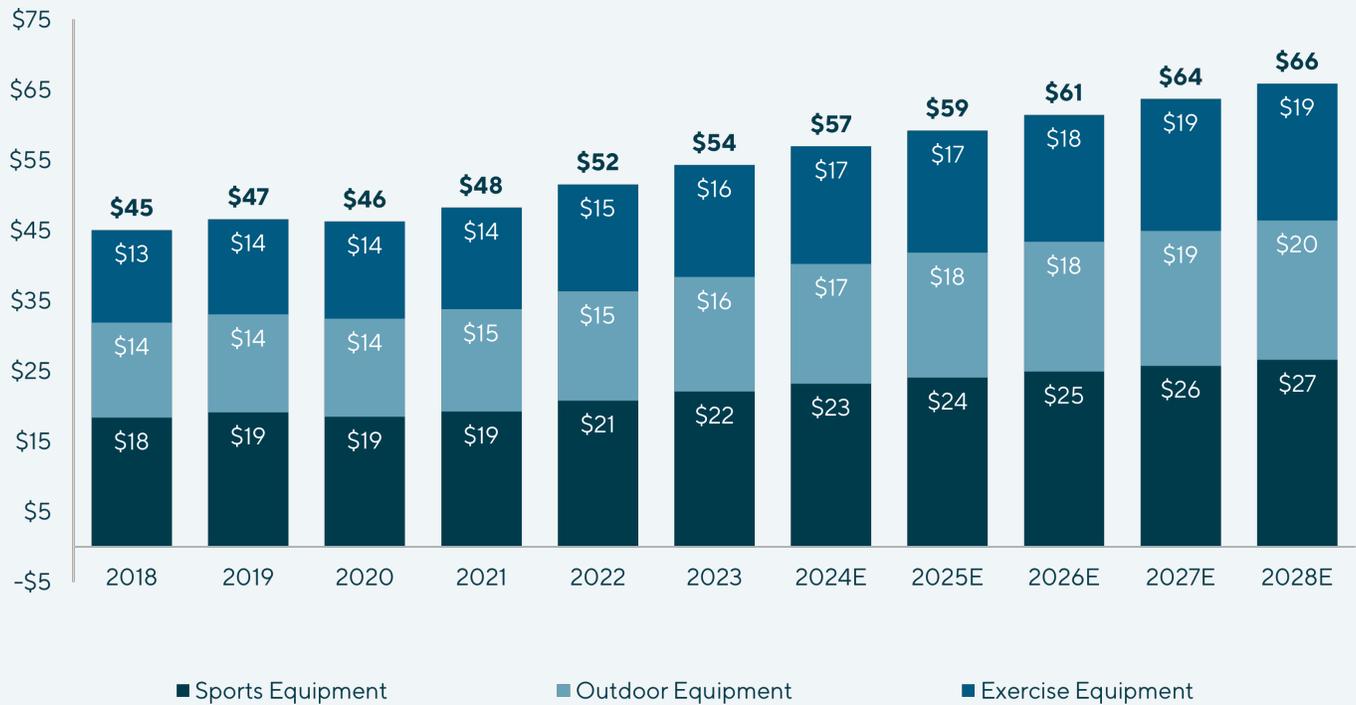
Global Average Spend per Capita (\$)



