ROBUST OUTDOOR PARTICIPATION CONTINUES TO DRIVE SECTOR GROWTH

OUTDOOR RECREATION & ENTHUSIASTS SECTOR UPDATE | AUGUST 2022

CAPSTONE PARTNERS

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Outdoor Recreation & Enthusiasts

Robust Outdoor Participation Continues To Drive Sector Growth

KEY SECTOR TAKEAWAYS

Capstone Partners' Consumer Investment Banking Group is pleased to share its Outdoor Recreation & Enthusiasts report. Merger and acquisition (M&A) activity has continued at healthy levels through year-to-date (YTD) 2022—although it is below the record transaction volume in 2021. Consumer spending has propelled sector participants to steady revenue growth, assuaging fears of a decline in outdoor participation post-pandemic. Several key report takeaways are outlined below.

1. Consumer spending on outdoor products remains robust as the surge in outdoor participation seen during the height of the pandemic has proven to be a lasting trend.

2. Elevated inflation and the prospect of a recession will be key challenges for the remainder of 2022 and into 2023. Sector participants that can effectively pass costs on to consumers are best positioned to defend revenues amid an economic downturn.

3. The M&A market remains healthy for middle market, privately owned businesses with brand strength and recurring revenue.

4. Despite rising interest rates, the M&A valuation environment remains healthy. Strategics have paid premiums for noncyclical, defensible companies with a strong revenue profile.

5. Sector executives have noted that premium brands and products are outperforming mass market products at lower price points as loyal, affluent enthusiast consumers have been impacted less in an environment of rising inflation.

6. Outdoor Recreation remains one of the more exciting spaces in Consumer M&A. Both large strategic buyers and private equity are on the hunt for strong brands with leadership positions. Brands with size are of particular interest.

7. Three segments that continue to surprise us with their strength are Biking, Recreational Vehicle (RV) Dealerships, and Camping. Large bike manufacturers are consolidating their downstream distribution and buying up independent bike dealers at a fast clip. The RV segment consolidation trend is pushing past COVID. Finally, Camping appears to have transformed from a COVID-fueled interest into a permanent change in consumer preference.

Capstone Partners has developed a full suite of corporate finance solutions, including M&A advisory, debt advisory, financial advisory, and equity capital financing to help privately owned businesses and private equity firms through each stage of the company's lifecycle, ranging from growth to an ultimate exit transaction.

To learn more about Capstone's wide range of advisory services and Outdoor Recreation & Enthusiasts sector knowledge, please contact Ken Wasik or Pete Bailey.

CONSUMER SPENDING STEADY, SUPPLY CHAIN EASING

The surge in outdoor participation and enthusiast pursuits amid the pandemic has proven to be more than a temporary boost to sector demand. Spending on outdoor goods has persisted at healthy levels, despite inflation reaching a four-decade high of 9.1% in June, according to the U.S. Bureau of Labor Statistics.[1] Through March 2022, sales for outdoor retail grew 19% in the last twelve months (LTM), driven by a 12.5% increase in units sold and a 5.6% rise in average selling prices, according to NPD.[2] Products including campfire equipment and running shoes have experienced substantial sales increases, rising 61% and 63%, respectively. While many executives are forecasting a recession, consumer spending appears to be holding up well through the midpoint of 2022. Notably, JPMorgan Chase & Co. (NYSE:JPM) commented on the health of the U.S. consumer in its Q2 earnings call, noting that combined debit and credit spend has increased 15% year-over-year (YOY).[3] Core enthusiast categories, including Fishing, Hunting, and Skiing are expected to maintain strong spending levels due to a high degree of customer loyalty. However, larger discretionary spending segments such as Boating may experience a temporary pullback amid a potential economic downturn.

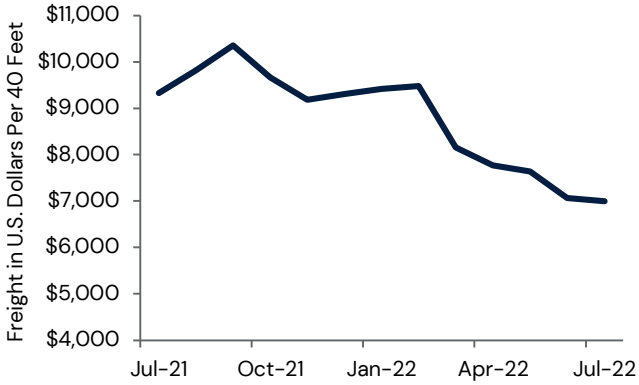
Robust top line growth among public players has highlighted the persistence of consumer spending and outdoor participation, fueling sector optimism. Following a 60% YOY net revenue increase in Q1, premier golf brand Callaway (NYSE:ELY) raised its financial outlook for the remainder of the year, according to its earnings release.[4] Healthy sales growth has also extended outside of traditional sporting categories. Leading outdoor products and shooting sports player Vista Outdoor (NYSE:VSTO) experienced sales of $803 million in its fiscal Q1 2023, an increase of 21% YOY, according to its earnings release.[5] Vista noted healthy demand in higher price point categories targeting affluent consumers less impacted by inflation. On the other hand, elevated costs have disproportionally impacted lower price point categories, resulting in a decline in consumer purchases. Vista and other segment players have also capitalized on sustained demand for tactical & hunting equipment, which has been reflected by a rise in prospective firearm owners. Notably, the National Shooting Sports Foundation (NSSF)-adjusted National Instant Criminal Background Check System (NICS) increased 8.1% YOY in June—the first month of YOY growth in 2022, according to NSSF.[6]

