



# The M&A and Investment Landscape: Active Outdoor and Sports Products Markets H2 2024

2024 has continued to be a dynamic M&A landscape in the active outdoor and sports products markets, with most near-term deals sitting on the sidelines while several high-profile transactions take advantage of a quieter dealmaking environment. With fluctuating investor sentiment and evolving consumer preferences, companies of scale continue to drive volume and revenue growth by engaging their loyal consumer followings.













*There is significant optimism that 2025 will be an accelerated year for the active outdoor and sports products market, with a larger share of companies taking part in a more attractive M&A environment.*

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## KEY THEMES

### Large Deals Closing, Set to Lead Market in 2025

As investors are focused on A+ assets in the current M&A environment, major transactions are paving the way for a wave of market activity in 2025. These deals include:

		SALE	PRICE
		<a href="#">GSM to Platinum Equity</a>	Reported \$1.6B
		<a href="#">CCM Hockey to Altor</a>	Reported \$450M
		<a href="#">Bauer Hockey to Fairfax Financial Holdings</a>	Undisclosed amount in the \$1.3B – \$1.7B range
		<a href="#">Revelyst to Strategic Value Partners</a>	Reported \$1.1B
		<a href="#">Varsity Brands to KKR</a>	Reported \$4.8B
		<a href="#">Minority sale of Riddell Sports Group to BC Partners</a>	Undisclosed amount

Each of these companies were leaders in their respective subsectors and continued to see impressive growth momentum which provided the underwriting support needed for the investor landscape, leading to successful transactions at healthy valuations. As the market continues to open and these newly capitalized companies look for M&A add-on opportunities, we expect several \$30M+ EBITDA auction processes to hit the market in 1H 2025, coupled with many proprietary deals getting done behind the scenes. As interest rates continue to drop and the financial health of the consumer improves, we expect a wave of smaller transactions to follow in 2H 2025.

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## Golf and Hockey Continue Leading M&A Activity

Golf and hockey assets are at the forefront of M&A activity, driven by stable demand and passionate consumer bases. These sports' market dynamics offer attractive investment opportunities, making them hotbeds for strategic acquisitions and consolidation.

## Investors Still "Risk Off" within Broader Discretionary Markets

Outside of the marquee transactions noted above, investor caution continues to dominate, driven by economic uncertainties. Diligence is taking longer, and investors are dropping out of processes in the second round more frequently, rather than trying to find solutions to issues uncovered during diligence. This leads to less competitive tension and higher probabilities of buyers re-trading on value. It is critical that investment banking advisors customize the sale process timeline to each company and ensure buyers are fully vetted prior to being invited to the second round.

## Brands Targeting Loyal Consumers with High Discretionary Income Succeeding

While many brands are seeing lower YoY growth metrics (especially given continued retailer destocking trends), larger brands focused on a targeted group of loyal consumers are seeing continued success. This includes innovative brands focused on the golf consumer and hunting / workwear apparel brands focused on hunting enthusiasts and tradesmen. In many instances, these \$50M+ EBITDA brands are growing 20% per year for both revenue and EBITDA. Given this winners / losers environment, investors are laser-focused on brand loyalty metrics, recognizing them as a critical determinant of long-term success. This loyalty and 'right to win' command an attractive customer base that is highly sought after and has the discretionary income to continue spending on the brands they love.

## Outdoor Participation Rates Up, Sales Volumes Down

While more consumers are participating in outdoor activities, overall purchase volumes have seen a decline. This paradox suggests a shift towards experiential consumption, where consumers prioritize access and experiences over ownership. Companies need to adapt their strategies to capitalize on this behavioral shift.

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## Innovation Continues as a Key Differentiator

Innovation remains a cornerstone of competitive strategy within the active outdoor and sports products markets. Companies that continuously innovate in product development and customer engagement are well-positioned to thrive. This innovation-led growth strategy appeals to investors seeking long-term value creation while proving sustainable differentiation against other competitors.

