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BEYOND TRANSACTIONS

Sporting Goods Brands

Sector and M&A Report

2019/2020

Sporting goods brands lead the pack

The global sporting goods market continues to perform exceptionally well, supported by rising levels of sports participation in both mature and emerging markets, as well as casual fashion trends ('athleisure'). More than ever, the consumer is king and brands are finding new ways to engage with them - developing smarter omni-channel strategies and more compelling and innovative customer offers and journeys.

In the M&A market there is a healthy appetite for acquisitions. Buyers are using deals to expand product portfolios (cost and distribution synergies), and to extend geographic footprints.

- **The sporting goods market was valued at $471bn** in 2018, and is forecast to reach $627bn by 2023, growing at a 7% CAGR 2017-2023.
- **Growth rates vary widely** between different product groups. In 2018, the highest YoY rates were basketball (+11%), running (+7%), football (+7%), cycling (+6%) and gym-wear (+6%); while the largest by size were cycling ($62bn), gym-wear ($49bn), walking/hiking/camping ($39bn), and running ($33bn).
- **The market benefits from excellent industry fundamentals**, however positioning is still key. Some of the leading strategies include growing women's lines, outdoor, exclusivity & customization, eco-credentials, and direct-to-consumer channels.
- **The top 20 global players and private equity are highly acquisitive.** The most active region for deal-making is Europe (c. 50% of total deals), where market consolidation is accelerating. Cross-border acquisitions are also rising, as brands look to grow their international customer bases.
- There were some headline grabbing deals in 2019. Most notably, the Chinese leader **Anta Sports**' (rev: $3.6bn, rising 44% YoY) acquisition of the giant Finnish sports equipment maker **Amer Sports** (rev: $3.2bn) – a deal that extends Anta's overseas reach, fulfilling a core strategy to grow by acquiring international brands that complement the Chinese home market.
- **Trading multiples are c. 14.8x EBITDA** in 2019, on average. In the European mid-market, double-digit EBITDA is 'the new norm'.

Alexandre Ebin
Partner, Capitalmind

"It's an extremely positive transaction environment for sporting goods brands here in Europe. Smaller participants are using deals to improve efficiencies in manufacturing & distribution, and to gain access to international markets. While larger players are highly acquisitive, constantly seeking complementary improvements to existing product portfolios."

Key takeaways

Growth

The global sporting goods market is growing at a $CAGR_{5Y}$ of 7%

Omni-channel

Brands are using innovative omni-channel strategies to drive sales

Women & Youth

Brands that address the evolving demands of women & young consumers are growing exceptionally

China

The sports industry as a whole in China will reach $194bn in 2020 and $470bn in 2025, while its sporting goods market alone represents 34% of sporting goods' global growth

M&A

Deal appetite is healthy: acquisitions are mainly being used to expand product portfolios and geographic footprints

Selected deals advised by our teams in the Sporting Goods sector

i-run.fr fundraising underwritten by iXO Private Equity, bpifrance	Outfitter was sold to Signa	Activa Capital sold Sport 2000	Neoness OBO and growth capital financing underwritten by Salvepar
Tahe Outdoors acquires BIC Sport	Decathlon sold Pecheur.com to Groupe Centre France	Lacroix fundraising from private investors	Verona, Neoness, Episod financed its growth with LCL, CIC, Zencap Asset Management, Societe Generale, BNP Paribas

If you would like to discuss this report in more detail please get in touch

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