Strong sector brands have effectively passed costs on to consumers to drive sales growth, although this demand elasticity is likely to be increasingly tested in the second half of the year. Leading recreational products provider Thule (OM:THULE) attributed its steady gross margin of 40% to the successful implementation of price increases, which have helped offset higher costs for components, raw material, and freight, according to its earnings call.[7] Materials costs and supply chain challenges have been common themes echoed across public companies in the sector. Weary of insufficient supply, sector participants have bolstered inventory levels to avoid lost sales opportunities.

Port congestion and elevated freight prices have challenged the space over the past two years; however, supply chains have begun to display signs of improvement. Since January, port congestion in North America has halved from 20 times the norm to about 10 times, according to Drewry.[8] Container costs have also moderated, evidenced by Drewry's World Container Index declining 21% YOY to $6,999 per 40-foot container.[9] Amid a backdrop of healthy consumer demand, sector participants with brand strength and the ability to pass on higher costs to consumers are poised to capture strong demand. Inflation will remain a key headwind to profitability, but a healing supply chain will help to alleviate production and distribution costs.

World Container Index

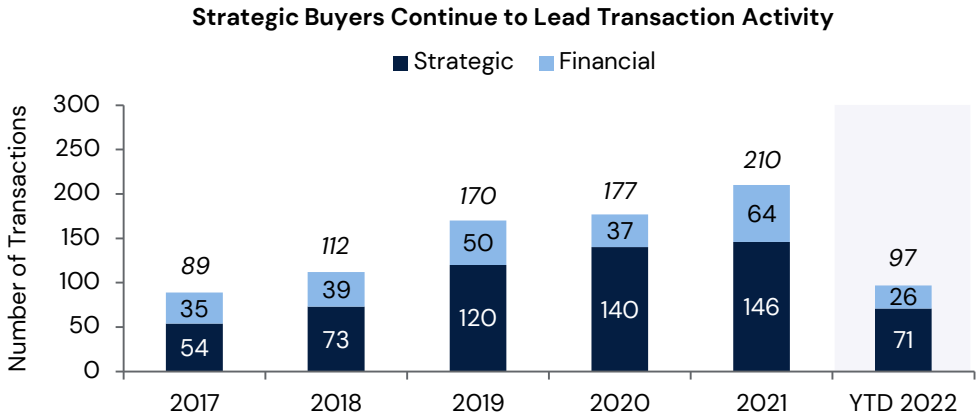
Container costs have declined in recent weeks, with the container index falling 21% in July year-over-year.



Source: Statista and Drewry

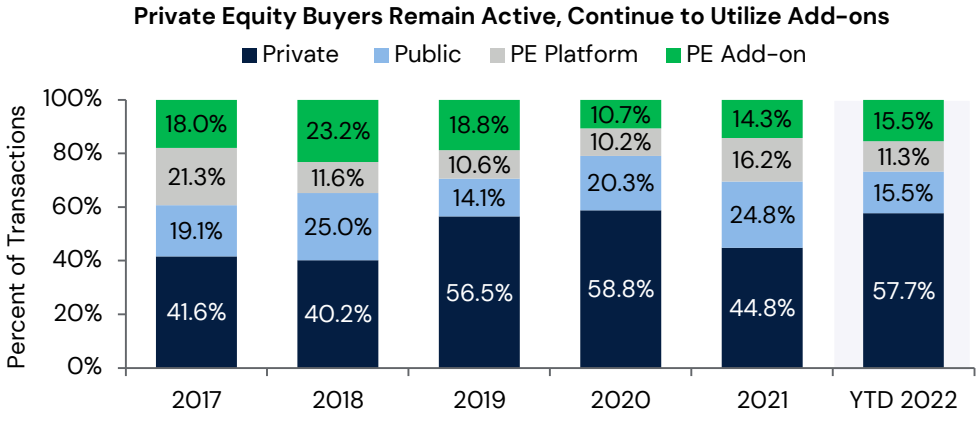
M&A ACTIVITY AND BUYER BREAKDOWN

Transaction activity has continued at healthy levels through YTD 2022. Deal volume has been led by strategic buyers actively consolidating companies in their respective segments within the Outdoor Recreation & Enthusiasts sector.