## Channel Reach and Retailer Concentration Critical Factors for Investors

Investors are prioritizing companies with extensive channel reach and a well-diversified retailer base. These factors significantly influence market penetration and sales stability. A concentrated retailer portfolio poses risks of dependency, making diversification a key investment criterion. There are significant valuation considerations if a brand is concentrated online vs. in-store, including considerations specifically to each specific retailer (i.e., REI vs. Dick's Sporting Goods).

## Continued Momentum in Team Sports with Additional Catch-up Whitespace

There is a significant recovery in team sports participation, [with an 11% increase in 2023](#), reaching the highest level since 2014. This marks the third consecutive year of growth, driven by a notable rise in girls' participation and improved engagement from lower-income households. [The SFIA's 2024 U.S. Trends in Team Sports Report](#) shows that youth sports initiatives and inclusive programs have been particularly effective. Despite this positive trend, core participation and overall play occasions remain below pre-pandemic levels.

[The report](#) underscores the ongoing recovery from the pandemic's impact, with 20 out of 24 tracked sports showing increased participation. The rise in participation is seen as a reflection of communities coming together to support youth and amateur sports. Schools and local leagues are adapting by offering more accessible and diverse sports programs. However, challenges such as funding and resources continue to affect smaller programs. Industry leaders are optimistic that with continued investment and community support, participation rates will continue to climb, fully bridging the gap left by the pandemic.

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## Outdoor Retailers Struggling, Sports Retailers Continue Winning

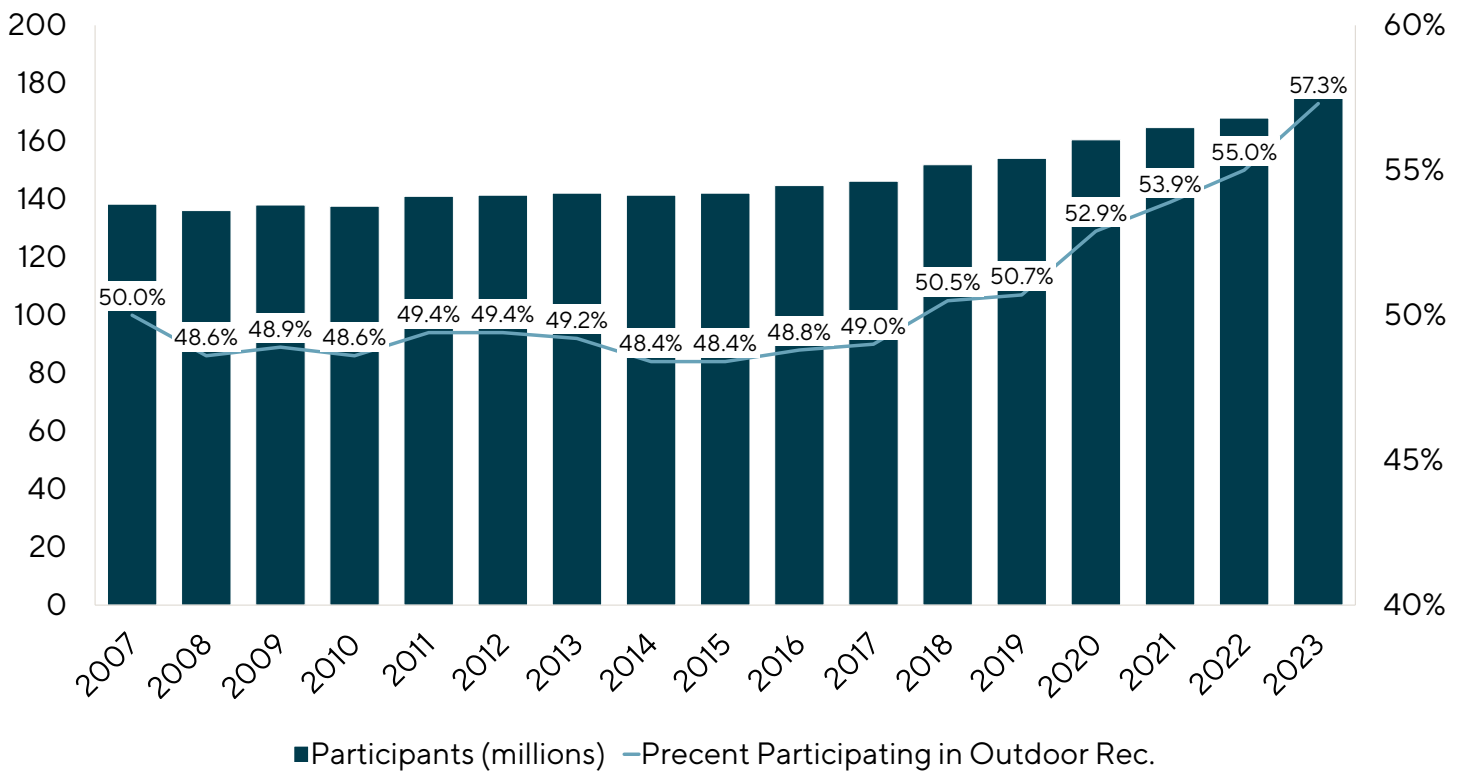
The disparity in performance between outdoor and sports retailers is stark. Outdoor retailers face challenges due to changing consumer habits and economic pressures. Conversely, sports retailers are innovating and adapting, finding ways to maintain consumer interest and drive sales growth.