Source: Statista Market Insights, as of Dec-23

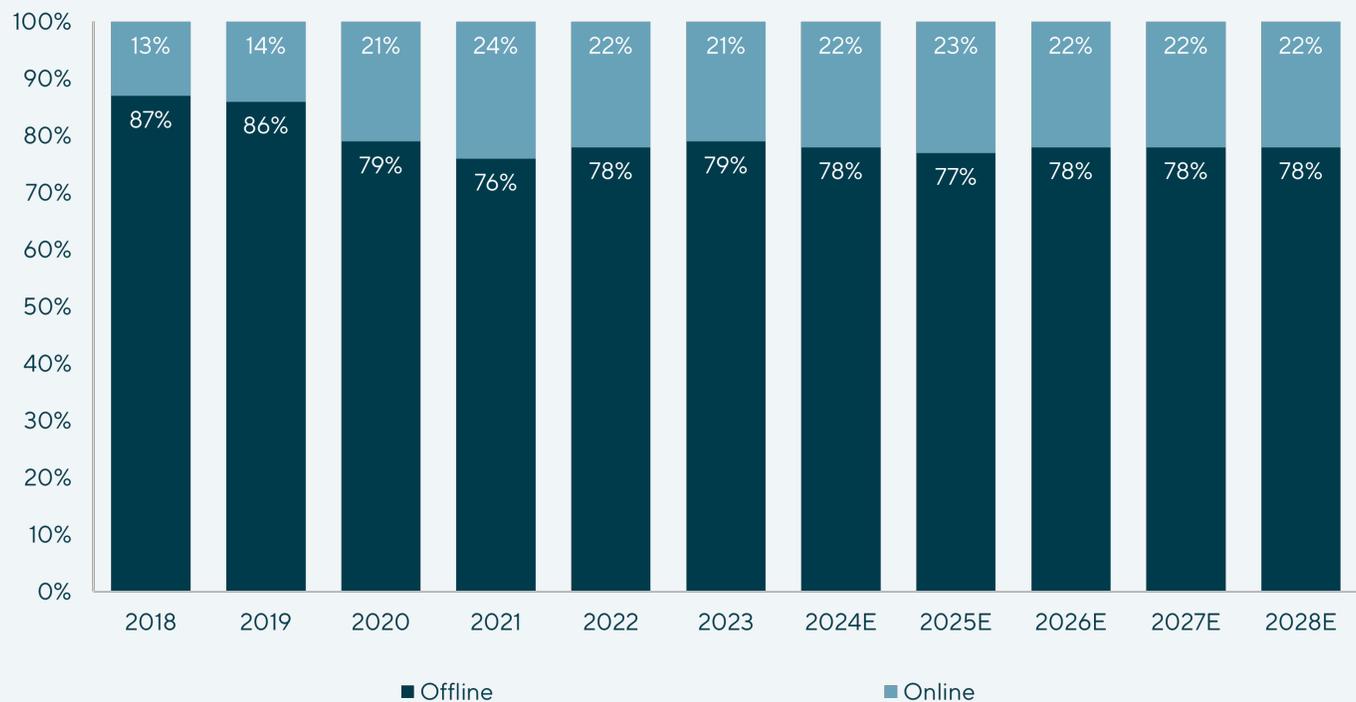
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U.S. Average Spend per Capita (\$)



