

# SGI Europe

## Sporting Goods Intelligence

News and analysis of the international market



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### NPD: The European market fell by 10% in 2020, with running down 3%

According to NPD, the total European market for athletic footwear and apparel suffered an overall decline in consumption of 10 percent to €28.6 billion in the five major European countries last year, due to the coronavirus pandemic. However the running category, which is the biggest category in the performance segment of the market, declined by only 3 percent to €4.2 billion.

Running suffered a small decline in the U.S. as well last year. In Europe, the running footwear and apparel market declined as an immediate reaction to the first wave of retail lockdowns in the spring. It enjoyed a recovery after the first shockwave, but it was not quite sufficient to make up for the initial bump.

There was a slight increase last year in Germany, which accounts for almost one-third of the European "Big 5" area in running, according to the market research agency. While sales of running shoes remained relatively flat in Germany at around €700 mil-

lion, those of running apparel grew to an estimated €505 million, especially because runners spent more on warm clothing in the last months of the year.

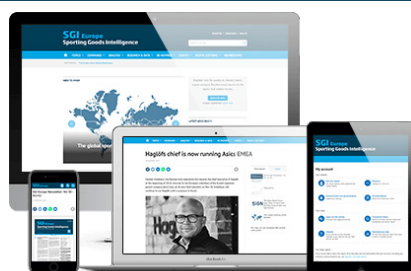
Average selling prices went up for footwear, and NPD experts feel that the shift to higher price points may have become permanent. Most purchases were made in the €100-200 range per pair, based on a survey of 10,000 runners made by *Runner's World* in Germany, which placed the average price at €130, adding that German runners owned 6.2 pairs on average and bought on average 2.8 pairs last year. The magazine also said that the average spending on running apparel went up slightly to €296 in 2020.

As previously reported, **On Running's Cloud** model became the best-selling franchise in the German performance running market last year, followed by the **Brooks Ghost**, two **Adidas** styles and one by **Asics**. The survey conducted by *Runner's World* revealed that only German 35 percent of German runners don't care about sustainability in the footwear they purchase. The others elected Adidas as the most sustainable brand.

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Many of the articles in this issue have already been posted there in the past few days.

Others will follow before the next issue.



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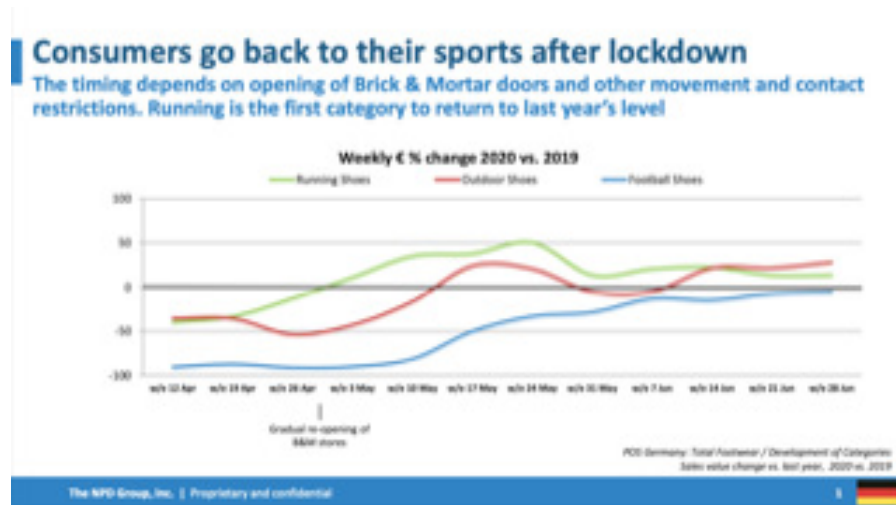
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The German running market picked up by about 50 percent in May, after retailers of non-essential goods were allowed to reopen their stores. The share of purchases made online in this category jumped by 58 percent in March and April because of the store closures, but it fell to a level of around 30 percent in May and June, said NPD.

*Runner's World* said that generalist sporting goods stores remained the most important sales channels in the running market in 2020, in spite of Covid-19, representing 84 percent of all purchases, followed by running specialty stores. According to NPD, the digital channel represented 36 percent of sales for the whole year, compared with 29 percent in 2019.

The running market rose earlier than the outdoor market in Germany, but trail running gained market share for the year as a whole, representing 21 percent of the performance

running market as compared to 15 percent in the prior year.

Running picked up speed later in 2020, involving for the first time many new participants who were unable to practice other sports. Outdoor activities and sports like running, home fitness and cycling – combined with a general desire to keep moving and to stay in shape as a protection from Covid-19 infection - helped to raise the overall level of sports participation in the country. The share of the adult population that did not practice any sports fell to a record low level of around 20 percent compared with about 45 percent before the coronavirus outbreak.

## Intersport's European online platform progresses

While admitting that it has been “a painful and costly learning curve,” **Intersport International Corp. (IIC)** has made “tremendous progress” in developing a common internet platform for some of its national organizations in Europe during the last three years, claimed **Steve Evers**, IIC's CEO, in a recent interview. He declined to give out any numbers, but a European survey that we carried out last summer pointed to a relatively strong level of traffic on Intersport websites in the region, partly in line with the banner's high market share in most countries in spite of two

drawbacks: Intersport is not a vertically integrated retail operation and many retail members have invested very little on e-commerce.

Naturally, the coronavirus pandemic has accelerated the process, whose ultimate goal is to achieve a fivefold increase in the retailers' online sales. In releasing its sales figures for 2020, IIC stated that some of its national organizations trebled their online sales last year, helping to limit the overall sales decline at 9 percent on a same-store basis.

**Richard Kent**, a British IT expert, is managing Intersport's centralized platform program out of IIC's global headquarters in Switzerland. “I can confirm that we saw increases in all KPIs covering conversion, visitors, average basket size and units per transaction,” he said, adding that this occurred across all e-commerce business units but was particularly strong on the platform. With lockdowns continuing across Europe, our 2021 performance to date is in line with the trends we saw last year,” he also said, “despite it being difficult for the outdoor category due to resort closures.”

Over one million items were ordered through the common platform last year, said Kent, adding that the growth was supported by the introduction of more omni-channel services, which allowed the retail members to get more orders thanks to tools such as tablet-assisted sales from a common extended aisle.

The European Intersport platform is now operational in six countries, with the participation of most retail members in all of them. The initiative started in Denmark three years ago, followed by the Netherlands, Spain and Switzerland. Austria and Norway, where **Gresvig** decided to concentrate on the Intersport banner alone, joined in the course of 2020. More markets are expected to adopt the platform this year, said Kent, declining to be more specific.

The Euro Feb. 18 rates	
Czech Koruna	25.91
Danish Krone	7.436
Hungarian Forint	358.8
Norwegian Krone	10.24
Polish Zloty	4.493
Pound Sterling	0.865
Swedish Krona	10.05
Swiss Franc	1.083
U.S. Dollar	1.209
Brazilian Real	6.568
Canadian Dollar	1.535
Chinese Yuan	7.842
Japanese Yen	127.7
Russian Ruble	89.34

The bigger Intersport organizations in Germany and France have decided to do their own thing, using their own platforms in different ways, but IIC is keeping in contact with them, hoping that they will join the common initiative at some point.

For the retail organizations that are syndicating the services of the common Intersport platform, the main advantage is to be able to share its multiple capabilities, allowing their retail members to concentrate on selling. The program is also expected to help obtain preferential terms from the sports brands, with which IIC has started discussions for a closer cooperation in marketing on social media and in other ways.

IIC has created an account with **Google** to analyze consumer behavior on its platform along the various steps of the customer journey. The results are aggregated and reviewed on a quarterly basis to optimize the multi-channel experience.

A multinational staff located in Amsterdam is managing the software and other technical aspects of the platform, creating common digital contents about the products, including videos and 3D displays, which are then translated into each language. The customers who log into a national Intersport website are directed to the nearest Intersport stores, in some cases with an indication of the services that they provide, including any specific value propositions.

Some participating retailers have started to test one-to-one communication with customers. All of them can use a centralized order management system to place orders for products that are missing from their inventories, handling their delivery to the customer's address if necessary.

"Our aim is to leverage e-commerce to support our consumers where they prefer to shop. So, this includes the presentation of an extended aisle and, when practical, offering best customer service for the fulfillment of the orders collected by the store," Kent explained.

**For the latest news around the Covid-19 pandemic, see our Coronavirus Ticker on [www.sgieurope.com](http://www.sgieurope.com).**

Kent spent many years as an IT expert in the retail sector, including ten months with the **Harrods** department store in London, before working for IIC, first as a consultant from May 2017 and then as general manager of transformation & information technology from January 2018.

## Intersport fell by 8% in five markets last year

Intersport's sales declined by 8 percent to just over €3 billion during the financial year ended last Sept. 30 in the five countries steered by the **Intersport Deutschland** retail cooperative: Germany, Austria, Hungary, the Czech Republic and Slovakia. Double-digit declines in April and May, when stores were closed due to the coronavirus pandemic, were followed what the company describes as a "sports boom" in the summer.

In the German market, which accounts for around 80 percent of the total turnover in the five countries, sales declined by 8 percent. With a share of 17 percent, sales in Austria were off by 7 percent. The other three countries suffered altogether a drop of 11 percent.

Going through the different product categories, the retail organization mentioned increases of 4 percent in Running, 48 percent in Bike and 18 percent in Funwheels. In contrast, Training and Team Sports recorded declines of 9 percent and 17 percent, respectively. Without mentioning a figure, Intersport said the winter sports business was significantly impacted by a mild winter and the coronavirus crisis.

The deployment of Intersport Germany's own internet platform helped mitigate the impact of the pandemic on some of the retail members' sales. A total of 300 retailers with 450 shops are currently linked to the system.

While boosting the digitalization process, Intersport Germany sought to establish faster and speedier logistic processes with the start-up of a new, automated central warehouse in Heilbronn. One of its functions during the current retail lockdown in Germany, which has been extended until March 7, is to deliver packages directly to customers that have been ordered by them online for products that cannot be delivered by the retail members who received the orders.

## Sport 2000 grew by 5% in five countries

The **Sport 2000 GmbH** sports retail organization, which covers the five countries of Germany, Switzerland, the Netherlands, Belgium and Luxembourg, was able to generate a small growth of 2 percent in the overall business volume during the 2020 crisis year. The growth was driven primarily by the accession of major new retail members in Germany, Switzerland and Belgium. The development of the retail members' own sales has not yet been communicated for all the countries.

An examination of the individual sports segments and regions reveals a varied picture. In Germany, the largest country organization, Sport 2000 recorded a slight decline of 5 percent in centralized settlements. The retail sales of the 990 partner companies with their 1,550 specialist sports stores also fell from €2.26 billion in 2019 to around €2.14 billion in 2020.

Sales of products for individual sports developed positively, led by Running/Walking (+25%), Funwheel Sports (+48%) and Bike (+27%). In the outdoor segment, a recovery in the summer was offset by the effects of a second retail lockdown from mid-December, leading to a drop of 7.2 percent, but online sales in this segment grew in some cases by up to 45 percent.

Winter sports retailers are currently having an extremely hard time, running out of cash, after a year in which their sales fell by 46 percent due to the cancelled Easter business and the com-

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plete cancellation of the winter season in the autumn.

Brick-and-mortar team sports specialists have also been particularly hard hit, suffering significant cuts of 29 percent due to the discontinuation of team sports matches in the professional and amateur sectors and the cancellation of the **European Football Championships**.

