

Bruised sporting goods industry could make a comeback



The battered sporting goods sector is starting to get the once-over from some of the country's largest private equity firms, The Post has learned.

After falling team sport participation rates among school kids led to declining equipment sales and then to retail bankruptcies, KKR & Co., Bain Capital, and TPG Capital are among those doing homework on bankrupt Performance Sports Group, owner of Bauer hockey sticks and Easton bats, sources said.

PSG will take offers Jan. 25, two sources close to the situation said.

Former PSG Chair Graeme Rouston is bending the ears of PE execs — discussing the possibility of teaming with one firm and, perhaps, consolidating the sporting goods space, sources said.

Sagard Capital Partners and Fairfax Financial Holdings have already made a \$575 million stalking horse bid for PSG but are widely expected to be challenged.

The plan for most of the suitors would be to use PSG as a platform to buy other declining brands, like skiing's K2, whose parent, Newell Brands, will be auctioning it off in the first quarter. K2 includes Volkl and

Ride. Newell is also open to selling baseball brand Rawlings, sources said.

Meanwhile, billionaire Mike Ashley is considering selling some brands in Sports Direct, including Everlast and Dunlop, sources said.

Adidas has already announced it is selling its TaylorMade golf division.

“There is probably the greatest disruption in sporting goods this year that we have seen in a generation,” Tom Cove, head of the Sports & Fitness Industry Association, told The Post.

Retailers Sports Authority, Golfsmith, Eastern Mountain Sports and the Sports Chalet, all went bust recently.

One culprit is declining participation of six- to- 17-year-olds in team sports, Cove said, as they turn instead to video games and computers. Today, less than half of all school kids play team sports, down from 54 percent seven years ago, the SFIA reports.

Football is the biggest victim, with participation off 10.5 percent over that span. Volleyball is down 7.7 percent and basketball fell 4.9 percent.

“It is a bit of a dog’s breakfast in sporting goods,” said Robert Erb, chief executive of football helmet maker Schutt Sports.

“I can easily see, if done right, someone could piece together the machine in which you can layer sporting goods brands and apparel that could get you to an Under Armour size.”

“I personally think there is a big opportunity for a hard sporting goods roll-up,” said Authentic Brands’ Jamie Salter, who used to run K2.

A sporting goods giant could manufacture products throughout all seasons, raising margins, sources said.

There have been some players who have tried and failed in the past, including KKR. Henry Kravis’ firm in 1996 bought Spalding and eventually lost 90 percent of its \$674 million investment, according to Fortune.

KKR, Bain and TPG declined to comment. Newell Brands said Rawlings was not for sale. Sports Direct did not return calls.