Source: Statista Market Insights, as of Dec-23

U.S. Outdoor and Sports Revenue Continues to Move Online

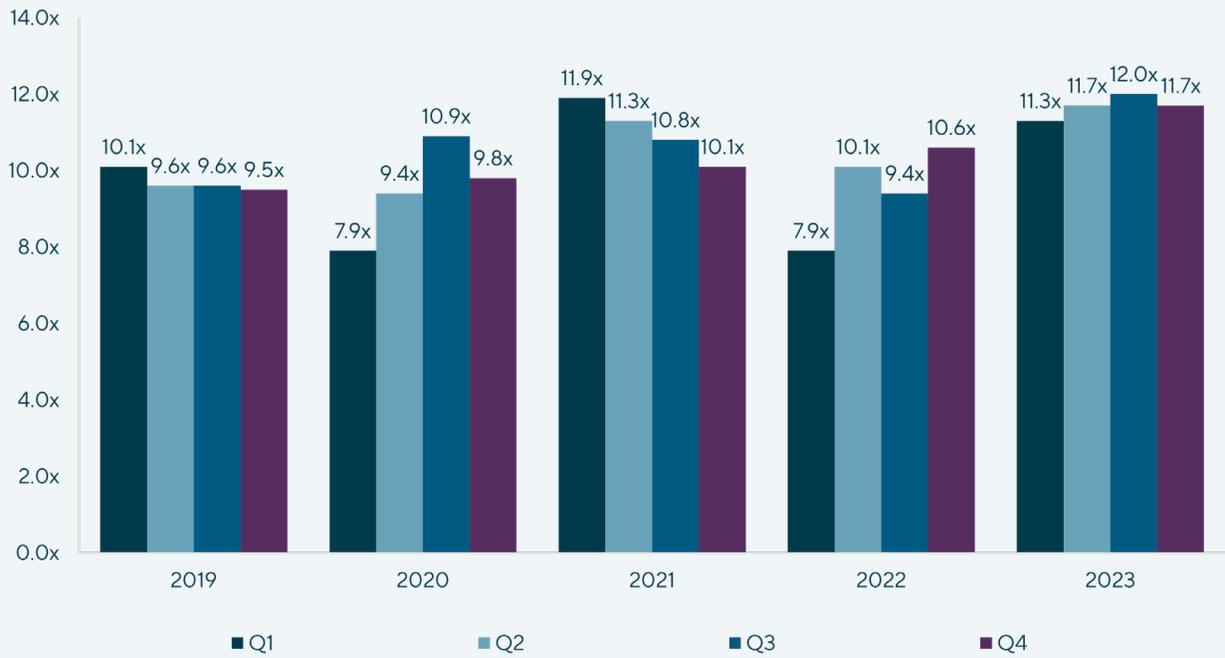


Source: Statista Market Insights, as of Aug-23

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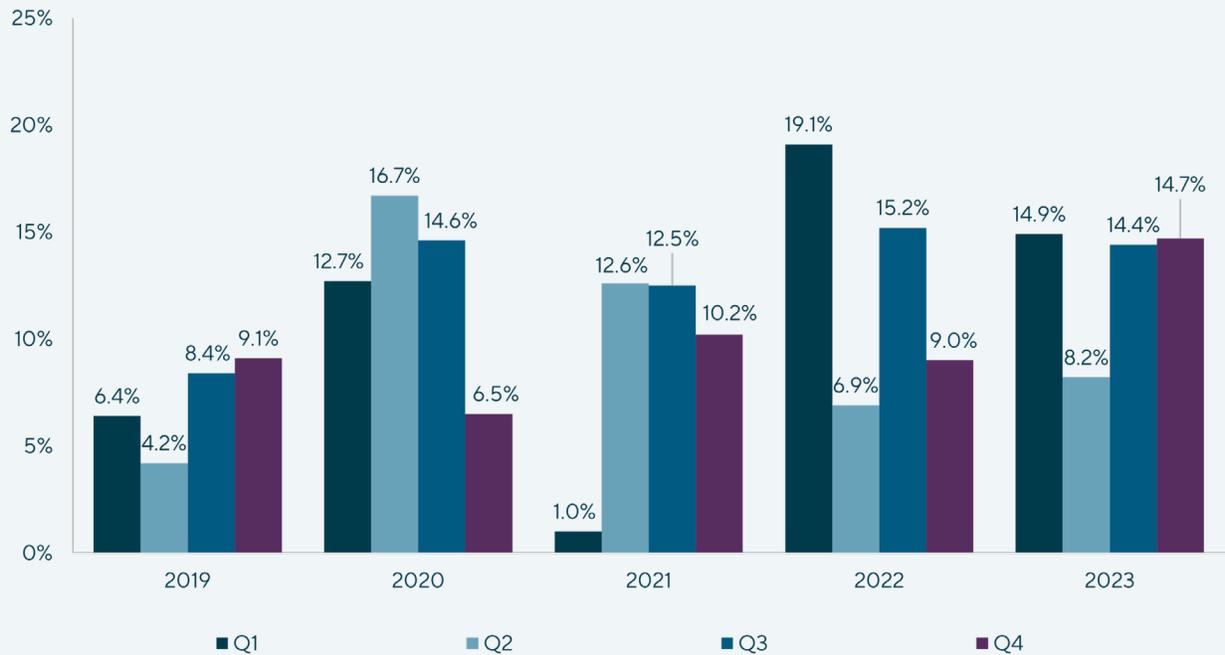
Industry Trends

Active Outdoor & Sports Goods Valuations



Source: Lincoln International's Proprietary Private Market Data

Active Outdoor & Sports Goods EBITDA Margin Trends



Source: Lincoln International's Proprietary Private Market Data

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Public Comparables

Sector	Number of Companies	Quarterly Stock Performance	% of 52 Week High	EV / LTM		P / E Multiple	Net Debt / LTM EBITDA	Q4 2023 LTM Growth		Q4 2023 LTM Margin	
				Revenue	EBITDA			Revenue	EBITDA	Gross	EBITDA
Active Apparel and Footwear	20	9.4%	73.6%	1.91x	11.5x	17.7x	3.6x	6.1%	20.3%	49.4%	14.5%
Active & Outdoor Retail	4	29.9%	72.8%	0.72x	4.8x	29.7x	0.5x	2.0%	26.6%	31.9%	5.1%
Camping and Hiking	6	6.5%	81.2%	1.49x	16.1x	27.6x	4.5x	7.7%	70.1%	36.0%	8.0%
Outdoor Equipment	17	4.2%	72.3%	1.72x	12.8x	21.2x	3.1x	5.8%	15.6%	40.6%	11.1%
Sporting Goods	8	23.6%	85.7%	1.14x	7.8x	19.4x	1.7x	3.7%	15.2%	35.8%	10.5%
Tactical & Hunting	7	(1.0%)	82.8%	1.42x	12.5x	19.7x	1.4x	3.2%	19.8%	35.4%	11.9%
Mean		9.7%	76.5%	1.59x	11.4x	20.3x	2.7x	5.3%	23.1%	41.2%	11.5%