The winning segments in the crisis year are also reflected in the annual ranking of major suppliers. **Patagonia** made the biggest leap from 43rd to 20th place. **Vaude** also continued its strong development among the top 10, rising from 9th to 8th place. **Oberalp** (from 18th to 11th place) and **Icepeak** (from 28th to 19th place) also developed positively. In Running, **Brooks** moved from the 14th to the 10th place, while **On** climbed from the 21st to the 17th place. Teamsports brands dropped out of the top 20 list altogether this time.

## The latest on Nike's presence on Lidl's marketplaces

Some **Nike** products are being offered on the German and Spanish marketplaces of **Lidl**, one of the largest low-cost grocery retailers in Europe, raising some eyebrows. However, Nike released the following statement in reaction to a report in the Spanish press: "Lidl is not a partner in Nike's marketplace strategy and we are not selling product to their business."

A spokesman for Nike would not say, however, whether it is in litigation with the giant German-based low-cost retailer. A spokesperson for Lidl declined to comment on its arrangements with Nike or the way in which the products have been obtained..

According to the Spanish media, Nike had announced a partnership with Lidl on a sportswear collection that is now sold exclusively online on the marketplace in at least two countries - Spain and Germany - but the Nike

spokesman denied having made such an announcement.

The product line sold on Lidl's Spanish marketplace comprises T-shirts, sweatshirts and trousers for men, sold at prices ranging from €11.99 to €39.99. The range offered on Lidl's German website also includes a pair of football boots, discounted from €50.00 to €22.99. A pair of Nike sneakers has disappeared from the website. The items can still be viewed on the retailer's websites for Germany and Spain.

We could not determine whether Lidl is selling Nike products in other countries. However, we found a pair of classical **Adidas Originals** sneakers offered on Lidl's Belgian website for €59.99.

For Nike, which is eliminating many "undifferentiated" wholesale accounts, the move would seem to be a strange aspect of its strategy to strengthen its direct-to-consumer distribution channel. According to observers, it may have been prompted by the big supermarket operator's apparent success with a line of cheap and colorful Lidl-branded sneakers, rubber boots and coordinated streetwear that it launched last summer. Reportedly, they sold out quickly on the resale market, fetching much higher prices. The sneakers resembled Nike's **Huarache** model. Founded in Germany in 1930, Lidl has more than 10,000 stores around the world.

## Some internet platforms will have a harder time in Germany

German authorities have passed an amendment to the German Competition Act, published in the Federal Gazette on Jan. 19, that will allow the country's strong **Federal Cartel Office** (FCO) to ban large internet platforms like **Amazon** from engaging in certain types of conduct much earlier than before. The German Cartel Office says it will be able, "so to speak, to shut the stable door before the horse has bolted," by swiftly taking appropriate preventive measures.

Notably, under Section 19a of this 10th amendment of the competition law, the Cartel Office will be able to prohibit practices such as the self-referencing of a group's own services or preventing third companies from entering the market by denying them access to specific data.

**Jochen Schäfer**, the specialized attorney of the **European Federation of the Sporting Goods Industry (FESI)**, regards Section 19a as an important step against any platform provider that "acts in a double function, by operating the platform with numerous third-party vendors and sellers while at the same time selling the very same products in its own name and on its own account at preferential conditions."

In another important move that will shorten the legal process, appeals made against such decisions will be directly brought before the Federal Court of Justice, bypassing a regional court in Düsseldorf. The modernized Competition Act also gives the Cartel Office special competences in cases where a digital platform threatens to "tip" the balance toward a large supplier, allowing a dominating player to control certain markets at the retail level.

In addition, the amended legislation doubles the minimum threshold turnover generated in Germany required for a merger proposal to be reviewed, allowing the Cartel Office to concentrate on cases that raise serious concerns. The anti-trust body has been examining around 1,200 cases each year.

The German legislative action in the digital front is setting a precedent for the legislative process that is taking place at the European level, where the discussions on similar tools are still in an initial stage. According to Schäfer, the modernized German legislation will play a pioneering role in the European Union, serving as a role model for other anti-trust authorities in the region, including the European Commission itself.

It will also make it easier for sporting goods companies to plead against certain internet giants. "Sporting goods



companies doing business in Germany, same as their industry federations, will now be able to report (also in an anonymous fashion) abusive practices of major platforms to the FCO, and the Office is now empowered to intervene already ex-ante instead of only ex-post," Schäfer comments.

## Sport 2000 launches sneaker.de

**Sport 2000** has launched a new website, **sneaker.de**, as a content platform to jointly promote the products offered in the sneaker stores affiliated with the German buying group. The platform is designed as a pure content platform, not as a web store. For example, product news, campaigns and interviews, a release calendar and other information about brands and stores will be placed there. The focus is not only on limited editions for sneaker fans, but also on products that are actually in stock in the stores.

More than three years ago, Sport 2000 Germany launched the idea of a premium group of independent retailers, called **Sneaker Force**. They continue to operate individually, without the Sport 2000 logo. By joining forces, the stores hope to gain more clout with suppliers.

The sneaker.de project was developed in close cooperation with **Alex Imiela**, the former owner of a sneaker store in Cologne, "**The Good Will Out**." Imiela, who owns the sneaker.de domain, would like to build up a community of sneaker enthusiasts like him.

The Sport 2000 operations in Germany, the Benelux countries and Switzerland belong to the **ANWR Group**, the largest buying group for independent shoe retailers in Europe, which also owns **Garant Schuh** and **Rexor**.

Despite the challenging market conditions, ANWR expanded its business volume to €17.8 billion last year, up by 22 percent from the previous year, thanks to the strength of its activities in the area of financial services.

Centralized settlements in behalf of its retail cooperatives fell by 12 percent to €2.6 billion. The shoe business suffered a 20 percent fall in centralized settlements, while leathergoods were down by 36 percent. Offsetting these losses in part, the sports business represented by Sport 2000 grew by 2 percent, benefitting from the addition of large specialist retailers in Germany and Switzerland. More on this soon.

## XXL posts sharply improved results

**XXL ASA** improved its performance in the fourth quarter of 2020, posting a growth in total revenues of 10.91 percent to 2,572 million Norwegian kroner (€250,203-\$301,140). The progress was led by the domestic Norwegian market and helped by an increase of 57 percent in e-commerce, which came to represent 25 percent of total sales during the period. On a comparable store basis, sales went up by 9 percent.

The momentum accelerated in January, thanks to much better snow conditions than a year ago, which more than offset the remaining Covid-19 restrictions imposed in Norway and Austria. The group's total operating revenues soared by about 50 percent, driven by a growth of over 100 percent in e-commerce.

In the latest quarter, the group's gross margin jumped to 40.4 percent of sales, compared with 21.4 percent in the year-ago period, when the group launched a massive clearance program, accompanied by an inventory writedown of NOK 349 million (€34.0m-\$40.9m) that cleaned up the balance sheet. The gross margin reached levels of 43.7 percent in Norway, 38.8 percent in Finland, 37.7 percent in Austria and 33.6 percent in Denmark, where XXL has been trading exclusively online.

### XXL Consolidated Income Statement (Million NOK, Q4)

	2020	2019	% Change
Norway	1,297	1,084	19.6
Sweden	704	653	7.8
Finland	442	451	-2.0
Denmark	6	9	-33.3
Austria	124	121	2.5
NET REVENUES	2,572	2,319	10.9
Cost of Goods	1,532	1,823	-16.0
Personnel Expense	470	455	3.3
Other Operating Expense	243	249	-2.4
Depreciation	194	166	16.9
Net Financial Expense	76	48	58.3
Pre-tax	57	-423	-
Tax	44	-65	-
NET	13	-357	-
NOK/Share (Diluted)	0.05	-2.30	-

Source: XXL

### XXL Consolidated Income Statement (Million NOK, Year Ended Dec. 31)

	2020	2019	% Change
Norway	4,987	4,148	20.2
Sweden	2,974	2,558	16.3
Finland	1,950	1,766	10.4
Denmark	27	49	-44.9
Austria	484	470	3.0
NET REVENUES	10,423	8,993	15.9
Cost of Goods	6,519	5,887	10.7
Personnel Expense	1,863	1,652	12.8
Other Operating Expense	924	916	0.9
Depreciation	753	691	9.0
Net Financial Expense	172	183	-6.0
Pre-tax	191	-336	-
Tax	66	-47	-
NET	126	-290	-
NOK/Share (Diluted)	0.57	-2.04	-

Source: XXL

A better product assortment, good price management and better campaign execution in the second half of the year helped to achieve this score. This resulted in a positive restated Ebitda margin of 12.7 percent against a negative margin of 9.0 percent in the year-ago period, and in net income of NOK 13 million (€1.3m-\$1.5m) against a net loss of NOK 357 million.

**Pål Wibe**, who became the new CEO of the leading Nordic sports retailer one year ago, attributed its market share gain in Norway to better execution in all the channels, an improved offering for the most important winter sports and a sharp increase in the home training and outdoor categories. We believe that the phase-out of the **G-Sport** banner as part of **Gresvig's** reorganization may have also contributed to XXL's strong growth in the country.

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### XXL Revenues & EBITDA margins per country (Million NOK, Year Ended Dec. 31)

	2020	2019	% Change
Norway			
Revenues	4,987	4,148	20.2
EBITDA margin	21.3%	16.9%	-4.4 pp
Sweden			
Revenues	2,974	2,558	16.3
EBITDA margin	10.6%	4.5%	6.1 pp
Finland			
Revenues	1,950	1,766	10.4
EBITDA margin	13.8%	8.3%	5.5 pp
Denmark			
Revenues	27	49	-44.9
EBITDA margin	0%	-22.4%	22.4 pp
Austria			
Revenues	484	470	3.0
EBITDA margin	-1.9%	-11.5%	9.6 pp
TOTAL			
Revenues	10,423	8,992	1591.4%
EBITDA margin	10.7%	6.0%	4.7 pp

Source: XXL

Across all markets, sales of fitness products rose by 93 percent, outdoor by 39 percent and bikes by 22 percent. Surveys indicate that the company managed to improve the customer experience in the quarter, especially during the so-called Black Week.

XXL claims that it gained market share last year in all the countries where it operates. It estimates that the market was basically flat in Finland and down by 10.1 percent in Norway, by 3.3 percent in Sweden and by 14.0 percent in Austria. In contrast, its own sales rose in 2020 by 20.2 percent in Norway, by 10.0 percent in Sweden and by 1.6 percent in Finland, but they fell by 5.2 percent to NOK 45 million (€4.4m-\$5.3m) in Austria, where XXL has seven stores now.

In spite of the retail lockdown in Austria, the company managed to reduce its operating losses sharply thanks to reduced marketing costs and increased efficiency. The opening of a new, highly automated central warehouse of 7,000 square meters for the country, which took place on Feb. 1, should reduce logistic costs. It has a dedicated area for ski maintenance and bike assembly.

XXL indicates that it would have performed better in Finland if customers had not changed their shopping behavior, privileging one-stop shopping in hypermarkets.

The figures for the full financial year show a 15.9 percent increase in ope-

rating revenues to NOK 10.4 billion (€1.0bn-\$1.2bn), with e-commerce rising by 43 percent to 20 percent of sales. The gross margin went up by 3.0 percentage points to 37.6 percent, and the Ebitda margin rose by 4.7 percentage points to 10.7 percent. XXL booked a group net profit of NOK 126 million (€12.3m-\$14.7m) for the year as compared to a loss of NOK 290 million (€28.2m-\$33.9m) in 2019.

