

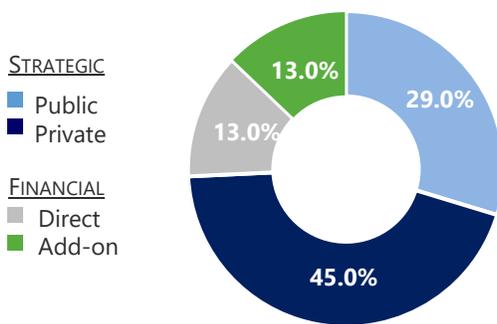


KEY M&A TAKEAWAYS

- Historic levels of disposable income and consumer confidence has helped to propel consumer spending by 2.8% in the last twelve months (LTM) ending in April 2018, which has resulted in a corresponding uptick in Recreational Products industry performance.¹ Following a 1.0% year-over-year (YOY) decline in the average revenue for eight public companies tracked by Capstone Headwaters' Recreational Products index ending in June 2017, the Index rebounded with a 10.3% YOY increase in average revenue, ending June 2018. Most notably, Amer Sports Corporation and Callaway Golf had revenue growth of 15.0% and 26.0%, respectively.
- Strategic buyers have dominated industry M&A activity, accounting for 74.0% of the 38 deals that have been announced or closed year-to-date (YTD). Noteworthy strategic acquisitions include the acquisition of KanJam, an outdoor and indoor games manufacturer, by Wild Sports (March) and the acquisition of GolfTec, a provider of golf instruction and lessons, by Golf Digest Online (June).

BUYER BREAKDOWN

- Financial buyers have accounted for 26.0% of the deals in YTD 2018 compared to 45.0% for the same period in 2017.
- Notable financial acquisitions include that of Rawlings Sporting Goods by Seidler Equity (June) and the acquisition of Niner Inc., a bicycle and parts manufacturer, by UWHK Limited (March).



Sources: Capital IQ, Pitchbook, and Capstone Headwaters Research

SEGMENT HIGHLIGHT

- Reusable Bottles** - Brands that promote healthy lifestyles and environmentally friendly alternatives to plastic bottles have continued to gain momentum in the recreational products space. Transparency Market Research forecasts the insulated bottle industry to grow at an annual rate of 4.8% to reach \$4.1 billion by 2026.² Increased application of durable and eco-friendly bottles are expanding to coffee presses, tea, alcohol and food. Consumers can choose from a handful of shapes, features and customizable colors, emerging as a new accessory within the outdoor and athletic product industry. Corresponding markets, such as hiking and camping, have participation rate increases of 18% and 15%, respectively, among young adults (18-24) in 2017, according to the Outdoor Industry Association.³ Continued growth in outdoor activity participation and environmental awareness will support growing demand in the reusable water bottle industry.

Capstone Headwaters recently served as sole adviser to Seventh Generation, Inc., a subsidiary of Unilever, on its divestiture of bobble®, a manufacturer of reusable hydration, filtration, coffee, and tea products to O2COOL. Founded in 1992, O2COOL is a leading manufacturer in patent-protected cooling and hydration solutions for active consumers.