Source: CapIQ as of Mar-24

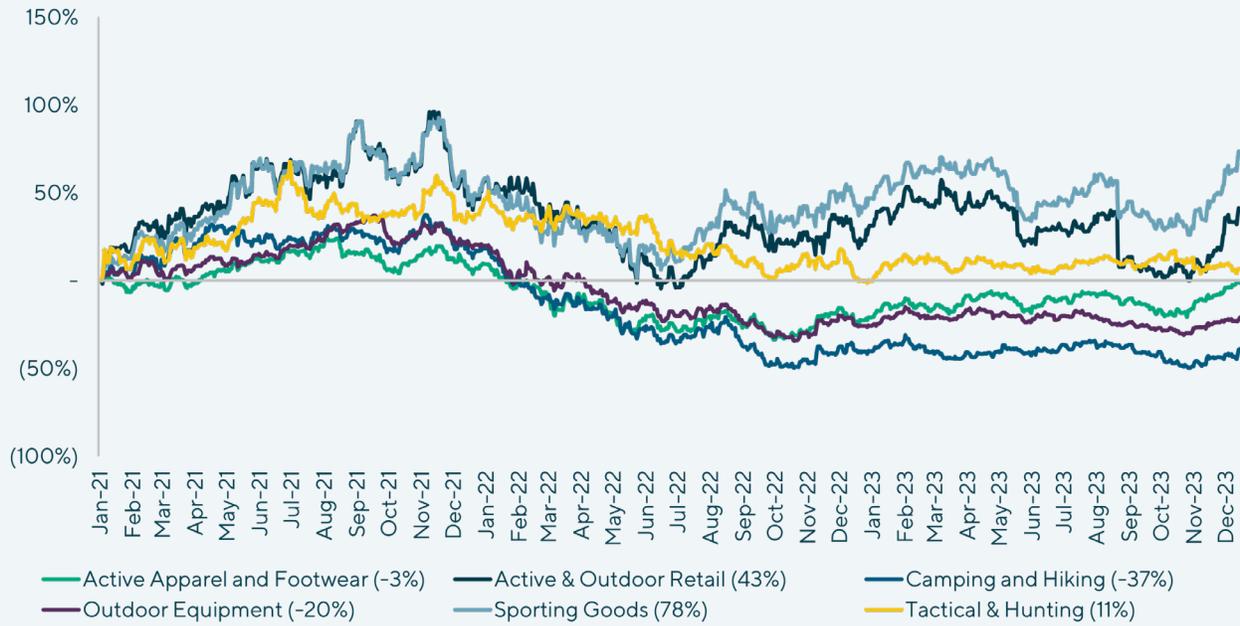
Lincoln International Active Outdoor & Sporting Equipment Index (EV / EBITDA Multiples)