XXL is almost debt-free now and it expects to generate strong cash flow for investments, especially after the threats from Covid go away, leading to better market dynamics. Wibe said that XXL is working on several strategic initiatives intended to increase operational efficiency, which should lead to further market share gains and a stabilization of the gross margin at current levels.

Besides a further strengthening of the e-commerce channel, in the first half of 2021, XXL will implement a new zone structure in its large physical stores based on activity-based sectors. It will also roll out a new generation of electronic shelf labels in Norway for more responsive price changes. RFID technology will be implemented in all the Norwegian stores, followed soon by those in other markets.

New leases have been signed for one store in Sweden and one in Austria. The company, which is known for its big-box retail format, plans to continue to open between three and five new stores per year, while downsizing several existing units.

Meanwhile, the company has decided to distribute share options worth around NOK 10 million (€972,752-\$1.2m) to around 60 employees, in accordance with one of the resolutions passed at last year's annual meeting. The price will be equal to the weighted average market price between Feb. 5 and Feb. 11. The share options will become vested after three years if the employee is still on board when they are exercised.

## Adidas has decided to divest Reebok

Having completed a month-long review of the brand, the **Adidas Group** has decided to begin a "formal process" to divest the **Reebok** brand. The other option would have been to keep it in-house. The German sportswear giant had originally planned to make an announcement on March 10, during a previously scheduled virtual media and investor day, when it will be discussing its business plan through 2025. It will no doubt detail the situation with Reebok then.

For now we have a statement from Adidas' CEO, **Kasper Rorsted**, who says, "After careful consideration, we have come to the conclusion that Reebok and Adidas will be able to significantly better realize their growth potential independently of each other. We will work diligently in the coming months to ensure a successful future for the Reebok brand and the team behind it." According to the company's press release, Adidas "intends to focus its efforts on further strengthening the leading position of the Adidas brand."

A spokesperson for the group declined to say whether it has already identified one or more potential buyers. Two Afro-American entrepreneurs have expressed interest in taking over the brand, indicating that they may be willing to pay \$2.8 billion, but there may well be other candidates. Speculation has revolved around **Anta Sports Products**, the **Authentic Brands Group** and **VF Corp**.

Meanwhile, Adidas has already decided to list any of its Reebok-related business under discontinued operations in its financial statements as of the first quarter of 2021.

Adidas acquired Reebok in 2006 for \$3.8 billion, mainly to strengthen its relatively weak position in the U.S. market. As much of its goodwill has since been written off, the group will likely settle for less in selling the brand.

Adidas has been focusing the Reebok brand on training, while taking over

many of its sponsorships in the team sports sector. Reebok returned to profit in 2018, two years earlier than scheduled, thanks to its “Muscle Up” turnaround strategy initiated in 2016, and returned to growth in 2019, with a currency-neutral sales increase of 2 percent.

According to Adidas, “the brand was able to significantly improve its growth and profitability prospects, laying the foundation to unleash its full potential in the highly attractive global sporting goods market.”

## Beachbody will go public after a merger

**Beachbody**, the big California-based digital fitness streaming and nutrition company, will go public on the New York Stock Exchange following an agreement to merge with **Myx Fitness Holdings**, which sells connected fitness bikes, and **SPAC Forest Road Acquisition Corp.**, which is already on the stock exchange.

Beachbody’s current management and shareholders will roll over their entire equity stake, ending up with an interest of around 84 percent in the resulting entity, which will retain the name **The Beachbody Company**. The deal is expected to close in the second quarter.

On a pro-forma basis, the company had revenues of \$880 million in 2020, of which \$30 million came from Myx Fitness. The bulk came from Beachbody’s digital fitness subscriptions, which grew to 2.6 million, generating a gross margin of 89 percent.

The group is being valued at about \$2.9 billion, on two times projected revenues by 2022. The combined company is forecasting annual compound growth of 30 percent over the next five years. An investment of \$300 million will come from a trust controlled by **Forest Road**, which will be represented on the company’s board by a strategic advisor, **Kevin Mayer**, an expert in streaming and international development who ran **TikTok** for only 100 days

last year, after working for **Walt Disney** for 15 years.

With over \$420 million of unrestricted cash on its balance sheet, the new and bigger Beachbody may want to challenge the supremacy of Peloton in connected fitness with its combination of online sessions and connected exercise bikes, which Myx sells for \$1,299 apiece. In contrast with Peloton and others, Beachbody offers an wider assortment of workout and nutrition subscriptions at various price points.

Like Peloton, Beachbody has potential for international expansion. The Beachbody brand has a license for shoes, apparel and accessories with **Global Brand Partners**, a company in Singapore that is run by **Killick Datta**, a veteran of the sporting goods industry who has a lot of international experience. Its business continued to grow in 2020, and Datta expects it to triple this year alone, thanks to new distribution agreements and a big push in China.

## Dorel will remain on the stock exchange

**Dorel Industries** and **Cerberus Capital Management** have terminated an agreement in principle that would have allowed the Canadian company to go private. As a result, a meeting of shareholders that was planned for Feb. 16 to endorse the deal has been cancelled. First reached last November, when the purchase price for the company’s shares was set at 14.50 Canadian dollars, the agreement called for equity funds controlled by Cerberus to pay Dorel shareholders a purchase price of C\$16.00 per share in cash. The shares held by the family of Dorel’s president and CEO, **Martin Schwartz**, were purportedly excluded from the proposed tender offer.

With the plans for going private being shelved, the company’s stock price on the Toronto Stock Exchange rose marginally to C\$15.78 on Feb. 12, valuing the company at C\$512.9 million (€334.6m-\$405.6m). Dorel has annual sales of around C\$2.0 billion (€1.3bn-\$1.6bn). With its Dorel Sports division

- consisting of brands like **Cannondale**, **GT**, **Caloi**, **Mongoose**, **Ironhorse** and **Schwinn** – Dorel is a major factor in the global bicycle market. It also has a large furniture division.

The termination of the arrangement was preceded by exchanges and discussions between Dorel and many of its independent shareholders, some of whom had felt that the price undervalued the company, especially in view of the rising demand for bicycles. After the deadline for their consultation passed on Feb. 12, the decision to put an end to the going-private transaction was unanimously approved by Dorel’s board of directors on the unanimous recommendation of a special committee composed of Dorel’s six independent directors.

“Independent shareholders have clearly expressed their confidence in Dorel’s future and the greater potential for Dorel as a public entity,” Dorel concluded in announcing the termination of the arrangement.

## Hi-Tec’s parent will change hands, if the price is right

**Apex Global Brands**, the American brand management and licensing organization previously called **Cherokee Global Brands**, which owns the **Hi-Tec**, **Magnum** and **Tony Hawk** brands, among others, confirmed that it has entered into a merger agreement with **Galaxy Universal**, a Colorado-based project management and investment firm. Galaxy is described as a sourcing and brand management company with wholesale activities that focuses on the athletic, outdoor and work categories.

If approved by shareholders, the closing of the acquisition is expected to occur in the second quarter of 2021. Under the terms of the agreement, which has been unanimously approved by the members of Apex’ board of directors, Galaxy is set to acquire all of the outstanding shares of Apex for US\$2.00 per share in cash. However, Apex’ share price unexpectedly jum-



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ped to \$2.62 after the announcement, suggesting that shareholders may want to jack up the purchase price. The company's stockmarket quotation subsequently eased down to \$2.41, compared with a 52-week record of \$11.90, giving Apex a capitalization of just \$1.37 million.

Most recently, lower licensee sales due to the pandemic and the non-renewal of certain Cherokee brand licensing deals have weighed on the revenues of Apex, forcing the company to repeatedly ask its lenders for leniency as its operations failed to meet debt covenants. Its net debt amounted to more than \$60 million as of Oct. 31.

"After conducting an extensive analysis of our strategic alternatives with our financial advisor, the board of directors concluded that our sale to Galaxy Universal LLC is the best path to deliver equity to our shareholders," said **Henry Stupp**, CEO of Apex. "We believe that the sale process will be seamless for our licensees and that there will be no disruption to our operations."

So far, company insiders owning about 30 percent of Apex' shares have indicated support for Galaxy's offer. A special meeting of Apex Global Brands stockholders will be held as soon as practicable following the filing of a definitive proxy statement with the U.S Securities and Exchange Commission (SEC) and a subsequent mailing to stockholders. The proposed transaction is subject to approval by Apex stockholders, along with the satisfaction of other customary closing conditions. Upon completion of the merger, Apex would become wholly owned by Galaxy.

## A game-changing foldable ski by Elan

**Elan** unveiled the world's first foldable, high-performance, all-mountain ski on Feb. 1, the first day of the **ISPO Munich Online** show, where it got a prize as one of the **ISPO Gold Award** winners. Called the **Elan Voyager**, the ski can be easily disassembled and packed into a bag for transportation in a car, bus or airplane – a welcome benefit in view

of rapidly changing travel regulations. The bag's dimensions are compliant with hand-luggage requirements.

The package, consisting of a pair of Voyager skis, ski poles and travel bag, is offered to end consumers at a basic price of €1,500 or €1,600, depending on the size of the accompanying bag. The product will be available in three sizes for the next autumn/winter season at selected retail accounts that agree to display it properly in their stores.

The ski will be manufactured at Elan's factory in Slovenia, which is currently closed for a month and a half until mid-March to prevent excessive inventory build-up, because of the difficult market situation created by the coronavirus pandemic, especially in Europe.

The situation is much better in the U.S. and Canada, pointed out **Leon Korosec**, head of Elan's snow sports division, whose global sales already fell by around 22 percent in 2020. He said that it is difficult at this stage to forecast the rate of decline for this year.

The Voyager makes use of a revolutionary **Connect Technology** that Elan has been fine-tuning for years. It is based on an advanced four-axis mechanism that binds and seals the ski together at the folding point, combined with a carbon-reinforced fusion plate to support the load. The two components work together to provide torsional rigidity. The ski also features the latest version of Elan's **Amphibio** technology, which integrates the rocker and camber profiles into dedicated left and right skis.

Like other producers in the snow sports sector, Elan has agreed to introduce only a few novelties for the next season and re-propose more than two-thirds of its existing product range, to help retailers clear their inventories.

As a real "game-changer," its Voyager has already triggered a lot of interest, not only through its presentation in Elan's virtual "brandroom" at the ISPO show. On top of its participation in the first digital edition of ISPO Munich, the company has been doing a lot more

business with clients around the world through its own virtual meetings.

As previously reported, **Ortovox** won the top award at ISPO in the ski category with its avalanche transceiver. Other ISPO Gold Award winners, besides Elan and Ortovox, were:

- **Earlybird** with its sustainable **Chickadee** ski
- **Nordica** for its **Speedmachine 3 130 S** ski boot
- **Advenate MyONE** for its touring jackets
- **Bollé Brands** for its versatile **Cébé** snow helmet
- **Deuter** for its **Freescape Pro** backpack

## Two new managing directors for Kickz

Starting on Feb. 15, two executives who were connected with the **Snipes Group**, **Mark Petereit** and **Denis Horvat**, will be joining the executive board of **Kickz.com**, the hybrid German sneaker and streetwear retailer that previously belonged to Zalando. They will take the place of two interim managing directors, **Philippe Buchholtz**, CEO of the **Play Hard Group**, and **Jacob Fatih**, CEO of **Crealize**. Since March 2020, Kickz.com has been the property of Play Hard, which in turn belongs to the start-up incubator Crealize.