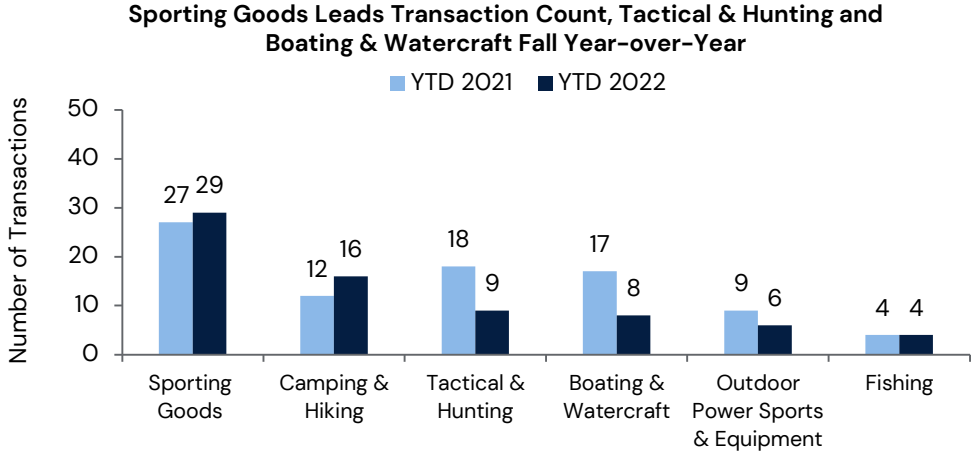
Year-to-date (YTD) ended July 12
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

Private strategic buyers have comprised a majority of transaction activity (57.7% of YTD deals), while private equity firms have continued to utilize add-on acquisitions (15.5%) to scale sector portfolio company holdings.



Year-to-date (YTD) ended July 12
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

The Sporting Goods segment has recorded healthy M&A volume, rising slightly YOY through YTD 2022. The Tactical & Hunting and Boating & Watercraft segments have registered the largest YOY declines in transaction activity.



Year-to-date (YTD) ended July 12
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

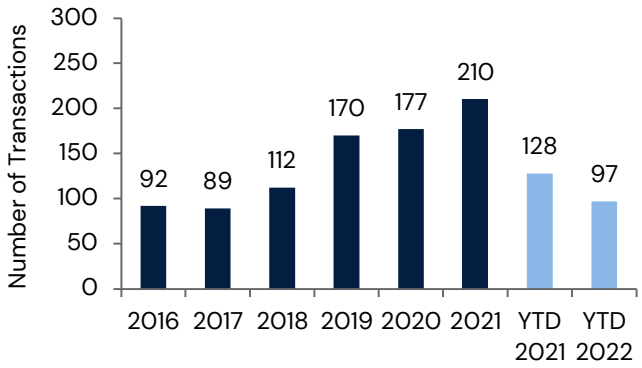
HEALTHY M&A VALUATIONS AND VOLUME CONTINUE

The M&A market remains robust for quality, premium brands with strong customer retention and a track record of defensibility during challenging economic environments. Transaction volume through YTD 2022 has declined 24.2% YOY, although 2021 represented the best year on record for M&A in the sector—making for an unusual comparison. When compared to 2020 and 2019, YTD 2022 deal volume has outpaced both years by 15.5% and 4.3%, respectively. Inflation and economic uncertainty are likely to negatively impact the volume of large corporate transactions and buyouts, but the middle market (under $500 million in enterprise value) continues to demonstrate robust buyer appetite. Business revenue profiles will be increasingly scrutinized through the lens of a downturn, particularly if driven by a large "COVID bump."

Ken Wasik
Head of Consumer Investment Banking

"Outdoor Recreation, along with Food, continues to be a bright spot in the Branded Consumer sector. A sign of its healthiness is that almost three quarters of all M&A activity is with large strategic buyers. These buyers are making long term strategic acquisitions and it is a testament to their outlook of the future. On the other hand, several private equity firms have built platforms in the space and are actively seeking add-on acquisitions for size and diversity. We like the online and specialty dealer channels the best, with large box retailers having difficulties with the sector."

Outdoor Recreation & Enthusiasts M&A Transaction Volume



Year-to-date (YTD) ended July 12
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

Strategic buyers have led YTD 2022 transaction activity and accounted for 73% of total M&A volume. Private strategic buyers have comprised a significant portion of dealmaking at 58%. Notably, GSM Outdoors has continued to add to its brand portfolio, acquiring Buckeye Lures, a leading player in the Tackle market, in July for an undisclosed sum. Strategic buyers are expected to continue to pursue high quality businesses that complement or diversify existing product offerings.

Private equity has continued to add sector companies to their portfolios and comprised 27% of YTD transaction volume. Notably, in the Tactical & Hunting segment, Charlesbank Capital Partners-backed GALLS acquired U.S. Patriot Tactical (June, undisclosed) which unites two of the largest multi-channel distributors in the U.S. Military Individual market. Rising interest rates, while still historically low, are likely to make leveraged buyouts more expensive for private equity groups. However, smaller add-ons serve as a valuable means to expand sector penetration and drive incremental returns. Regardless, financial buyers are actively searching for quality target companies of size with brand strength and high levels of customer retention. Family offices have deployed capital to the sector through the first half of 2022, evidenced by JDH Capital's acquisition of Pure Archery (see page nine).