Source: CapIQ as of Mar-24

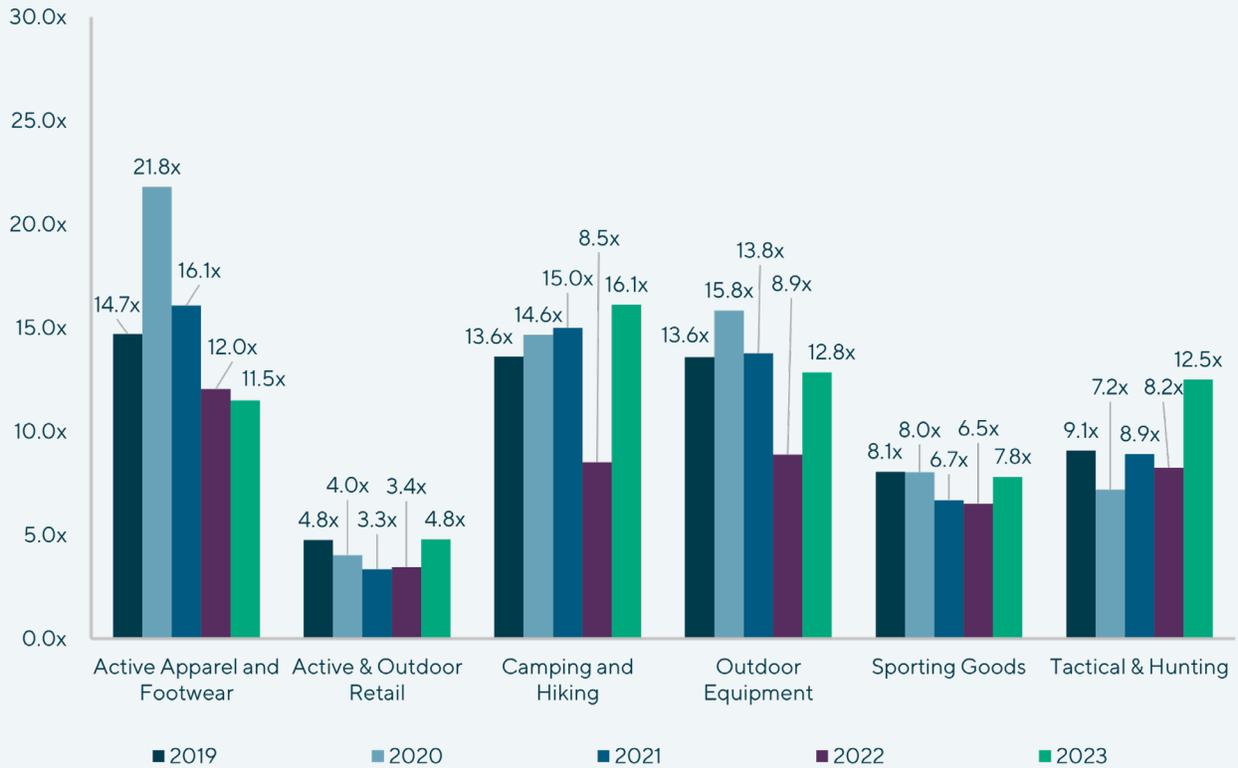
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3-Year Stock Performance by Sub-Sector



Source: CapIQ as of Mar-24

EV/LTM EBITDA by Sub-Sector



Source: CapIQ as of Mar-24

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Precedent Transactions

Date	Target	Business Description	Acquirer
Jan-24	Mystery Ranch	Designs and provides technical outdoor backpacking products	YETI Holdings
Jan-24	TruBlue dba Head Rush Technologies	Manufactures equipment for the climbing and adventure industries	TZP
Dec-23	Phenix Rods	Provides fishing rods and gear	GSM Outdoors
Nov-23	United Sports Brands	Operates a portfolio of sporting goods and active lifestyle brands	Norwest Equity
Nov-23	Wheelhouse dba Marucci	Provides baseball bats, gloves, gear and apparel	FOX Factory
Nov-23	Camillus and Cuda	Provides knives, hunting and fishing products	GSM Holdings
Sep-23	B4	Manufactures outdoor toys and backyard games	Animal Spirits; D3; i-nest Capital
Jul-23	Arcus Hunting	Manufactures bowhunting and archery consumables and accessories	Unknown Acquirer
Jul-23	Delta P Design	Manufactures centerfire rifle suppressors and accessories for military applications	True Velocity Ammunition
Jul-23	Ontario Knife Company	Provides knives, cutlery and tools	Blue Ridge Knives
Jul-23	Al's Goldfish Lure	Manufactures iconic fishing lure equipment	Fin Rage Tackle
Jul-23	Van Raam Reha Bikes	Manufactures non-motorised bicycles and cycles	Armira Partners GmbH & Co
Jul-23	Forwell Sports Equipment Co.	Manufactures carbon fiber bicycles and rackets	Consortium of 3 Individuals
Jun-23	Triangle's - Cycling Equipments	Manufactures aluminum bicycle frames	Aphelion
May-23	Wolf Tactical	Operates a tactical gear company	Society Brands
May-23	Terra Flame Home	Designs portable fireplaces for offices, apartments, condos and lofts	Solo Brands
Apr-23	Monpedalada Sociedad	Provides bicycles and related accessories	Bicicletes Sabadell