## Improved Public Market Valuations

The public markets across all six active outdoor and sports subsectors have improved significantly since 2022, with the overall market improving from 8.3x EV / LTM EBITDA to 12.0x EV / LTM EBITDA. Overall, the improvement in public market valuations from the lows of 2022 signals a more favorable environment for both companies and investors, fostering greater activity and opportunities in the financial markets.

## INDUSTRY TRENDS

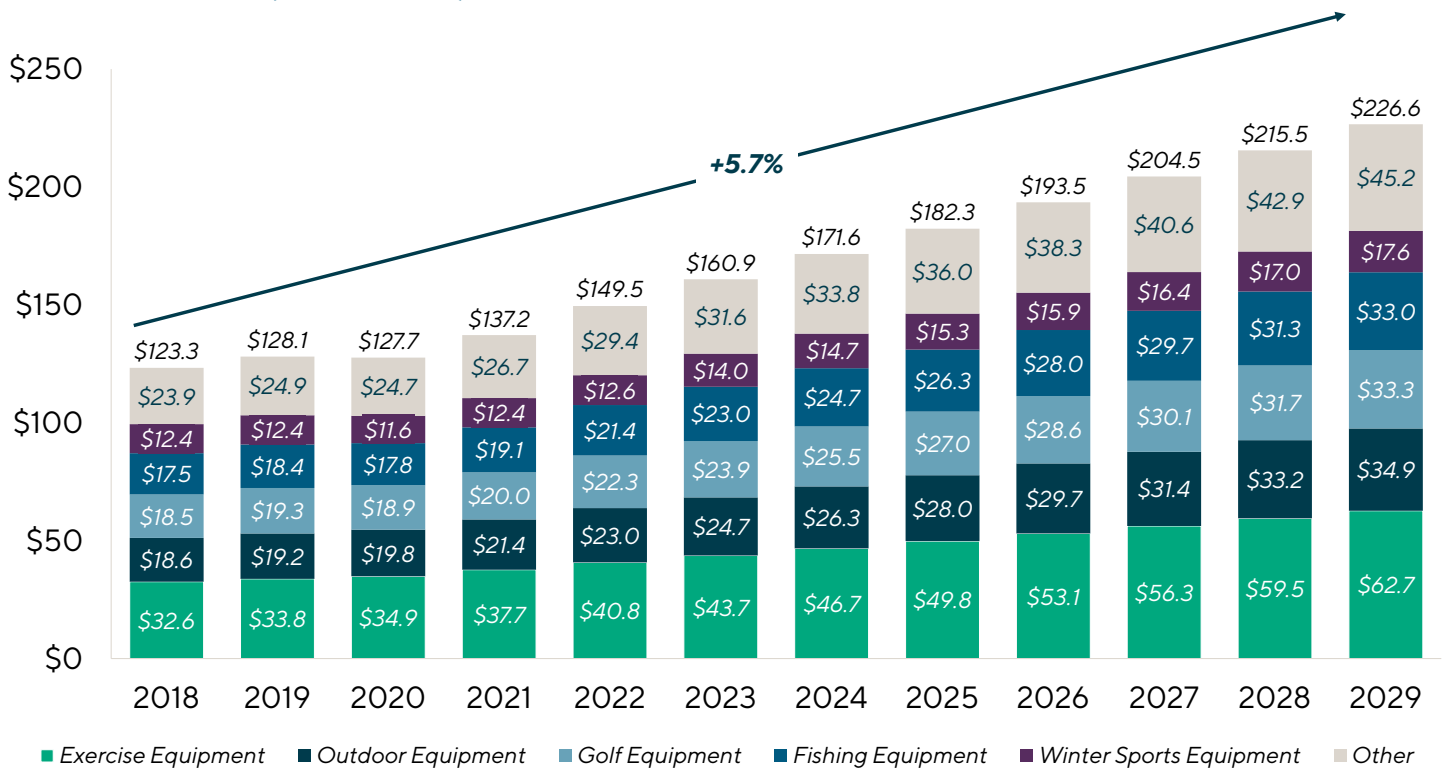
### Outdoor Recreation Participation Rate