M&A valuations have remained healthy across the Outdoor Recreation & Enthusiasts sector, with an average EBITDA multiple of 11.5x from 2017 to YTD 2022. The Camping & Hiking segment has led valuations in the sector at 12.8x EV/EBITDA as strategics have paid premiums for quality outdoor adventure companies, evidenced by Helen of Troy's (Nasdaq:HELE) purchase of Osprey for 13.5x EV/EBITDA at an enterprise value of $414 million (November 2021). Boating & Watercraft multiples have trailed the broader sector at an average of 8.2x EV/EBITDA. OneWater Marine (Nasdaq:ONEW), a leading recreational boat retailer, has adopted an acquisition-fueled growth strategy. It aims to acquire boat dealerships at less than 4.0x EV/EBITDA and Parts & Accessories businesses at less than 5.0-7.0x EV/EBITDA, according to its investor presentation.[10] In June, OneWater acquired Ocean Bio-Chem, a supplier of appearance, cleaning, and maintenance products for sectors including Marine, Automotive, and Powersports, for an enterprise value of $122.6 million and 10.5x EV/EBITDA—exceeding the typical valuation it pays for Parts & Accessories businesses. The transaction highlights the premiums available in the current market for businesses generating consistent revenue.

M&A SPOTLIGHT: INDEPENDENT BIKE SHOPS AND RV DEALERSHIPS

Bicycle and bicycle components manufacturers have faced substantial production challenges over the past two years amid surging consumer demand and inadequate supply. In the wake of the pandemic, leading bicycle players have aggressively sought to bolster their inventory position, which has fueled a competition among top brands for floor space at independent bike dealers. In recent months, Pon Holdings, Specialized, and Trek have all embarked on an acquisition strategy to acquire independent, regional bike shops. In April, Trek Bicycle acquired David's World Cycle (undisclosed) which comprises 21 Orlando-Florida based stores. Notably, since the start of 2021, Trek has acquired over 40 shops, often through the purchase of multi-location businesses, according to Bicycle Retailer.[11] As leading bike brands increasingly enhance their direct-to-consumer (DTC) offerings, independent bike shops will remain prime acquisition targets in the current market.

The RV Dealership market is another segment that has experienced significant consolidation by larger strategic players. Camping World (NYSE:CWH) has led buyer activity, purchasing 16 RV dealerships since 2021, according to Capital IQ. The active M&A market in the segment comes on the heels of a record year for RV shipments which totaled over 600,000 units in 2021, eclipsing the previous record of 504,000 units in 2017, according to RV Industry Association.[12] Privately-owned dealerships stand to experience healthy buyer appetite through the remainder of year, with RV shipments projected to reach 549,000 units by year end.

Select Bike Shop Transactions

Date	Target	Buyer
6/10/22	Elevation Cycles	Mike's Bikes (owned by Pon Holdings)
5/13/22	Carytown Bicycle	Specialized
4/19/22	David's World Cycle	Trek Bicycle
3/8/22	St. Helena Cyclery	Trek Bicycle
1/5/22	Race Pace Bicycles	Trek Bicycle

Select RV Dealership Transactions

Date	Target	Buyer
6/14/22	Anthem RV	Camping World
5/25/22	Coulee Region RV Center	PleasureLand RV
5/23/22	Richardsons RV Centers	Camping World
5/4/22	Dave's Claremore RV	Lazydays
4/20/22	Jim's RV Center	Wilkins Recreational Vehicles
4/19/22	Davis Motorhome	Great American RV

Outdoor Recreation & Enthusiasts Subsegment Tracker
YTD 2022 Deal Volume vs. YTD 2021 Deal Volume

-52.9%
BOATING & WATERCRAFT
8 deals vs. 17 deals

-50.0%
TACTICAL & HUNTING
9 deals vs. 18 deals

-33.3%
OUTDOOR POWER SPORTS
6 deals vs. 9 deals

+33.3%
CAMPING & HIKING
16 deals vs. 12 deals

+7.4%
SPORTING GOODS
29 deals vs. 27 deals

0.0%
FISHING
4 deals vs. 4 deals

NOTABLE TRANSACTIONS AND M&A INSIGHTS

Capstone has noted recent transactions that are reflective of broader trends in the Outdoor Recreation & Enthusiasts market. Outlined below are notable transactions in the sector, inclusive of commentary on the transaction rationale and industry implications from Capstone Partners' senior bankers.

Transaction Overview	M&A Insight

JDH Capital has acquired Pure Archery, a leading manufacturer of premium archery products (July). Terms of the transactions were not disclosed. Pure Archery designs and manufactures durable, high-performance bows, crossbows, and archery accessories that are distributed worldwide. It operates through production centers in Oregon, Montana, Michigan, and Ontario. In addition, Pure Archery owns and operates several premier archery brands which include Bowtech, Diamond, Excalibur, Black Gold, TightSport, RipCord, and Octane. The acquisition represents the strong appetite for outdoor brands among financial buyers, specifically family offices.

Ken Wasik
Head of Consumer Investment Banking

"We love this transaction for so many reasons—a patient, family office buying a premier hunting brand and the management team looking to stay on and grow the brand. This represents a solid platform to make other acquisitions."