SELECT TRANSACTIONS

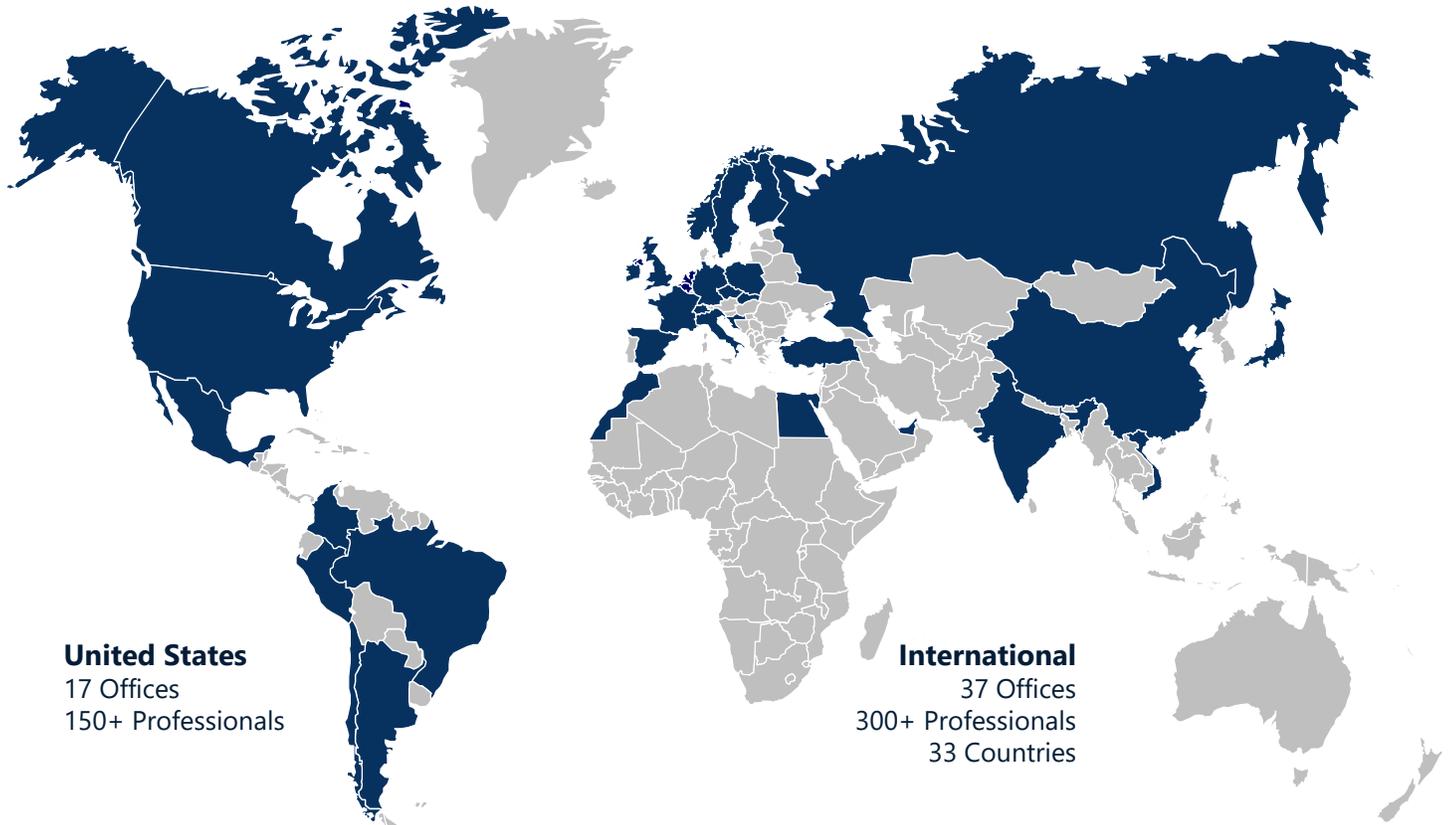
Date	Target	Acquirer	Target Description	EV	EV / LTM	
					R	EBITDA
06/18	Rawlings	Seidler Equity; MLB ENT.	Manufactures and markets sporting goods.	\$395.0	1.2x	-
06/18	GolfTEC	Golf Digest Online	Provides golf instructions and lessons worldwide.	\$37.6	0.8x	-
06/18	Gracedbygrit	HYLETE	Provides workout gear for women.	-	-	-
04/18	Peak Performance	Amer Sports	Manufactures technical sports and fashion wear.	\$1,900.0	1.8x	-
03/18	Oboz Footwear	Kathmandu Holdings	Manufactures athletic shoes for men and women.	\$75.0	2.5x	16.3x
03/18	Niner Inc.	UWHK Ltd.	Manufacture various bicycles and accessories.	-	-	-
03/18	KanJam LLC	Wild Sports LLC	Manufactures outdoor and indoor games.	-	-	-
02/18	Lifeline Products	Escalade, Inc.	Manufactures personal goods and equipment.	-	-	-
01/18	Honma Golf	ITOTCHU; CP Group	Designs and manufactures golf club equipment.	\$4,283.2	2.4x	9.9x

Sources: Capital IQ, Pitchbook, and Capstone Headwaters Research

SELECT CAPSTONE DEALS AND AWARDS



BUILT FOR THE MIDDLE MARKET



CITATIONS

1. Bureau of Economic Analysis, "Personal Income and Outlay, April 2018," <https://www.bea.gov/newsreleases/national/pi/pinewsrelease.htm>, accessed June 21, 2018.
2. Transparency Market Research, ""Insulated Water Bottles Market – Global Industry Analysis, Size, Share, Growth, Trends and Forecast 2017 – 2026," <https://www.transparencymarketresearch.com/insulated-water-bottles-market.html>, accessed June 21, 2018.
3. Outdoor Industry Association, "Outdoor Participation Report 2017," https://outdoorindustry.org/wp-content/uploads/2017/05/2017-Outdoor-Recreation-Participation-Report_FINAL.pdf, accessed June 22, 2018.

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