Source: Outdoor Industry Association

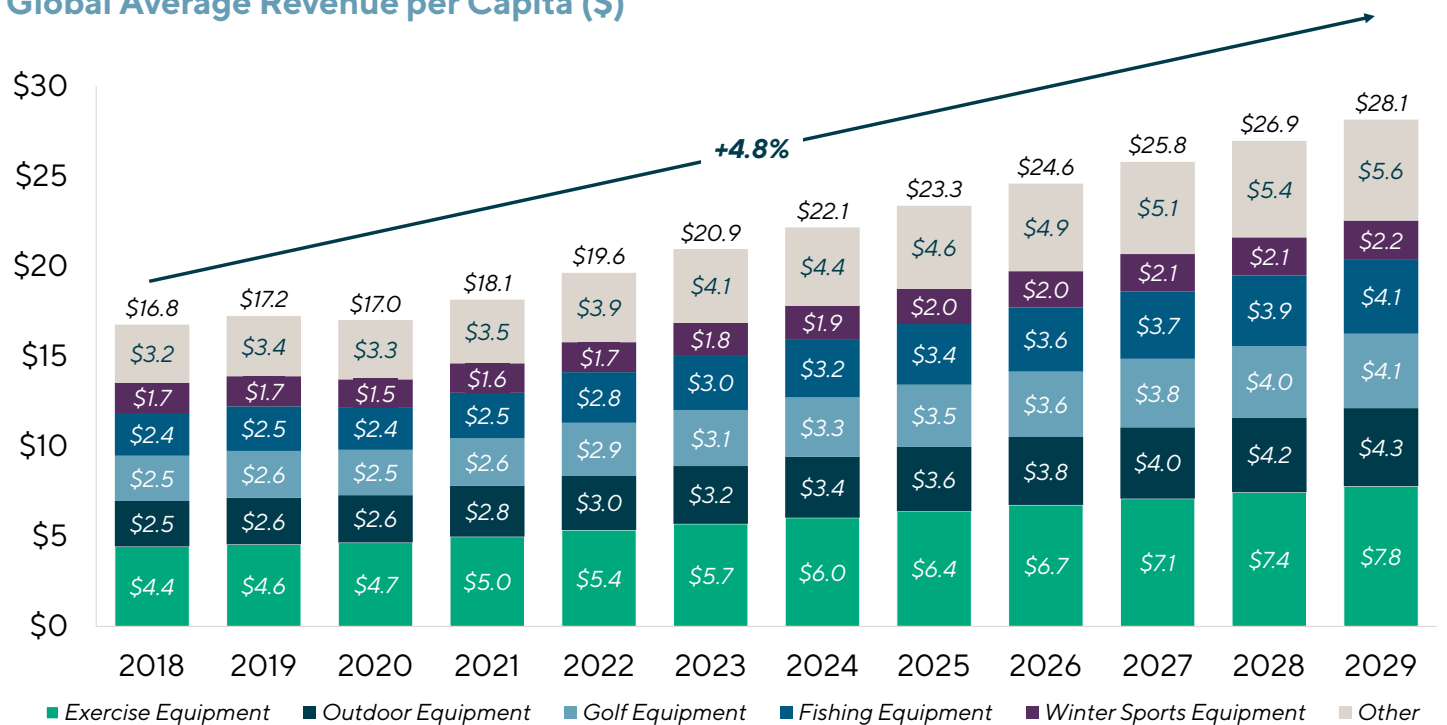
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## Global Revenue (\$ in billions)