Horvat comes from **Nike**, where he worked out of Amsterdam in various roles for the past eight years, the last three as strategic account director for the Snipes Group (**Snipes**, **Solebox**, **Onygo**). He was previously involved in strategic planning at Nike, running the sales planning and analytics team in Western Europe. In his new position at Kickz, he will be responsible for performance marketing, CRM and the digital and brick-and-mortar business.

Petereit has been head of buying at Snipes since 2009. In 2017, he additionally took over the duties of general manager for strategic brands at the Snipes Group, which belongs to **Deich-**



**mann**, including its **Buffalo** brand of shoes. At Kickz, Petereit will lead the product & brand division, with responsibility also for purchasing and brand marketing.

The third member of the executive board is the company's chief operating officer, **Manda Buchholtz**. She has been with Kickz since 2001 and has held various positions over the past 20 years.

## Jean-Pierre Petit quits Groupe Royer

**Jean-Pierre Petit**, a seasoned French executive who previously worked for **Nike** and **Wolverine Worldwide** at a European level, is leaving **Groupe Royer**, a big multi-brand French footwear group, as part of a major reorganization, which has not yet been entirely finalized. The reason for his departure is the previously reported takeover of the distribution of **New Balance** in France, Germany, Belgium and the Netherlands, which has now been completed.

The American company has decided to retain the sales and marketing managers who were reporting to Petit in those four countries. The business was generating annual sales of around €150 million, or about half of Royer's total revenues. Among other properties, the group also owns **Kickers**, many brands of children's shoes and major fashion footwear brands like **Charles Jourdan** and **Kélian**.

Petit has been serving since 2016 as managing director of Royer's sports division, but he has been concentrating on New Balance for the past 18 months. Among other properties, the division has also been handling the French licenses for **Everlast** and **Umbro** for a while. To make up in part for its loss of the New Balance contract, it has added distribution agreements for **Dia-dora**, **Canterbury** and **Ellesse** in the last three years.

Before joining Royer, Petit worked for 11 years at Nike in various positions, ending up as general manager for football in the EMEA region. He

subsequently moved to Wolverine's European office in London, where he worked for eight years, ending up as vice president and general manager of its Performance Group.

At the age of 63, Petit says he now wants to "give back" some of his experience as a board member or as a consultant, especially for relatively small companies that would need his help.

## Brooks grew by 27% in 2020

Sales went up by 27 percent to nearly \$850 million at **Brooks Running** last year, leading the American company to win market shares thanks to consumer insights gained through its **Run-Sight Lab** and the quick deployment of a multi-channel sales and marketing strategy.

The consumer research helped the brand to adjust its communication approach as it reinforced its initiatives on the digital front to make up for the retail lockdowns in many countries. During the store closures, its online sales shifted temporarily to more than 75 percent of revenues, stabilizing at 46 percent by the end of the year.

The analysis of the digital sell-through and running participation convinced Brooks' management by the middle of the year that the demand for its products would exceed the previous year's levels, prompting the company to re-ignite the manufacturing process.

In the midst of the disruption caused to the supply chain because of Covid-19, Brooks claims it managed to raise its market share around the globe. According to **NPD** data, the **Brooks Ghost** became the No. 1 franchise for adult performance running in the U.S. and the second-largest one in Germany, the largest market for running shoes in Europe.

Brooks' overall market share in the U.S. adult performance running market grew by 1.8 percentage points, making it the fourth-largest player in the market with a market share of 8.5 percent,

according to **NPD**. In the last two months of 2020, it was the No. 1 brand in the category in the athletic specialty sporting goods channel.

To support its growth, the company controlled by **Berkshire Hathaway** added nearly 100 more employees last year, building up to a total staff of over 1,000.

## Asics tops guidance with strong sales in China and higher profits in Europe

Although its annual revenues and operating earnings decreased, **Asics Corp's** annual results beat the guidance that the company had given last November.

Net sales for 2020 declined by 13.0 percent to 328.7 billion yen (€2.58bn-\$3.12bn) due to the impact of the Covid pandemic, including a drop of 14.0 percent in the fourth quarter to ¥80.5 billion (€633.1m-\$766.4m). Asics said its revenues topped expectations due to robust sales of performance running products, as well as a strong performance in Greater China, where it grew by more than 25 percent. E-commerce was also a bright spot, with sales rising by 8.6 percent.

The gross margin contracted by 1.0 percentage points to 46.5 percent for the year, weighed down by poor sales in Japan and purchase order cancellations fees. The company recorded a ¥16.1 billion (€126.6m-\$153.3m) loss in 2020, compared with a ¥7.0 billion profit in 2019, hampered by lower sales, fixed costs incurred during temporary store closures, as well as the cancellation of lease contracts.

Regionally, Japan had the worst performance during the year, while China was the shining star. In constant currencies, sales fell by 22.0 percent in Japan, by 14.9 percent in North America and by 8.3 percent in Europe. China fared much better, as sales of performance running shoes helped lift revenues by 6.4 percent over 2019 on a constant-currency basis. Sales

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increased in Oceania by 11.2 percent, due to strong sales in the running segment as well as in the Sports Style category. Revenues were off by 20.9 percent in Southeast Asia and South Asia and by 11.8 percent in the rest of the world.

Despite challenging market conditions and store closures, Asics EMEA's profits soared by 60.3 percent year on year, largely due to operational efficiencies and strong online sales. Its European subsidiary reported a growth of 134.2 percent in e-commerce.

Last year, Asics confirmed its position as the number one running brand in Europe, according to **NPD** data. The brand gained 3 percentage points in market share in footwear in the "Made For and Used For" Running category above €90 in the U.K., France, Germany, Italy and Spain. In these markets, it also gained 2 percentage points in tennis footwear and 10 percentage points in indoor sports shoes.

Overall, Asics' sales in the Performance Running segment declined by 2.9 percent over the full year in constant currencies, down to a total of ¥160.1 billion (€1.26bn-\$1.52bn), as a 26.3 percent rise in China was offset by weaknesses in Japan and North America, and to a lesser extent Europe. E-commerce rose by 106 percent due to the expansion of its **Shoe Finder** program, which helps consumers to find out the products that suit them the most. But the segment's operating profit improved by 98.0 percent to ¥9.0 billion (€70.7m-\$85.7m). The new **Blast** and **Ride** series were the highest sellers.

Currency-neutral sales went down by 13.5 percent in Sports Style, with a sharp fall in North America offsetting strong growth in China. There were declines of 24.4 percent in Apparel and Equipment and of 19.7 percent in the Core Performance category.

The lifestyle-oriented **Onitsuka Tiger** brand saw sales fall by 25.6 percent because of a drop in foreign tourism all over the world. Asics opened flagship stores for the brand in New York, Milan

and Shanghai, with 11 new openings in total in 2020.

The group has not released any guidance for 2021.

### Mizuno's profits soar

Bouncing back from a difficult first half of its financial year, **Mizuno** saw its net income rise nearly six-fold to 1,812 million yen (€14.3m-\$17.3m) in the fiscal third quarter ended Dec. 31, 2020.

Revenues progressed by 9 percent to ¥40,492 million (€318.7m-\$387.6m), led by a rebound in U.S. and Japan. The gross margin inched up by 0.5 percentage points to 41.6 percent. Operating earnings were also boosted by a drop in operating expenses of 4.8 percentage points.

EMEA revenues fell by 6 percent to ¥3,400 million (€26.8m-\$32.2m), although Mizuno recorded good sales in golf and running in the region. Thanks to robust sales in golf and running, revenues in the Americas gained 10 percent to ¥5,300 million (€41.7m-\$50.7m), after a difficult second quarter that saw sales decline by 38 percent.

Japan grew by 12 percent to ¥27,400 million (€215.7m-\$259.5m), led by sales of personal protective equipment such as masks, which is a business Mizuno entered in 2020. In the rest of Asia and Oceania, sales inched down by 2 percent to ¥4,300 million (€33.8m-\$40.7m).

By category, footwear sales declined by 8 percent to ¥10,900 billion (€85.8m-\$103.2m), but apparel fared better, jumping by 34 percent to ¥14,200 million (€111.8m-\$134.5m). Equipment sales progressed by 10 percent to ¥9,000 million (€70.8m-\$85.2m), while Service and other revenues were down by 4 percent to ¥6,400 million (€50.4m-\$60.6m), due to the temporary closures of gyms and sports facilities.

These results led Mizuno to maintain its guidance for the full year, projecting revenues of ¥150,000 million (€1.2bn-

\$1.4bn) and net income of ¥1,500 million (€11.8m-\$14.2m).

### Under Armour beats expectations

Recent restructuring efforts seem to have been quite effective, as **Under Armour** reported better-than-expected results for the fourth quarter of 2020. The company surprised analysts by reporting a profit for the quarter, thanks primarily to strong digital growth due to the popularity of its athletic apparel for home workouts, as well as efforts to keep expenses in bay. After the announcement, the group's shares jumped by more than 10 percent.

The good results led Under Armour to issue an upbeat guidance for 2021, with sales expected to rise in the high-single digits, while the gross margin is forecast to be up slightly from the prior year. Operating losses will be eliminated, at least on an adjusted basis, as the management is now forecasting an adjusted operating profit of between \$5 million and \$25 million.

The brand will be seeking a more premium positioning, trimming the off-price channel, restricting the demand and cutting off some undifferentiated wholesale accounts from the second half of the year, while pushing direct-to-consumer operations. For the first quarter of 2021, Under Armour is calling for sales to be up by about 20 percent, due in part to a shift in orders, but ongoing restructuring charges will cause an operating loss of \$55 to \$70 million. No charges are expected for the second half of the year.

In the fourth quarter of 2020, net earnings reached \$184.5 million, versus a loss of \$15.3 million for the fourth quarter of 2019. The Wall Street consensus called for a loss in the quarter. The company's return to profitability was made possible through an adjusted operating profit of \$120 million for the period and proceeds of \$182 million from the sale of MyFitnessPal that more than offset restructuring charges of \$52 million.

Total revenues decreased by 2.6 percent to \$1,404 million, which was also higher than analysts' estimates. Wholesale revenues plunged by 12 percent to \$662 million, while direct-to-consumer sales rose by 11 percent to \$655 million, driven by a 25 percent gain in e-commerce. Overall, apparel revenues contracted by 4.0 percent to \$931 million, footwear revenues declined by 7.1 percent to \$241 million, and accessories grew by 32.0 percent to \$145 million, thanks largely to the success of the Under Armour **Sportsmask**.

In North America, sales were down by 6 percent to \$924 million, but they increased by 4 percent in constant currencies elsewhere. By region, on a constant-currency basis, sales dropped by 14 percent in EMEA, but increased by 21 percent in Asia-Pacific and by 8 percent in Latin America.

The company's gross margin improved by 2.1 percentage points to 49.4 percent. Excluding the impact of restructuring efforts, the adjusted gross margin increased by 3.0 percentage points to 50.3 percent, driven primarily by benefits from the channel mix, supply chain initiatives and the regional mix. The group ended the third quarter with cash and cash equivalents of \$1.5 billion.

For the full year, revenues were down by 15.0 percent to \$4,475 million, including a 25 percent drop in wholesale revenues and a two percent gain in direct-to-consumer revenues, lifted by e-commerce. The gross margin rose by 1.4 percentage points to 48.3 percent, but operating expenses were cut by 6.1 points as a percentage of sales. Under Armour had to book a net loss of \$549.2 million for the year against a profit of \$92.1 million in 2019. The loss included \$473 million in pre-tax restructuring charges, which represented the bulk of a restructuring plan estimated to cost \$550-600 million.

