

Performance Sports on Thin Ice With Activist at the Gate

■ The shares of the embattled designer and maker of iconic Canadian skate brand Bauer are spiraling down but an insurgent investor seeks to force change and reverse the trend.

Ronald Orol Aug 1, 2016 3:24 PM EDT



Performance Sports Group (PSG) , the maker of the iconic Canadian skating brand, Bauer, is on thin ice.

The stock price of the embattled designer, manufacturer and supplier of sports equipment and related apparel, including Easton baseball bats, has been on a downward spiral, dropping more than 80% over the past year to trade at roughly \$3.26 a share. But that could be reversed if activist investor Graeme Rouston takes a campaign he launched last year at the manufacturer up a notch. Rouston, who manages the eponymous Rouston Capital and is Performance's former board chairman, told The Deal that his days with PSG are not behind him-- one of a number of comments that suggests he may soon launch a proxy contest to take over the company's board.

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Performance Sports has an early September deadline set in its bylaws for nominating a dissident slate of directors at its October, 2016 annual meeting. With all directors elected annually, Rouston's campaign could seek to take over the whole board.

Although Rouston declined to say whether he would launch a contest, he insisted a major shift in strategy is needed. At the center of his activist campaign is Rouston's assertion is that Performance Sports made a horrible mistake when it decided over the past twelve months to start opening its own retail locations. The company -- with roots dating back to 1927 -- historically has been a designer, manufacturer and supplier of sports equipment and related apparel. Rouston argues that designing, manufacturing and supplying sporting goods is the company's core competency -- not retail and that non-executive chairman, Bernard McDonell should be the first to resign based on the company's "horrendous performance" and its "ill-advised launch of big box retail stores." McDonell and a PSG spokesman did not return calls for comment.

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