Source: Statista Market Insights 2024

## Global Average Revenue per Capita (\$)



Source: Statista Market Insights 2024

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## Lincoln Private Market Data for Active Outdoor & Sporting Goods

Valuation Year	Valuation Quarter	EV/LTM EBITDA Avg	Equity Cushion Avg	Total Debt Avg	EV/LTM Revenue Avg	LTM EBITDA Margin Avg	LTM Gross Profit Margin Avg
2020	Total	9.4x	43.2%	5.5x	1.76x	16.2%	36.9%
	Qtr 1	8.1x	54.2%	3.6x	1.46x	17.3%	36.7%
	Qtr 2	9.4x	47.5%	5.5x	1.73x	16.7%	42.1%
	Qtr 3	10.9x	36.2%	6.4x	1.55x	14.6%	35.8%
	Qtr 4	9.8x	36.9%	6.3x	2.13x	15.9%	34.3%
2021	Total	10.9x	46.6%	5.6x	4.28x	17.3%	40.3%
	Qtr 1	11.9x	47.2%	6.0x	3.11x	17.1%	39.4%
	Qtr 2	11.3x	42.7%	6.1x	5.75x	18.6%	46.8%
	Qtr 3	10.8x	44.4%	5.9x	4.49x	18.3%	38.1%
	Qtr 4	10.1x	51.6%	4.5x	4.07x	15.8%	39.3%
2022	Total	9.6x	43.7%	4.9x	2.64x	19.3%	33.7%
	Qtr 1	7.9x	39.0%	4.4x	1.74x	19.1%	35.2%
	Qtr 2	10.3x	47.4%	4.9x	2.84x	17.3%	34.9%
	Qtr 3	9.6x	45.8%	5.2x	2.70x	21.0%	33.6%
	Qtr 4	10.5x	40.7%	5.0x	2.98x	19.7%	30.1%
2023	Total	11.7x	49.2%	5.1x	2.14x	17.3%	37.8%
	Qtr 1	11.3x	49.8%	5.5x	2.30x	19.1%	33.4%
	Qtr 2	11.8x	45.1%	5.3x	2.11x	17.0%	38.3%
	Qtr 3	12.1x	43.6%	5.1x	1.77x	15.9%	38.5%
	Qtr 4	11.8x	60.8%	4.4x	2.39x	17.4%	40.7%
2024	Total	11.2x	52.2%	5.0x	1.70x	14.9%	39.9%
	Qtr 1	11.8x	52.2%	4.9x	1.94x	17.8%	40.8%
	Qtr 2	10.7x	52.3%	5.0x	1.51x	12.6%	39.2%

