

Performance Sports Group raises default concerns, shares slump

Mon Aug 15, 2016 11:27am EDT

(Reuters) - Canada's Performance Sports Group Ltd (PSG.TO), the sports equipment maker formerly known as Bauer Performance Sports, lost more than half of its market value on Monday after the company said it could default on its debt.

The company said the possible default would be due to a delay in filing its annual report as a result of an internal investigation with respect to its financial statements. The annual report was due Monday.

Performance Sports Group said it was in talks with lenders. The company's debt stood at nearly \$440 million as of Feb. 29 and it has previously said it expected to end fiscal 2016 with debt of about \$425 million.

The company, which dates back to the 1920s, developed the first skate with a blade attached to a boot, an innovation credited with changing the game of ice hockey.

It was owned for about a decade by Nike Inc (NKE.N) before being sold to Graeme Roustan and private equity firm Kohlberg & Co in 2008. It went public in 2011.

Since then Performance Sports Group's sales have fallen for only three quarters – in the first, second and third quarters of fiscal 2016.

The company in June also lowered its full-year earnings forecast, citing a significant downturn in the baseball and softball markets, mainly due to the bankruptcies of Sports Authority Holdings Inc and online retailer Team Express.

Performance Sports Group said at the time that it had reduced shipments to customers who were not settling payments and anticipated its bad debt reserves would be higher than expected when finalized during the audit of its annual filing.

The company said in July that it would restructure its baseball/softball business and two weeks back announced an organization-wide restructuring, aimed at lowering costs and reducing its workforce by about 15 percent.

Performance Sports Group's shares were trading down 62 percent at C\$1.64 in morning trading on Monday. They hit a record low of C\$1.55 earlier.

Up to Friday's close, they had lost two-thirds of their value this year.

(Corrects spelling in paragraph 9)

(Reporting by Anet Josline Pinto in Bengaluru; Editing by Savio D'Souza)

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