Vista Outdoor has agreed to acquire Fox Racing for an enterprise value of $540 million, plus a $50 million earnout, equivalent to ~1.7x EV/Revenue and ~10.7x EV/EBITDA (July). Fox Racing is a leading brand in the Motocross and Mountain Biking segments, offering high quality helmets, protective gear, and apparel. Fox experienced a compound annual growth rate in net sales of ~20% from 2019 to 2021, according to a press release.[13] It will become part of Vista's Outdoor Products segment, which will be included in the new Outdoor Products company upon completion of its announced separation from its Sporting Products segment. The transaction represents the continued focus Vista is placing on inorganic growth, leveraging its healthy cash position to facilitate deals.

Pete Bailey
Director

"Vista has aggressively invested $925 million in acquisitions during the last three years in their Outdoor and Sports Products businesses. The acquisition of Fox Racing bolsters Vista's Action Sports business and brands including Bell Blackburn, Copilot, Giro, Krashand, and Raskullz. Fox Racing will also augment Vista's omnichannel capabilities and targeting of consumers in Mountain and Road Biking, Skiing, Snowboarding, and Power Sports. Vista's premium products in its brands continue to have steady demand from affluent and enthusiast consumers in an environment of rising inflation, and the acquisition of Fox Racing adds another iconic and high-end brand to their Outdoor portfolio."

BUSINESS VALUATIONS & DRIVERS

M&A valuations for privately owned businesses in the middle market are often not disclosed, making pricing transparency difficult. However, Capstone has deep knowledge of the sector, relevant buyers, and the key drivers of premium valuations for privately owned companies in the Outdoor Recreation & Enthusiasts sector. To learn more about the value of your company, contact Ken Wasik or Pete Bailey.

KEY VALUATION DRIVERS

- **Brand Strength**
  Trusted and recognized brands often possess strong pricing power, allowing them to more efficiently pass cost increases onto customers. Brand strength is a key determinant of valuations.

- **Customer Retention & Acquisition**
  Loyalty of a brand's customer base allows for a high degree of repeat purchases. Sector players with identified customer retention and acquisition tactics have proven to capture strong growth.

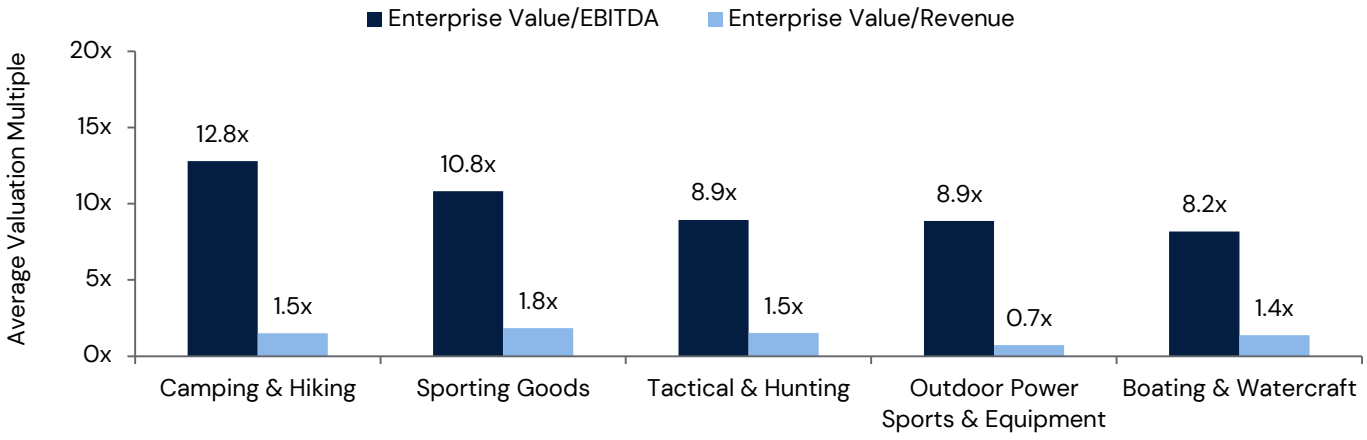
- **Recurring Revenue**
  Subscription models and DTC channels often drive recurring revenue, which allows for more accurate forecasting of future sales for buyers in an M&A process.

- **Acquisition fit**
  Strategic buyers will often pay premiums for companies that provide synergies to their operations and complement or enhance existing product offerings.

- **Consistency of Financial Performance**
  Many outdoor products companies experienced a significant "COVID bump" in revenues, making it difficult for buyers to value the company on a normalized basis. A track record of consistent financial performance helps to justify a strong purchase multiple.

- **Competition in M&A Process**
  Ultimately, the market will dictate the purchase multiple, and it is imperative to have the right set of buyers at the table to drive competition and push valuations north.