North American revenues fell by 19.5 percent to \$2,945 million and international revenues dropped by 4 percent to \$1,400 million, including a 5 percent drop in EMEA in constant currencies. Apparel revenues were off by 16.9

percent to \$3,882 million, footwear revenue fell by 14.0 percent to \$934 million, and accessories remained flat at \$414 million. UA also reported declines of 23.8 percent in licensing income and 0.4 percent in Connected Fitness, down to \$105.8 million and \$135.0 million, respectively. The gross margin expanded by 1.4 percentage points to 48.3 percent. The net loss for the year amounted to \$549 million, compared with a profit of \$92.1 million in 2019.

The results came after the company started to implement a \$600 million restructuring plan designed to improve profitability and cash flow. As previously reported, Under Armour completed in December the sale of the MyFitnessPal business to **Francisco Partners** for \$345 million, inclusive of the achievement of potential earn-out payments. In connection with this transaction, Under Armour discontinued its European-based **Endomondo** platform at the end of 2020. UA had bought MyFitnessPal and Endomondo in 2015, respectively for \$475 million and \$85 million.

The company announced that its board has authorized a change in its fiscal year-end to March 31 from Dec. 31, effective with the fiscal year beginning on April 1, 2022.

## E-commerce and wholesale offset store closures at Skechers

**Skechers'** sales in the fourth quarter decreased by 0.5 percent year-on-year to \$1,324 million. The results were supported by a 143 percent surge in U.S. digital sales, after the group rolled out a "Buy online pickup in store" (BOPIS) service in time for the holiday season. Net income fell by 10 percent to \$53.3 million.

The company recorded a 1.1 percent sales increase in its international business, driven by wholesale, which offset declines in retail. It had a 2.8 percent decrease in its domestic business. Same-store sales tumbled by 13.4 percent, with decreases of 9.8

percent domestically and 21.7 percent outside the U.S.

Athletic lifestyle, walking and work footwear products for men and women drove wholesale growth in the U.S., which progressed by 1 percent to \$299.4 million. The international wholesale business gained 2.5 percent, led by a 29.7 percent increase in China, as well as a 22.9 percent gain by Skechers' European subsidiaries, led by the U.K., Germany and Spain. The company's joint ventures recorded a sales increase of 19 percent, but sales to foreign distributors fell by 58 percent, over losses in the Middle East.

Direct-to-consumer (DTC) sales decreased by 6.4 percent, mainly because of temporary store closures and reduced operating hours. This was offset by a strong e-commerce performance in the U.S., thanks to the BOPIS service in stores or curbside at Skechers retail locations across the country. On the international side, the management said that DTC will benefit from new websites in Europe and South America. It added that Skechers is about to complete ongoing POS and loyalty program improvements to boost the omnichannel experience.

During the quarter, the company opened its first dedicated golf store, located at the premier Mission Hills resort in China. Worldwide, the total store count rose to 3,891, up from 3,770 at the end of the third quarter.

Overall, the gross margin expanded by one percentage point to 48.9 percent, rising in all segments thanks to a favorable mix of international and e-commerce sales. The operating margin fell by 2.7 percentage points to 4.4 percent.

For the full year, sales were down by 11.9 percent to \$4,597 million, with net income dropping by 71.6 percent to \$98.6 million. The gross margin inched down by 0.1 percentage points to 46.7 percent, as domestic wholesale and DTC improvements were offset by a decrease in international wholesale.

Moving forward, the company will continue to invest in its long-term

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growth potential. It will improve the supply chain in the U.S., Asia and Europe, while further enhancing its digital capabilities. In 2021, these investments will include a new distribution center in Colombia to serve the South American market, while full automation of the distribution center in China is expected by mid-year. A new distribution center has just been opened in the U.K. to compensate for Brexit-related nuisances. Skechers did not provide formal guidance for next year, but said it forecasts a return to growth.

### Hoka's 52.1% increase helps lift Deckers' sales

**Deckers Brands'** sales surged in the third financial quarter ended Dec. 31, 2020, boosted by demand for **Ugg** and the continued global expansion of **Hoka One One**. Despite headwinds from Covid-19, the group's sales progressed by 14.8 percent from the same period last year to a record \$1,078 million, with a 13.8 percent rise in constant currencies, as customers switched to e-commerce to buy its products. The group's net income surged by 26.7 percent to \$255.5 million.

Sales soared by 52.1 percent to \$141.6 million at Hoka One One, benefiting from efforts to appeal to younger consumers and non-core runners and from a 92 percent gain in direct-to-consumer revenues, whose share of the turnover grew to 30 percent from 21 percent a year earlier. The brand's online push led to replenishment orders and the acquisition of new customers. Wholesale revenues went up, too, with a growth of 19 percent in the run specialty channel.

For the group's largest brand, **Ugg**, sales went up by 12.2 percent to \$876.8 million in the quarter. **Sanuk** dropped by 17.3 percent to \$7.0 million, while **Teva** decreased by 8.7 percent to \$15.7 million.

Overall, Deckers' wholesale revenues rose by 6.2 percent to \$557.9 million, while direct-to-consumer sales jumped by 25.7 percent to \$519.9 million.

U.S. sales advanced by 19.3 percent to \$770.5 million, while the international business gained 4.8 percent to \$307.2 million.

The gross margin was up by 2.9 percentage points to 57.0 percent.

Deckers Brands noted that it still has a robust liquidity position of over \$1.1 billion between its cash balance and available borrowings under its credit facilities.

Given the ongoing environment related to the Covid-19 pandemic, the management said it would not be providing full-year guidance. It anticipates operational challenges related to capacity constraints in the supply chain and increased costs associated with warehouse employees' safety and payroll expenses.

### Callaway records higher losses but sales soar

**Callaway Golf Co.** saw its net loss in the fiscal fourth quarter deepen to \$40.6 million, compared with a loss of \$29.2 million last year. However, sales surged by 20.2 percent to \$374.6 million, led by strong demand in the golf equipment segment and a quicker-than-expected recovery in the softgoods business, boosted by higher sales of **TravisMathew** and **Jack Wolfskin** apparel.

Currency fluctuations had a \$9 million favorable impact on revenues. The gross margin decreased by 4.6 percentage points to 37.1 percent, due to inventory reduction initiatives for softgoods segment, as well as increased operational costs due to Covid-19, including higher freight costs.

In dollars, there was a 40 percent increase in the golf equipment segment, while softgoods revenues inched up by 1 percent. E-commerce performed well everywhere.

The U.S. recorded a 34.2 percent surge in revenues to \$174.8 million during the quarter, thanks largely to a boom in golf rounds played during the period, helped by favorable weather

conditions. In constant currencies, sales inched up by 0.1 percent in Europe to \$91.5 million, while Japan fell by 3.0 percent to \$53.5 million. In Rest of World, revenues jumped by 26.2 percent to \$54.8 million.

The management highlighted the potential of the merger with **Topgolf**, which it announced at the end of October. Topgolf operates large, technologically enhanced driving ranges with restaurants and bars. Callaway identified many synergies and strong growth prospects. It said the merger is on track, subject to shareholder approval planned for March 3, to close in the first quarter of 2021. Callaway noted that Topgolf's exceeded expectations in the fourth quarter, despite some store closures in the U.S. and the U.K. due to the pandemic.

Golf club sales soared by 48.5 percent to \$170.5 million, on the strength of **Epic** drivers and **Apex** irons, while ball sales increased by 14 percent to \$43.3 million due to supply constraints. Apparel sales were up by 8.7 percent to \$110.0 million, but Gear and other sales plunged by 12.4 percent to \$50.7 million.

Ebitdas, which stands for operating earnings excluding interest, taxes, depreciation and amortization as well as stock compensation, showed a loss of \$21.0 million, against a loss of \$9.6 million last year.

For the full year, Callaway recorded a net loss of \$126.9 million, versus a net profit of \$79.4 million in 2019, due to a \$174 million impairment charge on the Jack Wolfskin goodwill and trade name earlier in the year. Revenues declined by 6.6 percent to \$1,589 million and the gross margin dropped by 3.7 percentage points to 41.4 percent.

Looking forward, the group declined to release a formal guidance, but said it anticipates that the pandemic will continue to negatively impact its business in 2021, although to a lesser degree than in 2020, thanks to increasing demand for golf equipment and recovery in the softgoods sector.



It also said that on a pre-merger basis, which does not take into account Top-golf, its consolidated sales for the first quarter of 2021 will exceed 2020 sales. The gross margin should be negatively impacted by increased operational costs due to Covid-19, including higher labor costs, logistical challenges and increased freight expenses resulting from a shortage of ocean freight containers. Despite these headwinds, the company believes that its gross margin will be approximately the same as in 2019. Operating expenses are estimated to be about \$70 million to \$80 million higher as compared to 2019, due to planned investments in the softgoods business, including the opening new doors for TravisMathew, along with investments related to new market expansion for Jack Wolfskin in North America and Japan.

## Columbia expects a more normal 2021

**Columbia Sportswear** performed better than expected in the fourth quarter of 2020 and predicted that its results would return to 2019 levels in 2021. It exited the quarter with \$791.9 million in cash and short-term investments, no bank borrowings and nearly \$1 billion in total liquidity. It has refinanced its domestic credit agreement with a new agreement providing a \$500 million five-year unsecured revolving credit facility.

The group's revenues fell by 4 percent to \$915.6 million in the latest quarter, although they benefited from later shipments of third-quarter wholesale orders. The group's quarterly net income went down by 16 percent from the year-ago quarter to \$95.8 million, a strong improvement from the third quarter. The bottom line included one-time charges of \$18.1 million for retail impairments, as it permanently closed 13 stores in the U.S. and one in Europe, as well as a \$17.5 million impairment on the **prAna** trademark.

E-commerce was once again a bright spot, with sales surging by 41 percent, boosted by the new e-commerce platform **X1**, implemented since the

autumn in North America for the **Columbia**, **Sorel** and **Mountain Hardwear** brands, following a successful deployment across Europe in 2019. The newly refreshed sites have been aesthetically enhanced and were designed to offer an improved consumer experience.

However, sales in the company's store fleet remained well below prior-year levels, sending direct-to-consumer sales down by 3 percent to \$469.7 million due to store closures in Europe. Wholesale revenues declined by 5 percent to \$446.0 million due to order cancellations.

The Columbia brand suffered a 7 percent decrease in revenues during the quarter. However, at Sorel, revenues were up by 5 percent, while at prAna and Mountain Hardwear, they gained 11 percent and 7 percent, respectively. Licensing income lost 10 percent.

In the three months to the end of December, sales in the apparel/accessories/equipment segment decreased by 6 percent from the year-ago quarter to \$661.4 million, while footwear inched down by 2 percent to \$254.3 million, both in constant currencies.

Also, in constant currencies, sales dropped by 18 percent to \$85.6 million in EMEA due to a sharp drop in distributor orders, partially offset by high-single-digit growth from online sales. Revenues declined by 6 percent in the U.S. and by 8 percent in Latin America and Asia-Pacific. Canada surged by 36 percent, but this was mostly due to the later timing of third-quarter shipments.

Overall, the gross margin rose by 0.5 percentage points to 50.6 percent, thanks to a better channel mix with more profitable DTC e-commerce sales and lower promotions.

For the full year, sales were down by 18 percent to \$2,501 million, the gross margin fell by 0.9 percentage points to 48.9 percent, and net income plunged to \$108.0 million from \$330.5 million in the previous year.