Source: VOG Private Market Proprietary Data

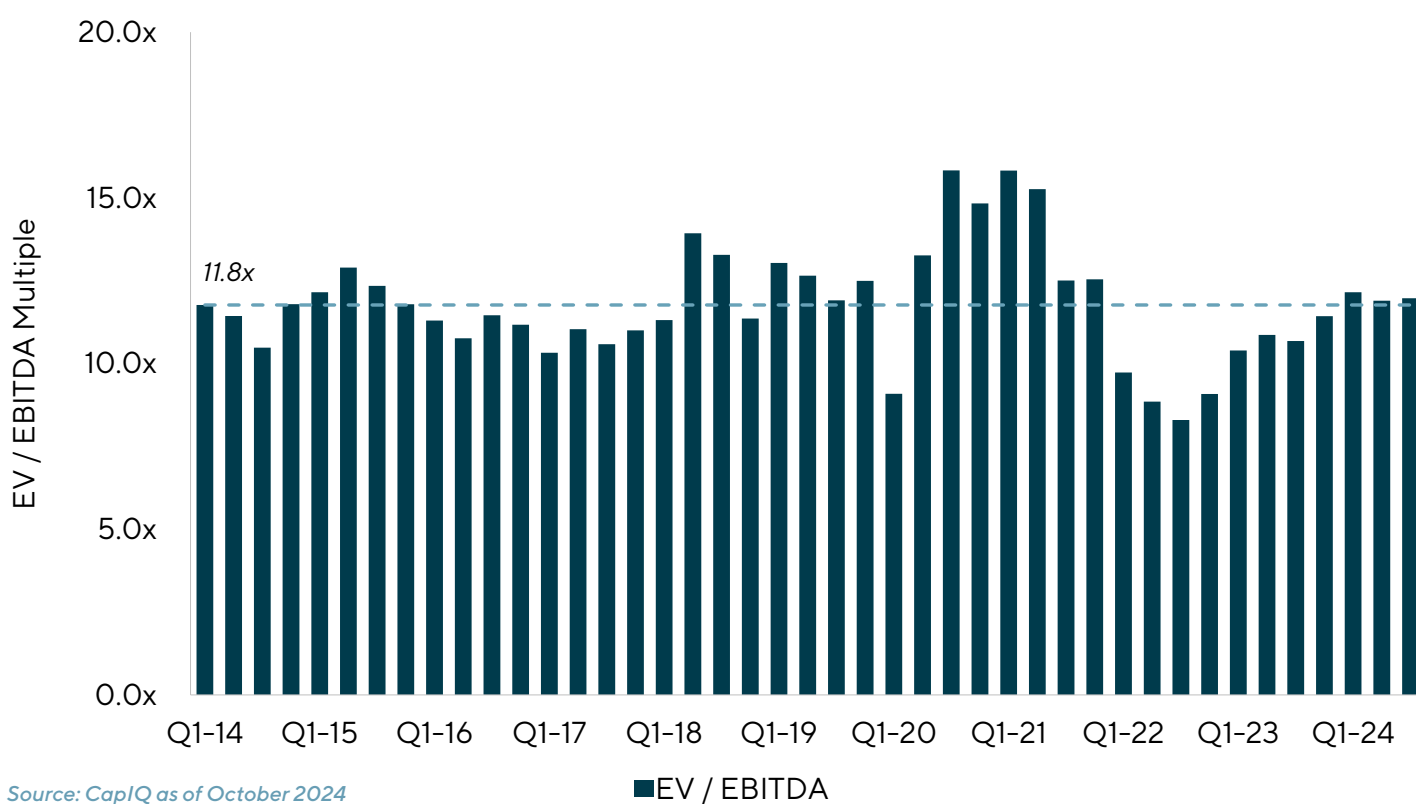
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## Public Comparables