M&A Valuations by Subsector (2017 – YTD 2022)



Year-to-date (YTD) ended July 12
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

RECENT TRANSACTIONS

Date	Target	Acquirer	Target Business Description	Enterprise Value (mm)	EV/ LTM Revenue	EV/ LTM EBITDA
07/27/22	Simms Fishing	Vista Outdoor (NYSE:VSTO)	Manufactures and sells fishing gear including waders, outwear, and footwear.	$192.5	-	-
07/11/22	Pure Archery	JDH Capital	Designs and manufactures archery equipment.	-	-	-
07/11/22	Detail K2	Ronin Equity	Manufactures outdoor power equipment including snowplows, trailers, and winches.	-	-	-
07/06/22	Fox Head	Vista Outdoor (NYSE:VSTO)	Designs and produces motocross gear and apparel for riders.	$590.0	~1.7x	~10.7x
07/05/22	Buckeye Lures	GSM Outdoors	Provides fishing tackle equipment including its Spot Remover jig.	-	-	-
06/22/22	Ocean Bio-Chem (Nasdaq:OBCI)	OneWater (Nasdaq:ONEW)	Provides performance and maintenance products for sectors including Marine and Power Sports.	$122.6	1.9x	10.5x
06/22/22	Giant Loop	Uswe Sports (OM:USWE)	Designs and manufactures adventure proof packing systems and gears.	-	-	-
06/16/22	Marathon Sports	Fleet Feet	Retails specialty running products.	-	-	-
06/15/22	Fitchburg Cycles	Wheel & Sprocket	Offers road, mountain, commuter, comfort fitness and hybrid cycles.	-	-	-
06/10/22	Elevation Cycles	Mike's Bikes	Retails road, electric, kids, gravel, and commuter bikes.	-	-	-
06/07/22	Turtle Fur	Camano Capital	Provides headwear and accessories in the Snow Sports market.	-	-	-
06/04/22	U.S. Patriot Tactical	GALLS	Provides military and law enforcement apparel, footwear, and gear.	-	-	-
05/25/22	Bob's Stores/Eastern Mountain Sports	GoDigital Media	Bob's Stores retails apparel and footwear. Eastern Mountain Sports offers outdoor gear and clothing.	$70.0	-	-
05/23/22	New Ultralight Arms	Wilson's Gun Shop	Manufactures lightweight hunting rifles.	-	-	-
05/23/22	Richardson's RV Centers	Camping World (NYSE:CWH)	Operates recreational vehicle dealerships.	-	-	-
05/13/22	Carytown Bicycle	Specialized Bicycle	Builds, sells, and repairs bicycles and provides apparel, accessories, and components.	-	-	-
05/11/22	Nexbelt	TEAM Partners	Designs and manufactures belts and accessories for golf, hunting, outdoors, and everyday wear.	-	-	-
05/05/22	Pearl Izumi	United Sports	Manufactures and sells sports apparel.	-	-	-
04/26/22	Glacier Outdoor	Elvisridge Capital	Produces and sells gloves, hats, and accessories for fishing, shooting and paddling.	-	-	-
04/26/22	RGT Cycling	Wahoo Fitness	Designs and develops a virtual indoor cycling platform.	-	-	-
04/19/22	David's World Cycle	Trek Bicycle	Operates a chain of bicycle retail shops.	-	-	-
04/15/22	Austin Boats & Motors	NXTLVL Marine	Distributes and supplies new and preowned boats, outboard engines, fishing boats, and trailers.	-	-	-

Source: Capital IQ, PitchBook, FactSet, and Capstone Partners

PUBLIC COMPANY DATA

BOATING & WATERCRAFT

	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
Company	07/15/22	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
Bénéteau S.A.	$10.31	62.9%	$839.1	$755.7	$1,395.6	$199.2	14.3%	0.5x	3.8x
Brunswick Corporation	$71.36	65.8%	$5,404.1	$7,289.9	$6,108.7	$1,094.5	17.9%	1.2x	6.7x
Malibu Boats, Inc.	$57.50	66.4%	$1,178.9	$1,264.2	$1,138.4	$226.6	19.9%	1.1x	5.6x
Marine Products Corporation	$9.97	55.8%	$340.4	$326.8	$296.3	$40.1	13.5%	1.1x	8.1x
MasterCraft Boat Holdings, Inc.	$22.47	75.7%	$405.5	$456.9	$645.7	$101.6	15.7%	0.7x	4.5x

EV = enterprise value; LTM = last twelve months
$ in millions, except per share data
NM = Not Meaningful

Mean	**16.3%**	**0.9x**	**5.7x**
Median	**15.7%**	**1.1x**	**5.6x**
Harmonic Mean	**16.0%**	**0.8x**	**5.3x**

CAMPING & HIKING

	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
Company	07/15/22	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
Camping World Holdings, Inc.	$23.70	50.7%	$988.1	$4,495.9	$7,018.4	$1,042.1	14.8%	0.6x	4.3x
Clarus Corporation	$21.80	67.4%	$811.5	$965.7	$413.7	$54.6	13.2%	2.3x	17.7x
Dorel Industries Inc.	$4.27	19.6%	$140.3	$433.0	$1,748.2	$18.7	1.1%	0.2x	23.1x
Johnson Outdoors Inc.	$64.53	51.7%	$650.6	$585.7	$723.0	$91.0	12.6%	0.8x	6.4x
Thule Group AB (publ)	$25.91	48.8%	$2,709.0	$2,918.6	$1,165.2	$277.0	23.8%	2.5x	10.5x
YETI Holdings, Inc.	$45.28	41.6%	$3,901.3	$3,981.7	$1,457.1	$317.9	21.8%	2.7x	12.5x