Looking at 2021, while continued uncertainty and business risks are surrounding the ongoing pandemic, the management said it is encouraged by e-commerce growth and the wholesale orders collected for the spring and autumn 2021 seasons, which it believes will fuel the group's continued recovery in 2021. It is expecting a return to near-2019 levels in revenues and profits, forecasting sales of \$2.95 to \$3.00 billion and net income of \$3.75 to \$4.05 per share, thanks especially to more normal conditions at retail.

## E-commerce and wholesale lift Canada Goose

Robust online sales globally returned **Canada Goose** to growth in its third fiscal quarter. Revenues for the three months ended Dec. 27, 2020, progressed by 5.0 percent to 474.0 million Canadian dollars (€309.5m-\$363.8m). E-commerce was a bright spot, surging by 39.3 percent, which partly offset store closures of 30 to 35 trading days in its top-performing Canadian and European stores.

Direct-to-consumer (DTC) revenues inched down to C\$299.4 million (€195.4m-\$234.1m) from C\$301.8 million for the year-ago quarter, despite the expansion of e-commerce and the addition of two more stores in Mainland China, which were offset by lower retail revenues due to Covid-19 disruptions globally. In the U.K., sales nearly doubled. A 42 percent gain was recorded in sales by the company's brick-and-mortar stores in China.

Wholesale revenues rose by 11.1 percent to C\$160.8 million (€5.6m-\$6.5m), partly because of later shipments resulting from in-season requests from partners and international distributors. Meanwhile, personal protective equipment sales sent the Other segment's sales up by 176.0 percent to C\$13.8 million (€9.0m-\$10.8m).

Overall, the gross margin inched up by 0.8 percentage points to 66.8 percent,

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with an increase of 2.8 percent in the DTC gross margin to 77.9 percent, thanks to higher pricing and a favorable geographic mix. A gain of 3.0 percentage points in the wholesale gross margin to 51.5 percent was attributed to higher pricing and better volumes, led by parkas.

Overall, the operating margin fell by 3.4 percentage points to 32.3 percent, because of lower retail profitability from Covid-19 disruptions, while net income dropped by 7 percent to C\$107.0 million (€69.8m-\$82.1m).

The company withheld guidance for fiscal 2021, citing prevailing global uncertainties, but said it is encouraged by its strong momentum as it finishes the fiscal year. However, seven of its 28 owned retail stores remain closed over pandemic restrictions. In a conference call, the management said that wholesale is expected to see a low double-digit drop in the current quarter, which should be mitigated by e-commerce.

The company plans to continue expanding its retail footprint in Mainland China in tier 1 and tier 2 cities. It added that it is still on track to unveil a footwear range, due out in the autumn.

### Better-than-expected sales for Champion's parent company

**Hanesbrands**, the parent company of **Champion USA**, saw its revenues for the fourth quarter grow by 2.9 percent to \$1.8 billion, led by Champion. The revenues were well ahead of Wall Street's consensus of \$1.6 billion and caused the share price to surge by 25 percent.

However, the company ended with a \$332.2 million loss for the three months ended Jan. 2, 2021, compared with a profit of \$185 million last year, as it decided to exit the personal protective equipment (PPE) business following a review. Hanesbrands recorded \$611 million in inventory charges consisting of a \$400 million write-off of its entire PPE inventory-related balance and an inventory valuation write-down of ap-

proximately \$211 million related to the company's SKU reduction program. Excluding these and other extraordinary items, the adjusted operating profit of the group was down by 10 percent to \$217 million as compared to the year-ago period.

Revenues from facemasks and other PPE products fell to just \$28 million in the quarter. The company said the decision to exit PPE was taken after an in-depth review to develop a growth strategy better tailored to the post-pandemic world and to become more agile and consumer-centric. It is also intended to support the momentum in the Champion brand globally and intimate apparel in Australia, especially online. In particular, it will expand Champion's focus on women's and kids' styles, as well as layered outerwear and casual athletic footwear. Hanesbrands' new CEO, **Steve Bratspies**, also wants Champion to engage more directly with consumers through digital channels and to have a stronger presence in China, online and through mono-brand stores.

The Champion brand was a bright sport during the quarter, with global sales rising by 11 percent in constant currencies. The growth rate would have reached 18 percent excluding the sports and college licensing business, which has been hit by event cancellations and university shutdowns.

Champion is part of the group's Activewear segment, where sales went up by 7.1 percent, led by e-commerce and the wholesale and distributor channels. In the Innerwear segment, sales increased by 19.7 percent, driven by kids' underwear. Overall e-commerce soared by 46 percent to account for 21 percent of sales in the quarter. The group's own digital sales represented about 27 percent of the total online business.

In the International segment, which includes Champion's operations outside the U.S., sales progressed by 2.2 percent, lifted by growth in Australia, Canada and Latin America, which was offset by declines in Europe and Asia. Operating profits fell by 9 percent. The

group is planning to explore strategic alternatives for the European Innerwear business.

For the full financial year, the company's net loss reached \$75.6 million, against a profit of \$600 million the previous year, on revenues that declined by 4 percent to \$6,664 million. Activewear sales dropped by 21 percent, Innerwear progressed by 33 percent and international sales fell by 9 percent.

Looking ahead to the first quarter, the management expects sales of \$1,485 to \$1,515 million, up by about 14 percent from the same quarter in 2020, generating operating income of \$140 to \$150 million.

### Record operating results for Craft's parent

Efforts to prioritize costs, earnings and cash flow bore fruits in the fourth quarter of 2020, helping the **New Wave Group** to score record operating profits. Despite restrictions linked to the pandemic and canceled or postponed events, the Swedish company behind **Craft of Scandinavia** and **Cutter & Buck** saw its operating results rise to 283.6 million Swedish kronor (€28.2m-\$34.3m), from SEK 240.3 million for the year-ago quarter – the highest level in its history. The group's gross margin narrowed by 0.5 percentage points to 46.2 percent in the fourth quarter, but its net income rose by 25.5 percent to SEK 208.2 million (€20.7m-\$25.2m).

Revenues declined by 7 percent to SEK 1,873.2 million (€186.5m-\$226.3m), or by 3 percent in local currencies. The group witnessed some recovery during the quarter in the Nordic countries, especially in the Sports & Leisure segment. According to an authoritative source in the company, Craft enjoyed a 15 percent sales increase in the fourth quarter, and the brand is currently sold out of some snow products due to very cold winter conditions in Scandinavia.

For the whole Sports & Leisure segment, however, revenues declined by 11 percent in the quarter, with most regions posting lower sales, but the most significant drop was seen in the U.S. Along with Craft and Cutter & Buck, the division includes the **Seger** and **Ahead** brands, as well as the distribution of **Speedo** in Scandinavia, among other brands and activities.

By region, sales rose by 12 percent in Sweden, where coronavirus-related restrictions were minor, and increased by 3 percent in the other Nordic countries. In the U.S., group sales decreased by 28 percent, with most of the slump occurring in Sports & Leisure. The exchange rate had a negative impact, as sales in constant currencies fell by 20 percent. Revenues dropped by 8 percent in Central Europe, by 13 percent in Southern Europe and by 10 percent in Other countries, mainly due to lower sales in the Corporate segment in Asia.

For the full year, New Wave's revenues amounted to SEK 6,098.8 million (€607.3m-\$736.8m), which was 12 percent lower than last year in reported terms and 10 percent lower in constant currencies.

Sports & Leisure was negatively affected by Covid-19 due to canceled sports events and the sport retailers' high inventory levels, leading to a 25 percent drop in net revenues. Despite these negative effects, investments in the Craft brand continued during the year, including a partnership with the **IFK Göteborg** football club in Sweden. The U.S. market was hit hard by the pandemic, causing several of the group's companies in the segment to shut down during a period. However, they have made large cost savings and adjusted their business according to the current volumes.

Overall, the group's gross margin fell by 1.2 percentage points to 43.2 percent, due to a higher share of sales coming from the Corporate segment. The operating margin improved by 1.3 percentage points to 9.0 percent.

Net income declined by 1.9 percent to SEK 363.0 million (€36.2m-\$43.9m) for the year, but the balance sheet improved sharply, with the equity ratio reaching a 20-year record of 53.4 percent and the debt/equity leverage down to a record low of 1.7 times.

The management said that it is not releasing any outlook as the pandemic makes it difficult to assess the coming first half of the year. The group will continue to focus on improving the operating margin. It plans to build up its inventories again for an expected rebound in demand during the second half of the year.

## Rip Curl continues to support Kathmandu's performance

The acquisition of **Rip Curl** in October 2019 was a good move for **Kathmandu Holdings**. In a preliminary trading update, the Australian group said that its revenues for the six months ended on Jan. 31, 2021, progressed by 12 percent from the year-ago period, as Rip Curl's strong performance offset weak sales by the **Kathmandu** brand.

During the period, operations continued to be disrupted by Covid-19 at a number of the group's stores, with 60 Greater Melbourne locations closed for over 11 weeks during the second lockdown and 14 Auckland stores closed for over two weeks.

On a pro-forma basis, the group's direct-to-consumer (DTC) sales offline and online declined by 18.5 percent on a same-store basis, as Rip Curl's 7.4 percent gain was not enough to overcome a drop of 35.4 percent for the Kathmandu brand.

Overall, the group's e-commerce represented 13.0 percent of DTC sales, compared with 8.9 percent last year.

Wholesale revenues were down by 11.5 percent, hampered by restrictions linked to the pandemic, including declines of 15.0 percent at Rip Curl and

3.8 percent at **Oboz**, the company's American brand of outdoor shoes.

Ebitda for the period is expected to be in the range of \$47 million to \$49 million, including government subsidies and the realization of cost synergies.

Looking ahead, the management said that it is expecting a strong moment for Rip Curl's DTC business in the Northern Hemisphere as the summer season approaches. Forward orders for the Rip Curl wholesale business are above pre-Covid-19 levels, encouraging early indications for future seasons.

Following the recent resignation of its CEO, **Xavier Simonet**, Kathmandu's board has initiated a search process for his replacement. Simonet continues to work through his six-month notice period. Kathmandu intends to release the full result for the half-year on March 23, 2021.

More about the group's outdoor operations in the *Outdoor Industry Compass*.

## Descente lowers full-year sales guidance

**Descente** saw its profits surge in the third fiscal quarter ended Dec. 31, 2021, with net income soaring by 172.8 percent to 4,828 million yen (€37.8m-\$45.7m). This was mainly due to extraordinary income of ¥7,535 million linked to the reorganization of its **Descente China Holding** joint venture with **Anta Sports Products** and **Itochu**. However, sales dropped by 28.2 percent from the year-ago quarter to ¥66,638 million (€522.2m-\$630.2m), despite a recovery in Japan. The company lowered its full-year revenue guidance as a result.

In the latest quarter, Descente's gross margin improved by 0.4 percentage points to 52.0 percent, and the operating margin grew by 1.9 percentage points to 3.7 percent.

The company indicated that its sales declined in all categories, mainly due to coronavirus-related restrictions and the cancellation or downsizing of various events and competitions. The

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group's sales declined the most in Japan and South Korea during the first nine months. Sales of the Descente brand grew in China, but were down in Japan and South Korea. **Arena**, **Le Coq Sportif** and **Umbro** struggled in all regions, but Le Coq and Umbro experienced growth in the third quarter in Japan and Korea, respectively.

The company said the importance of its business in South Korea and China increased in recent years, so it has divided its Asia segment into South Korea, China and Others, starting with the first quarter of the 2020 fiscal year.

In contrast, Descente has decided to eliminate all U.S. and European subsidiaries that were included in the Europe/Americas segment because the relative importance of the business in these regions has declined. These regions are now included in the Other segment, affecting comparisons with the previous financial year.