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Date	Target	Business Description	Acquirer
Apr-23	Evnroll Putters	Manufacturers golf putters and golf accessories	Creutz
Apr-23	Baum Enterprises	Designs and manufactures wood composite baseball bats	Marucci Sports
Mar-23	Tuffstuff Fitness International	Provides fitness equipment for institutional and consumer markets	Brooks Industrial
Mar-23	EastPoint Sports	Designs and delivers home recreational products	Buffalo Holding
Mar-23	Dynamic Distribution	Provides disk golf goods and services	House of Discs
Mar-23	FlagHouse	Provides equipment and resources for physical education and fitness	School Specialty
Feb-23	Tianjin Jiahao Bicycle Co.	Engages in the manufacture and sale of e-bicycles	Sutai (Tianjin) Packaging Materials Co.
Feb-23	Precision Shooting Equipment	Manufactures archery equipment	Heritage Outdoor Group
Feb-23	Classic Motor Sports & Lawn	Engages in the dealership of power sports equipment	Hutson
Jan-23	Stages Cycling	Provides stationary smart bikes for the commercial gym and home markets	Giant Manufacturing Co.
Jan-23	D3 Lacrosse	Operates lacrosse events	3STEP Sports
Jan-23	GT Golf Holdings	Produces golf grips, accessories and tees	Kinzie Capital Partners
Jan-23	Naish	Manufactures water sports equipment	Kubus Sports
Jan-23	Michigan Elite Volleyball	Operates a training and education academy	3STEP Sports
Jan-23	Ouray Sportswear	Manufactures headwear and bundled products	L2 Brands
Jan-23	Powerbull Bats	Manufactures baseball bats	Big Fly Factory
Dec-22	Ocean Rodeo Sports	Manufactures water sports equipment	ALUULA Composites Inc.
Dec-22	Topo Athletic	Operates as an athletic gear company that manufactures shoes for men and women	Designer Brands
Dec-22	SAS	Designs and manufactures high-end fishing products	AFL Pêche

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Date	Target	Business Description	Acquirer
Dec-22	Vittoria	Engages in the manufacturing and distribution of bicycle tires	Telemos Capital
Dec-22	Reel Icon Pty	Manufactures and sells fishing reels	Gowing Bros.
Dec-22	NPJ Volleyball	Operates as a volleyball club	3STEP Sports
Nov-22	Chesapeake-Angler.com	Operates an online platform that provides fishing equipment	Sport Fishing
Nov-22	Best Soccer	Operates as a youth soccer training and development firm	3STEP Sports
Nov-22	Tide Tamer Industries	Manufacturers aluminum watercraft lifts, docks and related waterfront accessories	Waterfront Brands (MPE Partners)
Nov-22	LeagueSide	Operates a youth sports sponsorship platform	TeamSnap
Nov-22	L2 Brands	Retails apparel, headwear, college gear, home decor and custom products	Sentinel Capital Partners
Nov-22	RIP-IT Sports	Manufactures technical, sport-specific footwear, apparel and gear	Gauge Capital
Nov-22	Ashley Outdoors	Operates as a RV dealer that offers travel trailers, fifth wheels, toy haulers and tractors	Camping World Holdings
Nov-22	North Bay Basketball Academy	Operates as a basketball training and development program for athletes	3STEP Sports
Oct-22	Outdoor Products Innovation	Produces archery, hunting and outdoor products	Feradyne Outdoors
Oct-22	Penalty Box Hockey	Operates as a hockey retailer that offers hockey equipment and sportswear	Pure Hockey
Oct-22	Bob Ward & Sons	Operates as a sporting goods retailer in Montana	Al's Sporting Goods
Oct-22	Fins And Feathers of Bozeman	Operates as a fly shop providing flies and small fishing items	Yellow Dog Flyfishing Adventures
Oct-22	Project 321	Comprises an outdoor sporting goods components manufacturing business	North Arc
Oct-22	Dirty Jigs Tackle	Provides fishing bait and jigs	Nichols Lures
Oct-22	Patriot Lacrosse Club	Operates as a youth sports club offering programs for student athletes	3STEP Sports

