

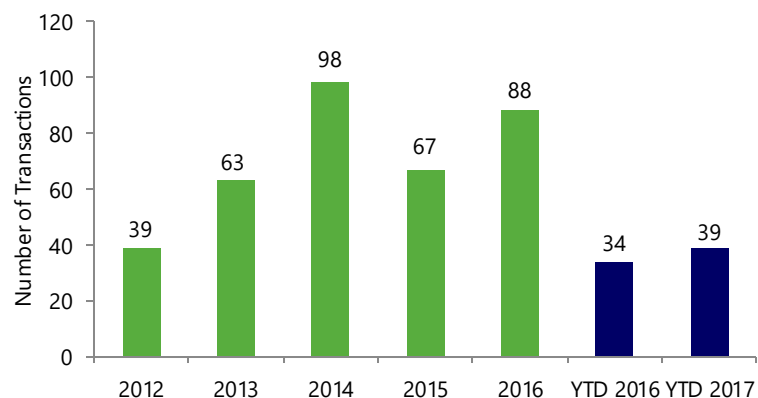


## KEY M&A TAKEAWAYS

- ▶ Consumers' desire to build a healthy and fitness-oriented lifestyle continues to be a driving force for M&A activity. In 2015, the last year with data, the CDC estimated that approximately 49.0% of US adults over the age of 18 met the 2008 federal physical activity guidelines, right in line with the record level of 49.5% in 2012. As consumers remain highly active they will continue to demand recreational products, driving growth in this industry. Both strategic and private equity groups have taken notice and are pursuing acquisitions.
- ▶ Deal activity in 2017 is on pace to surpass 2016 volume and may even exceed the record level of activity in 2014.
- ▶ Valuations for companies in this space are currently at a premium with average public company EBITDA multiples of 11.6x.

## TRANSACTION VOLUME

- ▶ M&A activity has been strong thus far in 2017 with transaction volume on pace to exceed the already high levels of activity seen in 2016.
- ▶ Deal volume has been driven by strategic buyers, who've accounted for 60.5% of activity in 2017 compared to 54.9% in 2016.



YTD ended April 15  
Sources: Capital IQ and Capstone Partners Research

## SELECT M&A TRANSACTIONS

| Date  | Target             | Acquirer                  | Target Description                                  | EV / LTM |      |        |
|-------|--------------------|---------------------------|---|----------|------|--------|
|       |                    |                           |   | EV       | R    | EBITDA |
| 04/17 | GSC Technologies   | New Water Capital         | Produces kayaks and watersports equipment.          | -        | -    | -      |
| 03/17 | Armada Skis        | Amer Sports               | Manufactures skiing equipment and poles.            | \$4.1    | 0.4x | -      |
| 02/17 | New Moosejaw       | Wal-Mart.com              | Retails outdoor apparel and equipment.              | \$51.0   | -    | -      |
| 02/17 | Eastern Outfitters | SportsDirect              | Retails outerwear and outdoor gear.                 | \$29.5   | -    | -      |
| 01/17 | Arctic Cat         | Textron Specialized       | Designs snowmobiles and ATVs.                       | \$313.4  | 0.6x | -      |
| 01/17 | OGIO               | Callaway Golf             | Designs golf bags, athletic bags and bike gear.     | \$75.5   | -    | -      |
| 12/16 | Aqua Lung          | Montagu                   | Manufactures personal aquatic equipment.            | \$400.0  | -    | 8.0x   |
| 12/16 | Hi-Tec Sports      | Cherokee Global           | Manufactures footwear and apparel for the outdoors. | \$105.4  | 5.5x | 15.1x  |
| 10/16 | Performance Sports | Antares, Fairfax & Sagard | Manufactures equipment for various sports.          | \$572.4  | 1.0x | -      |

## PUBLIC COMPANY VALUATION DATA

| Company (4/17/17)       | Enterprise Value | LTM Margin | EV / LTM |        |
|-------------------------|------------------|------------|----------|--------|
|                         |                  |            | Revenue  | EBITDA |
| Amer Sports Corporation | \$3,321.7        | 10.7%      | 1.2x     | 10.9x  |
| Black Diamond, Inc.     | \$87.7           | NA         | 0.6x     | NM     |
| Brunswick Corporation   | \$5,161.2        | 13.1%      | 1.1x     | 8.8x   |
| Callaway Golf Company   | \$1,020.7        | 7.0%       | 1.2x     | 16.8x  |
| Dorel Industries Inc.   | \$1,211.2        | 5.4%       | 0.5x     | 8.6x   |
| Escalade, Inc.          | \$212.4          | 12.3%      | 1.3x     | 10.5x  |
| Johnson Outdoors Inc.   | \$309.4          | 9.2%       | 0.7x     | 7.6x   |
| Lafuma SA               | \$169.2          | 5.3%       | 0.9x     | 17.8x  |

|        |      |      |       |
|--------|------|------|-------|
| Mean   | 9.0% | 0.9x | 11.6x |
| Median | 9.2% | 1.0x | 10.5x |

## SELECT CAPSTONE DEALS AND AWARDS