The group lowered its guidance for the present financial year because the outlook for the business impact of the Covid-19 remains uncertain. Sales are now expected to decline by 23 percent from the prior year, instead of a previously forecast decline of 19 percent. However, Descente continues to expect net income of ¥5,000 million (€39.2m-\$47.3m) for the year.

## A good year for Shimano

Despite restrictions across the world in response to Covid-19, interest in bicycles and fishing boosted demand for **Shimano's** products. The Japanese company's sales in 2020 were up by 4.1 percent from 2019 to 378,040 million yen (€2.98bn-\$3.61bn), while net income increased by 22.5 percent to ¥63,472 million (€501.2m-\$606.5m).

The gross margin inched up 1.8 percentage points to 40.5 percent and the company's operating income gained 21.6 percent to ¥82,701 million (€653.1m-\$790.3m).

In the bicycle components segment, Shimano's revenues rose by 2.7 percent to ¥297,777 million (€2.35bn-\$2.84bn) and operating earnings climbed by 18.4 percent to ¥68,494 million (€541.0m-\$654.5m).

The group said that the demand for bicycles began to rapidly increase all over the world from early spring, as cycling was widely adopted as a form of recreation and exercise, as well as a mode of transportation with a lower risk of infection. In addition, centering around Europe, subsidies to encourage the purchase of bicycles and policies to build infrastructures such as bike lanes have contributed to the cycling boom. Under such circumstances, retail sales of bicycles and related products recovered dramatically in overseas markets including Europe, North America and China. As supply could often not keep up with the rapid increase in demand, each country saw shortages in distributor inventories. In the Japanese market, although there were no evident signs of a big cycling boom, retail sales for cross bikes and e-bikes remained solid, Shimano said. The new **Deore MTB** components continued to do well.

The group's fishing tackle segment grew by 9.7 percent to ¥79,907 million (€631.0m-\$763.6m) and its operating income surged by 39.6 percent to ¥14,264 million (€112.6m-\$136.3m).

In a context of Covid restrictions, fishing regained attention as an outdoor leisure activity and demand for fishing products increased as a result. In Japan, in the fourth quarter, sales of mid-range and popularly priced products were especially good, supported by good weather. In North America, new products were well received. In Europe, although some regions were under lockdown due to another wave of infections, sales remained strong. The region's robust online sales of fishing tackle encouraged a diversification of sales channels. In Asia, sales in China remained robust as the nation recovered from Covid-19 rapidly. In Australia, where the fishing season began in the fourth quarter, sales remained favorable, reflecting

high demand for fishing tackle. The **Zodias** and **BB-X-Special** rods, as well as the **Vanford** and **Saragosa** spinning reels proved popular.

In the Others segment, Shimano's sales inched up by 0.8 percent to ¥356 million (€2.8m-\$3.4m). The operating loss in this segment narrowed to ¥57 million (€0.4m-\$0.5m) from ¥59 million.

In 2021, the management expects both sales and net earnings to grow by 20.5 percent. Group revenues are projected at ¥455,500 million (€3.59bn-\$4.35bn), generating net income of ¥76,500 (€604.2m-\$731.1m). It is forecasting revenues of ¥370 billion (€2.91bn-\$2.78bn) from bike components, with the first half coming in stronger than the second half, and ¥85 billion (€670m-\$640m) from fishing tackle.

## Rapala bounced back in its second half

The Finnish manufacturer of fishing lures had a difficult start in 2020, ending the first six months with a net loss of €3.8 million due to the impact of lockdowns. But in the second half, business conditions picked up for **Rapala VMC**, as fishing gained popularity as an activity that is compatible with social distancing guidelines. Sales progressed by 7 percent in the last six months of the year from the year-ago period to €144.2 million or 13 percent in constant currencies.

The management also attributed the rebound to a restructuring program initiated in October 2019. Key highlights were the ramp-down of Asian lure manufacturing operations and the establishment of a new centralized distribution center to Estonia, which enabled a continued decrease in the warehouse footprint and led to a more centralized and simplified operating model. The management believes that the renewed organizational structure and fewer management layers will make the company more growth-oriented and drastically increase decision-making speed.



Revenues generated by the company's own products gained 21 percent to €109.2 million in the second half, whereas the group's revenues from the sale of third-party products lost 21 percent to €35.0 million.

In the last six months of this year, the North American market saw revenues progress by 33 percent to €69.8 million in constant currencies. Sales recovered after restrictions were softened, and e-commerce grew strongly.

In the Nordic countries, Rapala's sales were down by 26 percent to €41.6 million in constant currencies. The termination of distribution operations for **Shimano** and certain other companies had a significant negative impact on the group's sales in the region. In addition, poor winter conditions at the beginning of 2020 reduced winter sports sales. Despite the overall sales decrease, sales of fishing products were robust.

In the rest of Europe, revenues inched up by 1 percent to €79.6 million on a constant-currency basis. The demand for the group's products was high, which converted to strong second-half sales, but the termination of Shimano's distribution in some countries kept revenues at the 2019 level. In the rest of the world, sales declined by 3 percent in constant currencies to €29.7 million.

Overall, the gross margin soared by 6.5 percentage points to 8.0 percent in the second half, and the company ended with a net profit of €7.2 million, compared with a loss of €3.4 million for the same period in 2019.

For the full year 2020, sales were down by 5 percent to €261.3 million, the gross margin contracted by 0.8 percentage points to 4.1 percent and net income fell by 17.1 percent to €7.2 million.

A positive highlight from 2020 was a high double-digit growth in e-commerce. The group's efforts to ramp down certain business areas with fast cuts in purchases and the implementation of "watchtowers" to monitor cash flow and account receivables contributed to a drop of €23.8 million in inven-

tories between December 2019 and December 2020. The year-end inventory level of €68.8 million was the lowest in more than a decade.

The group's key priorities in 2021 include the launch of the new **Okuma** rod and reel business in Europe. The exit of Shimano and the termination of certain other third-party products affect market visibility in 2021 for the region, but Rapala expects full-year comparable operating profit to be in line or above the previous year.

## Robust sales and earnings for Thule

The Swedish-based **Thule Group** saw its sales soar by 32.6 percent in the fourth quarter of 2020 to 1,605 million Swedish kronor (€159.3m-\$193.2m), and they were up 44.6 percent in constant currencies. Net income jumped to SEK 164 million (€16.3m-\$19.7m) from SEK 30 million for the fourth quarter of 2019.

The gross margin expanded by 1.8 percentage points to 40.0 percent, thanks to an advantageous product mix, over-absorption, lower material costs and efficiency improvements in the assembly plants. The underlying Ebit margin climbed by 9.1 percentage points to 15.0 percent, led by higher sales as well as by lower overheads compared with the same period last year.

The company achieved these better-than-expected results by riding the strong global bike trend that started in June.

In the Europe & Rest of World region, sales rose by 42.9 percent in constant currencies, with a positive trend in all European markets. Bike racks, bike trailers and child bike seats benefited in the quarter from a continued positive bike market, which gained a further boost from a mild autumn and winter. Sales of roof racks and **Tepui** rooftop tents were also healthy.

However, the closure of winter sports venues in the Alps depressed sales of

roof boxes and ski-racks slightly. On the other hand, accessories for RVs performed well in the fourth quarter, as many RV manufacturers ramped up production after significant challenges earlier in the year. Meanwhile, the bag category continued to be negatively affected due to reduced international travel. For the full 2020 financial year, net sales in this region declined by 23 percent in constant currencies.

In the Americas region, revenues improved by 48.0 percent in constant currencies in the fourth quarter and by 10 percent for the full year. A high level of demand for bike racks was the main growth driver, but other product categories also performed well.

Overall, Thule's sales rose by 11.2 percent in 2020 to SEK 7,828 million (€777.1m-\$942.7m), or by 13.1 percent in constant currencies. The gross margin progressed by 1.1 percentage points to 41.3 percent, and net income reached SEK 1,166 million (€115.8m-\$140.4m), versus SEK 883 million in 2019.

Looking ahead, Thule said that, in spite of considerable uncertainty regarding the scope of any pandemic-related lockdowns in many countries, it is convinced that the robust trend for outdoor and vacation activities closer to home will remain positive factors for its product categories.

## Except for diving, Johnson Outdoors sees good results in Q1

**Johnson Outdoors** delivered another strong quarter thanks to robust sales of fishing, camping and watercraft recreational products. The management said the pandemic has resulted in increased consumer interest and participation in the great outdoors, which created a high demand for outdoor products during the last half of the prior fiscal year. In the first fiscal 2021 quarter, customers looked to replenish inventory levels in anticipation of the warm-weather recreation season. As a result, the group's sales for the three months

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ended Jan. 1 was up by 29 percent from the year-ago quarter to \$165.7 million.

The group's gross margin expanded by 3.4 percentage points to 45.3 percent, on higher absorption of fixed costs due to increased sales volume and an improved product mix. Net income reached \$19.8 million, versus \$6.4 million in the previous year's first quarter.

Led by **Scubapro**, the diving segment, which the group is trying to strengthen, saw sales decline by 14 percent to \$14.1 million. This resulted in a \$0.3 million operating loss compared with a \$0.2 million profit last year. The management said travel restrictions limited accessibility to diving.

Revenues from the fishing segment soared by 28 percent to \$127.0 million, and its operating income reached \$27.7 million, compared with \$15.0 million for the year-ago quarter. There was continued demand for new and legacy technologies in **Minn Kota** and **Humminbird**.

The camping division, which includes the **Jetboil** and **Eureka** brands, saw sales jump by 62.3 percent to \$12.1 million. Here, the operating income was \$2.8 million, compared with \$66,000 for the same quarter last year.

Watercraft sales tripled to \$12.4 million and operating earnings reached \$1.1 million versus a loss of \$1.5 million last year.

Looking ahead, the management has not provided guidance. Still, it said it would continue to manage risks associated with current global supply chain pressures and related logistics constraints caused by the pandemic.

## Peloton jumps further, launches a \$1 billion bond

**Peloton Interactive** managed to quickly and easily complete a convertible bond offer generating gross proceeds of \$1.0 billion, including an over-allotment option for \$125.0 million that

was exercised faster than planned. Both amounts are higher than a previously announced offering of \$600 million, plus an over-allotment option of \$90 million. The net proceeds of the offering are estimated at about \$976.8 million. Peloton has used around \$81.3 million to pay the cost of "capped call transactions" with individual investors to protect them from a dilution of their shares after the notes are converted.

The senior unsecured obligations may be redeemed by Peloton between February 2024 and February 2026. Bondholders may convert them into shares from August 2025. They carry zero interest at the start and will not bear a fixed interest, which will be payable twice a year, but the success of the offering is a testimony to the attractiveness of the American connected fitness company, whose stock market capitalization has been growing strongly since October. It remains relatively high at around \$43.2 billion.

Most of the proceeds will be used for general corporate purposes including working capital, capital expenditures, investments and acquisitions of other companies, products or technologies. As previously reported, Peloton announced on Dec. 21 an agreement to buy Precor for \$420 million, but it has not yet reported its completion. The takeover would allow Peloton to access a U.S. manufacturing base.

In reporting its results for its second fiscal quarter, ended Dec. 31, Peloton said it plans to make additional investments in the near term to address its continuous delivery problems. In spite of an increased manufacturing capacity from its new Shin Ji factory in Taiwan, the company is still experiencing shipping bottlenecks and other coronavirus-related problems in its supply chain. In view of this, Peloton left its previous guidance for the full financial year unchanged. It calls for adjusted Ebitda of at least \$300 million on projected revenues of \$4,075 million.