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Date	Target	Business Description	Acquirer
Oct-22	Whisker Seeker Tackle	Manufactures and sells fishing rods for catfish anglers and other catfish tackle products	PRADCO Outdoor Brands
Sep-22	Score Sports	Manufactures and sells sports uniforms and equipment	BVP Management Company
Sep-22	Barnesmith	Manufactures and sells authentic collegiate apparel for schools and colleges	Society Brands
Sep-22	HLC	Distributes bicycle parts and accessories	MiddleGround Management
Sep-22	The BFC Company	Provides ski and snowboard rental delivery services to resorts and consumers	Alterra Mountain
Aug-22	FaR OUT Volleyball	Operates a volleyball club	3STEP Sports
Aug-22	The Hoop Group	Provides basketball instructions, camps and competitions	3STEP Sports
Aug-22	TRX	Provides workout equipment and training programs for full body health	JFXD Capital
Aug-22	Sports Endeavors	Operates as a multi-channel multi-sport retail company	Seawall Capital
Aug-22	SkyTrak	Manufactures and sells golf trajectory measuring instruments	Golftec Enterprises
Aug-22	Wildfire Volleyball	Operates a volleyball academy	3STEP Sports
Jul-22	Simms Fishing Products	Manufactures and sells fishing gear for professional guides	Vista Outdoor
Jul-22	Hollywood Bases	Operates a sporting goods manufacturing business	Rawlings Sporting Goods Company
Jul-22	SIDI SPORT	Manufactures footwear for off-road and on-road cycling and motorcycling	Italmobiliare
Jul-22	ArachniGRIP	Manufactures stick-on grips for guns	TALON Grips
Jul-22	Pure Archery	Designs and manufactures archery equipment	JDH Capital Company
Jul-22	Sergio Tacchini IP Holdings	Designs and retails sportswear	F&F Co.
Jul-22	Fox Racing	Designs and manufactures motocross gear and apparel for riders	Vista Outdoor Operations

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Date	Target	Business Description	Acquirer
Jul-22	Overland Vehicle Systems	Manufactures and sells outdoor automotive parts	Caymus Equity Partners LLC; Caymus
Jun-22	Giant Loop	Manufactures packing systems and gears for motorcycles and snow bikes	Uswe Sports AB
Jun-22	Marathon Sports	Operates as a specialty running retailer	Fleet Feet
Jun-22	SuperStroke	Produces putters and club grips	Daol Investment; Voice Caddie
May-22	Zimagear	Engages in the design of helmet decals, uniform and apparel	Lax.com
May-22	Assets of New Ultralight Arms	Manufactures rifles	Wilson'S Gun Shop
May-22	GSI Outdoors	Operates as a household appliances producers company	Pelican International
May-22	Pearl Izumi USA	Manufactures and sells sports apparel for men and women	United Sports
May-22	Bill Lewis Lures	Provides lures for fishing	Good Sportsman Marketing
Apr-22	Glacier Outdoor	Produces gloves and hats for fishing, sporting, hunting and other activities	Elvisridge Capital
Apr-22	RGT Cycling	Designs and develops a virtual indoor cycling platform	Wahoo Fitness
Apr-22	Lyalvale Express	Produces shotgun ammunition	Fiocchi Munizioni
Mar-22	X Games	Comprises an action sports events brand	MSP Sports
Mar-22	Sun Mountain Sports	Produces apparel, accessories, luxury goods and sporting goods	Solace Capital Partners
Feb-22	Defender Industries	E-commerce platform for motorcycle, dirt bike, ATV and snowmobile gear	FortNine (Novacap)
Feb-22	BBS Tech dba Fins Fishing	Produces braided fishlines	Elvisridge Capital
Feb-22	HS Fitness dba Reach Fitness	Manufactures fitness and gym equipment	GlobalBees Brands
Feb-22	Worldwide Camping Holdings	Produces outdoor camping equipment	Clearview Capital
Feb-22	Svendsen Sport	Distributes fishing tackles	Pure Fishing

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Date	Target	Business Description	Acquirer
Jan-22	Snake Eyes	Manufactures golf equipment	Forethought
Jan-22	The Wildland Trekking Company	US outdoor adventure tour operator	Intrepid Group
Jan-22	Cascadia Vehicle Tents	Manufactures rooftop vehicle tents, awnings, off-road trailers and car camping equipment for cars, trucks and SUVs	Gathr
Jan-22	Assets of Detroit Bikes	Bicycle frame and component manufacturer	Cardinal Cycling
Jan-22	Killer Instinct	Engages in online and offline retail crossbow products and accessories	Aldine Capital / Generation
Jan-22	Outdoor Edge	Manufactures knives and outdoor tools	Revo Brand Group
Jan-22	TopYa!	Develops a virtual coaching and engagement platform	ProMentor

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