

## Nike Sells Bauer To Group Led By Graeme Rouston For \$200M

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Montreal business exec Graeme Rouston is “teaming up with private equity firm Kohlberg & Co.” in a US\$200M cash deal to acquire Nike Bauer Inc., Nike's hockey subsidiary, according to Brian Milner of the Toronto GLOBE & MAIL. Rouston, who will become Chair of the renamed Bauer Hockey Inc., said that there will be “no changes in management or the way the company does business.” Nike purchased the company in '95 for US\$395M. Easton-Bell Sports and Mission-Itech “dropped out of the bidding because the price had far exceeded what they thought the company was worth.” Industry observers said that Nike’s hockey arm is worth “no more than about [US\$140M] at the high end. But they expect the new owners will use Bauer as a platform to make further acquisitions of hockey and other sporting goods companies.” Rouston “acknowledged that expansion is in his playbook, both internally and through acquisitions.” Rouston, who bid to buy the AHL Norfolk Admirals in '04, is “still on the lookout for a chance to become an owner.” Rouston: “I have kept my eye on the market.” The Bauer deal is expected to close by May 31, the end of Nike’s fiscal year (*Toronto GLOBE & MAIL*, 2/22).

**JUST SELL IT:** In N.Y., Ian Austen writes the “discounted sale price was the final humiliation in Nike’s failed effort to use its marketing muscle to raise the profile of hockey in the United States” (*N.Y. TIMES*, 2/22). Nike “hoped to capitalize on the surging popularity of inline skating.” But former Bauer Nike CEO Gary Kiedaisch said that Nike “struggled to integrate the Canadian company and stumbled with product-quality problems that cost it customers and athlete endorsers.” He added that moving skate manufacturing from Canada to Asia “backfired, exacerbating quality problems and allowing competitors to copy Bauer’s technology” (*Portland OREGONIAN*, 2/22). SportsOneSource analyst Matt Powell said that Nike design technology like air cushioning has been “repurposed for products in the Cole Haan line, a fashion label Nike owns, but never found its way into Bauer skates because of how they are made.” Nike said that the sale “wouldn’t affect future financial results” (*WALL STREET JOURNAL*, 2/22). In recent months, Nike has made “several changes to its subsidiary lineup as part of an aggressive growth plan, such as selling Nike Bauer, the Starter brand and purchasing the European soccer business Umbro” (*Portland OREGONIAN*, 2/22).

**CANADA'S JERSEYS:** In Toronto, Rick Westhead writes Rouston’s deal to buy Bauer “raises the possibility that when Hockey Canada looks to strike a new uniform supplier contract, there could be another bidder at the table,” as Nike, Bauer and Reebok would “all likely covet a future deal” with the organization. A source said: “It could be good news for Hockey Canada because everyone wants that agreement to dress Team Canada, and another wallet at the table is a good thing” (*TORONTO STAR*, 2/22).