

Exclusive: Bauer hockey gear maker preparing to file for bankruptcy - sources



REUTERS

By [John Tilak](#) and [Jessica DiNapoli](#) | TORONTO/NEW YORK

Performance Sports Group Ltd ([PSG.TO](#)), the maker of Bauer hockey gear, is preparing to file for bankruptcy in the United States and Canada as early as Sunday evening, according to people familiar with the matter.

The company, which also makes baseball bats and other sports equipment, intends to file with a buyer in hand, and seek out higher bids through a bankruptcy auction, the people said, requesting anonymity because the matter is confidential.

Canadian alternative asset manager Brookfield Asset Management ([BAMa.TO](#)) and investor Sagard Capital Partners LP, a unit of Power Corp of Canada ([POW.TO](#)), said this week they were exploring a deal with Performance Sports. In a separate filing, Sagard said that it was also working with Canadian investment firm Fairfax Financial Holdings Ltd ([FFH.TO](#)) on a deal for the manufacturer.

Performance Sports and Sagard Capital declined to comment. Brookfield and Fairfax did not immediately respond to requests made outside office hours for comment.

Brookfield and Sagard are among the biggest shareholders in Performance Sports.

The plans are not yet finalized, with Performance Sports alternatively seeking another break from its lenders, the people said.

Performance Sports Group faces a Friday deadline to turn in its annual financial statements to its lenders after receiving a 60-day extension this summer. If the company does not file its report, or receive another extension from its lenders, it will default and the lenders can call in all their debt.

Performance Sports has said it was delayed in filing its financial statements by an internal investigation into its accounting.

The former chairman of Performance Sports, Graeme Rouston, told Reuters in August that he is working with investment banks to explore a bid for the company.

The company's troubles highlight the challenges North American manufacturers face in the highly competitive market. The sporting goods sector also faces tumult, with U.S. retailer Sports Authority filing for bankruptcy earlier this year.

The U.S. Securities and Exchange Commission is also investigating Performance Sports Group, the company has said.

Performance Sports has two loans, a term loan for \$450 million, of which \$330.5 million was drawn in February, and an asset-based revolving credit line of \$200 million, which had \$119.2 million drawn at the same time.

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Performance Sports Group said in August that it hired investment bank Centerview Partners to help review options for the company and negotiate with lenders.

Founded in the 1920s, Performance Sports was owned for about a decade by sporting goods maker Nike Inc (NKE.N) and then sold to Graeme Rouston and private equity firm Kohlberg & Co in 2008.

This summer, Performance Sports said that it was consolidating baseball and softball operations and scaling back some of its offerings to improve its financial performance.