Sector	Number of Companies	Quarterly Stock Performance	% of 52 Week High	EV / LTM		P / E Multiple	Net Debt / LTM EBITDA	Q3 2024 LTM Growth		Q3 2024 LTM Margin	
				Revenue	EBITDA			Revenue	EBITDA	Gross	EBITDA
Active Apparel and Footwear	21	14.5%	84.1%	1.93x	13.0x	19.0x	5.3x	6.1%	13.2%	50.5%	13.8%
Active & Outdoor Retail	4	(4.8%)	63.4%	0.76x	5.1x	15.3x	-0.1x	3.4%	36.5%	31.9%	4.5%
Camping and Hiking	6	2.2%	75.3%	1.30x	13.3x	23.8x	17.9x	7.8%	56.5%	36.2%	6.2%
Outdoor Equipment	16	(1.9%)	72.3%	1.80x	12.4x	19.4x	1.7x	7.5%	10.6%	41.3%	11.2%
Sporting Goods	8	(2.7%)	72.5%	1.28x	9.2x	14.5x	0.8x	6.3%	8.4%	38.4%	10.1%
Tactical & Hunting	7	(0.9%)	81.2%	1.57x	14.2x	23.1x	0.6x	6.9%	27.9%	34.1%	11.1%
<b>Mean</b>		<b>3.9%</b>	<b>77.0%</b>	<b>1.64x</b>	<b>12.0x</b>	<b>19.1x</b>	<b>4.1x</b>	<b>6.6%</b>	<b>19.0%</b>	<b>42.2%</b>	<b>11.0%</b>