Mean	**14.5%**	**1.5x**	**12.4x**
Median	**14.0%**	**1.6x**	**11.5x**
Harmonic Mean	**4.8%**	**0.7x**	**9.1x**

SPORTING GOODS

	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
Company	07/15/22	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
Academy Sports and Outdoors	$39.80	77.9%	$3,386.9	$4,768.4	$6,660.5	$1,185.5	17.8%	0.7x	4.0x
Acushnet Holdings Corp.	$47.03	81.3%	$3,396.7	$3,779.6	$2,173.1	$293.2	13.5%	1.7x	12.9x
Big 5 Sporting Goods Corporation	$12.02	25.2%	$263.3	$500.1	$1,131.0	$235.5	20.8%	0.4x	2.1x
Callaway Golf Company	$21.26	62.1%	$3,926.6	$7,051.4	$3,522.0	$583.7	16.6%	2.0x	12.1x
DICK'S Sporting Goods, Inc.	$88.25	59.9%	$7,106.5	$9,374.5	$12,074.9	$2,937.9	24.3%	0.8x	3.2x
Escalade, Incorporated	$12.72	51.9%	$172.8	$268.3	$326.8	$44.0	13.4%	0.8x	6.1x
Frasers Group plc	$8.40	85.6%	$3,864.2	$4,731.5	$5,605.0	$882.9	15.8%	0.8x	5.4x
Hibbett, Inc.	$43.26	42.6%	$559.6	$843.6	$1,608.4	$284.9	17.7%	0.5x	3.0x

Mean	**17.5%**	**1.0x**	**6.1x**
Median	**17.1%**	**0.8x**	**4.7x**
Harmonic Mean	**16.9%**	**0.8x**	**4.3x**

Capital IQ as of July 15, 2022

PUBLIC COMPANY DATA

OUTDOOR POWER SPORTS & EQUIPMENT

	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
Company	07/15/22	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
Alamo Group Inc.	$115.59	71.9%	$1,382.3	$1,688.8	$1,385.0	$172.4	12.4%	1.2x	9.8x
Bombardier Inc.	$14.82	33.9%	$1,448.6	$7,144.2	$5,990.0	$409.0	6.8%	1.2x	17.5x
Bosch Limited	$205.16	85.0%	$6,050.8	$5,709.1	$1,534.0	$192.6	12.6%	3.7x	29.6x
Brunswick Corporation	$71.36	65.8%	$5,404.1	$7,289.9	$6,108.7	$1,094.5	17.9%	1.2x	6.7x
Deere & Company	$297.70	66.6%	$90,987.7	$137,452.7	$45,725.0	$8,888.0	19.4%	3.0x	15.5x
Honda Motor Co., Ltd.	$24.36	90.6%	$41,662.9	$76,527.5	$119,840.4	$19,697.8	16.4%	0.6x	3.9x
Husqvarna AB (publ)	$7.29	52.4%	$4,203.9	$5,273.3	$4,868.8	$683.7	14.0%	1.1x	7.7x
Kubota Corporation	$15.21	79.1%	$18,173.0	$26,430.7	$18,547.5	$2,298.0	12.4%	1.4x	11.5x
Lowe's Companies, Inc.	$185.00	70.3%	$118,238.8	$147,857.8	$95,487.0	$15,237.0	16.0%	1.5x	9.7x
Polaris Inc.	$107.86	77.2%	$6,417.4	$8,180.1	$8,252.9	$911.3	11.0%	1.0x	9.0x
Stanley Black & Decker, Inc.	$107.13	51.6%	$16,172.8	$27,502.9	$16,344.4	$2,631.1	16.1%	1.7x	10.5x
Techtronic Industries Company Limited	$11.17	48.7%	$20,497.1	$22,286.4	$13,203.2	$1,488.0	11.3%	1.7x	15.0x
Textron Inc.	$60.15	75.7%	$12,936.4	$14,986.4	$12,504.0	$1,509.0	12.1%	1.2x	9.9x
The Toro Company	$79.53	68.8%	$8,316.6	$9,223.1	$4,119.6	$603.3	14.6%	2.2x	15.3x
Tractor Supply Company	$203.20	84.1%	$22,734.3	$26,245.9	$12,962.9	$2,157.1	16.6%	2.0x	12.2x

Mean	**14.0%**	**1.7x**	**12.2x**
Median	**14.0%**	**1.4x**	**10.5x**
Harmonic Mean	**13.1%**	**1.4x**	**10.0x**

TACTICAL & HUNTING

	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
Company	07/15/22	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
American Outdoor Brands, Inc.	$8.37	25.9%	$112.2	$142.2	$247.5	$32.0	12.9%	0.6x	4.4x
AMMO, Inc.	$4.52	57.0%	$527.0	$508.8	$225.6	$55.7	24.7%	2.3x	9.1x
Axon Enterprise, Inc.	$94.65	45.3%	$6,721.2	$6,284.2	$924.8	NM	NA	NM	NM
Colt CZ Group SE	$23.05	87.3%	$786.0	$919.4	$564.2	$105.5	18.7%	1.6x	8.7x
Smith & Wesson Brands, Inc.	$13.15	50.4%	$601.8	$523.6	$864.1	$287.8	33.3%	0.6x	1.8x
Sturm, Ruger & Company, Inc.	$62.85	74.7%	$1,106.8	$897.8	$712.9	$215.2	30.2%	1.3x	4.2x
V.F. Corporation	$45.45	53.5%	$17,656.4	$23,178.9	$11,841.8	$2,491.4	21.0%	2.0x	9.3x
Vista Outdoor Inc.	$27.01	51.3%	$1,526.6	$2,262.0	$3,044.6	$746.7	24.5%	0.7x	3.0x

Mean	**23.6%**	**1.3x**	**5.8x**
Median	**24.5%**	**1.3x**	**4.4x**
Harmonic Mean	**21.7%**	**1.0x**	**4.2x**

Capital IQ as of July 15, 2022

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Ken joined Capstone to lead the Consumer Investment Banking practice. He brings nearly 25 years of investment banking experience including domestic and international mergers & acquisitions, initial and secondary offerings of public companies, debt raises and private placements for his clients. He has helped raise over $10 billion in capital for clients during his career. Ken regularly presents at consumer industry conferences and has testified twice as an expert witness on consumer brands. He joins Capstone Partners from Stephens Investment Bank, where he started and led the Consumer Products Group. Ken is a Series 79 Registered Investment Banking Representative and holds an MBA in Finance from Columbia University and a BS in Accounting from St. Joseph's University.

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Pete has 16 years of experience executing M&A and capital markets transactions in a variety of industries including consumer. His investment banking coverage includes the Tactical, Outdoor & Sports sectors. Prior to joining Capstone Partners, Pete worked as an investment banker at Stephens Inc., Wells Fargo & Company, and Citigroup, Inc. He also served over five years as a U.S. Army intelligence officer, which included two tours to Bosnia-Herzegovina in support of peacekeeping and counter-terrorism operations, and deployment to Kuwait and Iraq in support of Operation Iraqi Freedom. He holds a BS in General Management from the U.S. Military Academy and an MBA from Harvard Business School.

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FIRM TRACK RECORD

Capstone has represented numerous companies in the Consumer & Retail industry and has an extensive track record, with the Outdoor Recreation & Enthusiasts sector serving as a key area of focus. A sampling of Capstone's closed and ongoing transactions is included below.

CONFIDENTIAL

CORPORATE SALE

MANUFACTURER & RETAILER OF BRANDED AMMUNITION

CONFIDENTIAL

CORPORATE SALE

MANUFACTURER OF BIKES AND ACCESSORIES

CONFIDENTIAL

CORPORATE SALE

LEADING PROVIDER OF ELECTRIC BIKES

MAHAFFEY

HAS BEEN ACQUIRED BY

SUNBELT RENTALS

A U.S. SUBSIDIARY OF

Ashtead group

WISE OWL OUTFITTERS

HAS BEEN ACQUIRED BY

THRASIO

bobble

HAS BEEN ACQUIRED BY

O2COOL

HALO

the safer way to sleep

HAS MERGED WITH

aden + anais

a portfolio company of

SPC

MASTER CUTLERY

HAS BEEN ACQUIRED BY

CHAMPLAIN

CRYSTAL BODY DEODORANT

HAS BEEN ACQUIRED BY

JUGGERNAUT CAPITAL PARTNERS

karma LOOP

HAS BEEN ACQUIRED BY

COMVEST PARTNERS

capx PARTNERS

BELSON OUTDOORS

HAS BEEN ACQUIRED BY

PLAYCORE

a portfolio company of

Sentinel CAPITAL PARTNERS

LAbite

HAS BEEN ACQUIRED BY

grubHub

happy eating

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Common Goals. Uncommon Results.

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Market Presence

With a long-established U.S. footprint, together with an international partner platform, we provide clients with broad expertise and access to key market relationships on a global basis. Our presence is backed by ~200 professionals in the U.S. with 450+ professionals across 43 countries.

218
M&A transactions completed in 2020

$12.5B
aggregate transaction value

30%
of our deals are cross-border

6th
globally ranked for deals under $500m

$65.1M
average transaction value

51
deals involving foreign private equity firms

65%
completed with a European partner

United States

170+ professionals
12 offices

Boston · Chicago · Dallas · Denver Detroit · Los Angeles · New York Orange County · Philadelphia Richmond · San Diego · Tampa

International

450+ professionals
60+ offices in 43 countries

Asia: China · India · Japan · Thailand
Africa: Congo · Egypt · Ghana · Ivory Coast · Mauritius · Morocco · Nigeria · Senegal · South Africa
Americas: Toronto · Vancouver · Argentina · Brazil · Chile · Colombia · Mexico · Panama & Central America · Peru
Europe: Belgium · Bosnia & Herzegovina · Croatia · Czech Republic · Finland · France · Germany · Hungary · Ireland
Italy · Netherlands · Poland · Portugal · Russia · Serbia · Slovakia · Slovenia · Spain · Sweden · United Kingdom