Source: CapIQ as of October 2024

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

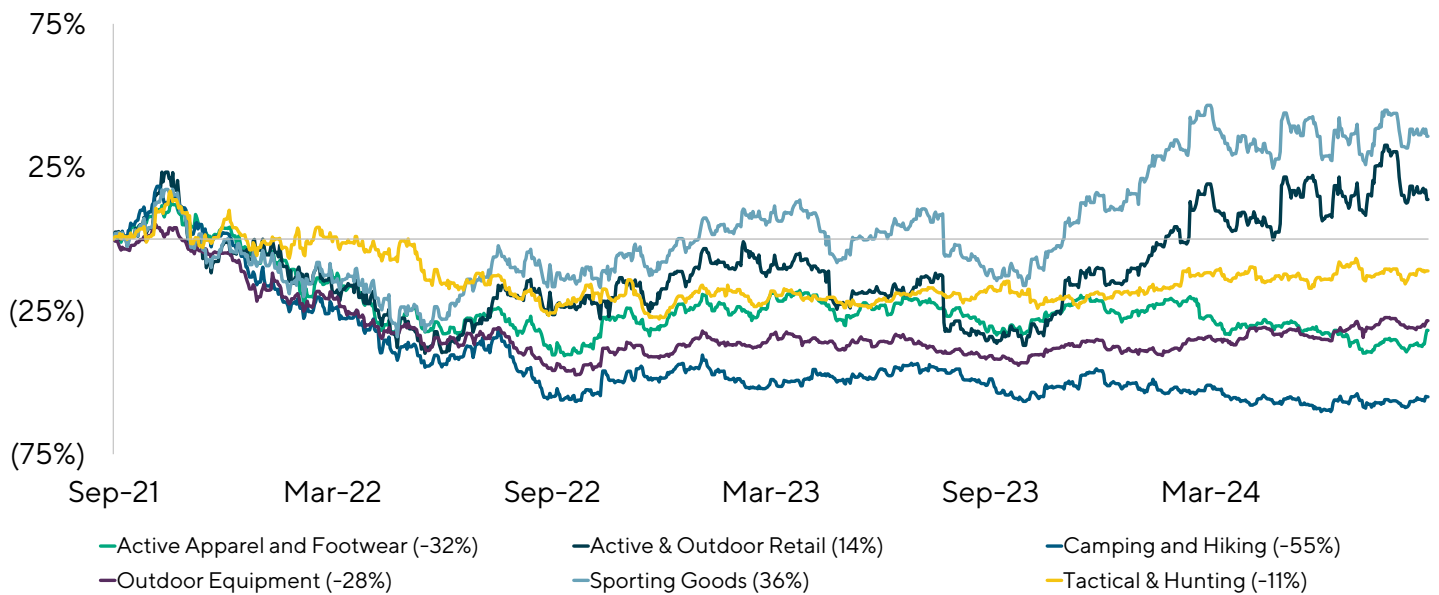


Source: CapIQ as of October 2024

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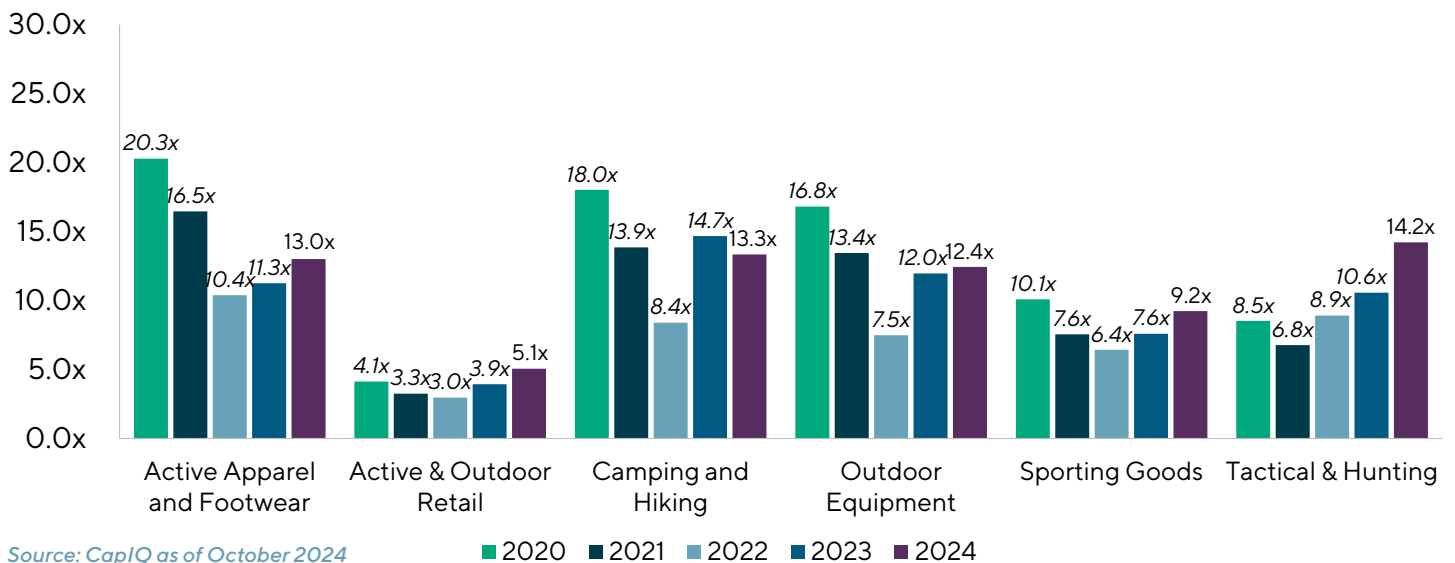


### 3-Year Stock Performance by Sub-Sector



Source: CapIQ as of October 2024

### EV / LTM EBITDA by Sub-Sector



Source: CapIQ as of October 2024

The M&A landscape within the active outdoor and sports products markets remains vibrant, marked by significant deals, cautious investor behavior and a focus on innovation and brand loyalty. As we move into 2025, the strategic maneuvers executed in the latter half of 2024 will shape the market's evolution, presenting both challenges and opportunities for investors and companies alike.

If you are interested in learning more about this market or how Lincoln can take your business to its next success, please [contact a professional in our Consumer Group](#).