In the latest quarter, Peloton booked adjusted Ebitda of \$116.9 million, representing a margin of 11.1 percent on sales, which jumped to \$1,064.8 million

from \$466.3 million in the year-earlier period. The gross margin shrunk by 3.8 percentage points to 35.3 percent because of higher shipping costs and price cuts on the original **Peloton Bike** to encourage customers to upgrade to a new premium model. The final result was a net profit of \$63.6 million for the period against a loss of \$55.4 million.

Sales of products generated 124 percent higher revenues of \$870.1 million in the quarter. Most of them came from stationary bikes, but the company new **Thread** treadmill had its first sales in the U.K. Revenues from subscriptions grew at a faster rate of 153 percent to \$194.7 million. The number of subscribers to Peloton's connected fitness program increased by 134 percent to 1.67 million. The number of digital subscriptions, which do not involve the purchase of a Peloton product, jumped by 472 percent to 625,000. The gross profitability on subscriptions continued to progress, expanding by 2.4 percentage points to 60.3 percent.

## GoPro's Q4 revenues miss estimates, but subscriber numbers soar

**GoPro** posted weaker-than-expected fourth-quarter revenue as Covid infections and tighter restrictions hit Christmas sales, but it remained upbeat over plans to become a subscription-based direct-to-consumer (DTC) operation.

The action camera maker reported revenues of \$358 million in the three months to Dec. 31, down 32 percent from a year earlier and short of expectations of \$374 million. The gross margin contracted by 0.2 percentage points to 38.3 percent in the fourth quarter of 2020, but operating costs were reduced by 28 percent. Quarterly net income fell by 54 percent to \$44 million.

Full-year revenues dropped by 25 percent to \$892 million, and net annual losses widened by 356 percent to \$66.7 million.

Average selling prices went up by 14 percent in the quarter. Cameras retailing above \$300 represented 91 percent and 89 percent of revenues in the fourth quarter and for all of 2020, respectively.

However, the company's CEO, **Nicholas Woodman**, said the growth in annual subscriber numbers to *GoPro.com* had beaten forecasts, up 145 percent to 761,000 from 311,000 against a target of 600,000 to 700,000. "Subscriber growth and retention have been impressive in all regions. Importantly, the majority of both new and total subscribers have signed up directly through *GoPro.com*, a significantly lower-cost customer-acquisition channel," he said. "GoPro's shift to a more subscription-centric consumer-direct model is resulting in a simpler, more profitable business with materially better cash generation."

The company generated more than \$200 million in cash flow in the second half of the year and reported a year-end cash balance of \$328 million.

GoPro is investing heavily in its phone app, combined with an annual subscription that gives members access to unlimited cloud storage, discounts and other offers. Woodman said GoPro would add new features and enable users of smartphones and other types of cameras to access the app, via a \$9.99 annual subscription, later in the first quarter of 2021. "GoPro subscribers will enjoy full access to the expanded GoPro app as part of their existing \$49.99 annual subscription, adding further value and retention," he said.

Woodman added that direct online camera sales grew to 33 percent of revenues in the fourth quarter, up from 12 percent in the fourth quarter of 2019. *GoPro.com*'s annual revenue doubled to \$283 million. On the other hand, both the retail and the wholesale channels were weak in Europe and the Asia-Pacific region because of pandemic-related restrictions, partially offset by strength in North America.

The management forecasts that direct-to-consumer sales will double this

year. The number of subscribers is expected to grow to one million in the second quarter and to two million by the end of 2021.

It estimates that the company will generate some \$50 million in annual recurring revenues for every one million GoPro subscribers, generating 50 percent or better operating margins. "The steps we've taken to improve our business during the pandemic should serve us very well when the world begins to recover in earnest – but as a business, fortunately, we don't have to wait for that to happen," said Woodman.

## Garmin's fitness and outdoor sales surge

Robust demand for advanced wearables and cycling products helped **Garmin** to post record results for the fourth quarter of 2020. The Swiss-based company, which also makes equipment for the aviation and automotive industries, reported that its total sales rose by 23 percent to \$1,351 million for the 13 weeks to Dec. 26, led by the fitness and outdoor segments.

The gross margin inched up by 0.5 percentage points to 58.5 percent, while the operating margin gained 2.4 percentage points to 28.6 percent.

Sales at the Fitness division rose by 26 percent to \$470.8 million, driven by strong demand for advanced wearables and cycling products, which led the operating income in the segment to rise by 75 percent to \$128.8 million. During the quarter, the company launched the **Tacx Boost**, an indoor trainer that features a magnetic brake and manual resistance control for cyclists.

Revenues from the outdoor segment jumped by 40 percent to \$411.9 million, led by strong demand for adventure watches, while the operating income climbed by 55 percent to \$179.0 million. During the quarter, the group launched the **Mk2i** dive watch and **T1** tank transmitter, adding air integration to its line-up of dive electronics.

Elsewhere, revenues rose by 48 percent to \$171.5 million in the Marine segment and by 11 percent to \$140.1 million in the Auto segment, but fell by 19 percent to \$156.9 million in the Aviation segment.

Total operating expenses in the fourth quarter were \$420 million, a 16 percent increase over the prior year, due to engineering personnel costs and other expenses related to R&D programs. Net income declined by 7.5 percent to \$333.5 million, partly due also to a tax switch from a \$73.4 million gain to a \$57.9 million expense.

For the full year, Garmin's sales were up by 11 percent to \$4,186 million, led by growth of 26 percent in fitness, where revenues reached a level of \$1,317 million, and 23 percent in outdoor, which generated revenues of \$1,128 million. The group's gross margin inched down by 0.2 percentage points to 59.3 percent, while the operating margin remained flat at 25.2 percent. Net income improved by 4.2 percent to \$992.3 million.

For 2021, the group expects full-year revenues to go up by about 10 percent to \$4.6 billion with growth in all segments. The gross margin is forecast at 59.2 percent, while the operating margin may decline to 23.5 percent.

## New Balance will sponsor AS Roma, Castore in talks with Lazio and Napoli

After months of speculations about who would replace **Nike** as the kit supplier of **AS Roma**, the Italian football club has finally confirmed **New Balance** as its new sponsor, starting in July. The three-year deal between the Rome-based club and New Balance will start in the 2021/22 season, and will make Roma the first club in Italy's **Serie A** to wear New Balance apparel. Roma and Nike prematurely terminated their ten-year contract in July 2020, as previously reported in *SGI Europe*.

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According to the Italian media, Nike was paying about €5 million a year to sponsor Roma. The contract with New Balance reportedly calls for the club to get a fixed amount of between €3 million and €4 million annually, plus 40 percent of the revenues from merchandising. Comparatively, Nike pays €10 million a year to sponsor **Inter Milan** and **Puma** pays €15 million a year for **AC Milan**, but **Adidas** tops everybody with a contract worth €51 million a year to kit out **Juventus**. The Turin club has been generally at the top of the rankings in Italy, but it is currently trailing those three other clubs.

Reportedly, New Balance beat out **Castore** in the competition for AS Roma. According to *Calcio e Finanza*, Castore might soon replace **Macron** as the sponsor of the other major Roman football club, **S. S. Lazio**, whose contract is set to expire in 2022.

Lazio may not be the only Italian club in discussions with Castore, a fast-growing British team sports brand with high ambitions. According to another report by *SportsPro*, Castore is also in talks with another Italian Serie club, **S.S.C. Napoli**, although, *SportsPro* explains, the English sportswear brand is only planning to secure one of the two deals. The Neapolitan club's jerseys are currently provided by **Kappa**.

## Lululemon establishes a Global Wellbeing Index

**Lululemon** has released its first **Global Wellbeing Report**, a survey that benchmarks the state of wellbeing worldwide with an inaugural **Global Wellbeing Index**. Lululemon commissioned an online survey managed by **Edelman Data & Intelligence**. The survey was conducted between Nov. 13 and Dec. 1, 2020 in ten countries, including Canada, the U.S., Australia, the U.K., France, Germany, Singapore, South Korea, China and Japan. It involved 10,000 respondents in total, aged 18+, with 1,000 respondents per country.

The survey found that on a spectrum of weak to strong wellbeing, the Global Wellbeing Index currently sits at

65, which indicates a moderate level of feeling well. The index is based on how people around the world rate the way they feel across the physical, mental, and social dimensions of wellbeing, which combinedly make up the core of being well. Despite a moderate Index average, less than a third (29%) of global respondents indicated strong wellbeing across all three dimensions. Furthermore, only 15 percent said they consider themselves in good physical health, and only 17 percent feel they are able to manage stress effectively.

Generation Z, the demographic cohort succeeding Millennials, has the lowest level of wellbeing among the various generations. Based on the survey, more members of Gen Z (92%) than any other generation report facing barriers that impact their wellbeing, including stress and a lack of time, money, knowledge and resources. One in four Gen Zs are deeply affected by issues like Covid-19 and racial injustice, creating a barrier to mental wellbeing.

The study also indicates that employers should do more to support wellbeing. Among respondents, only 15 percent of those employed said they strongly agreed that their employers offer resources that support their overall wellbeing. A close connection emerged between a positive work environment and optimism for the future.

On a happier note, the study shows that a holistic approach and proactive mindset catalyze stronger wellbeing and optimism. People who are coping very well during the unprecedented times of the pandemic are focused on simple activities to support their wellbeing. These actions include: getting enough sleep, eating healthy food, connecting with people they care about, being physically active and spending time outdoors.

China showed the highest level of globally, with an index of 79. France took the second spot at 67, followed by Singapore at 66, the U.S., Canada and Australia at 65, Germany at 63, the U.K. and South Korea at 62, and last in

the ten-country lot, Japan with a total wellbeing index of 60.

## VF wants more "equity" in its labor policy

In line with its Council to Advance Racial Equity (CARE) and Inclusion, Diversity, Equity and Action (IDEA) initiative, **VF Corp.** is implementing a number of new measures in its labor policy. "All VF employees will participate in a foundational inclusion and diversity learning journey to ensure they share a common vocabulary and commitment to establishing a culture of belonging, allyship and advocacy," says the group. Executives will hold "quarterly listening and learning sessions as a component of their people strategies."

Setting an important target for 2030, VF says it wants to achieve by then "25 percent Black, Indigenous and People of Color (BIPOC) representation" among executives with a rank of director or above. To this end it has arranged a masterclass and apprenticeship program with the Pensole design academy to "introduce Black and Brown students" to such VF brands as **Timberland**, **The North Face** and **Vans**.

For general recruitment, VF will be borrowing from the legal profession, applying a modified Mansfield Rule under which initial candidate slates for promotions or hires will contain "at least 50 percent diverse candidates (defined as women, BIPOC, LGBTQ+ individuals and individuals with disabilities)."

VF pledges to have eliminated by 2024 "any identified pay gaps for employees, sponsored athletes and influencers." The company will also "cascade IDEA goals to all people managers" and tie the bonuses of directors to the implementation of the related goals. It will have doubled its procurement from "minority- and women-owned" suppliers by 2025.

One tenth of VF's annual grant funding in the U.S. will go toward "community initiatives that advance VF's racial equity strategy." VF's vice presidents will spend three hours per quarter "men-



toring BIPOC employees” and helping to formulate “advancement plans for high-potential BIPOC employees.”

With **Management Leadership for Tomorrow (MLT)**, a non-profit organization in the U.S., VF is launching **Black Equity at Work**, a program to certify corporate standards.

## VF Corp. wants to eliminate single-use plastic packaging by 2025

**VF Corp.** has announced new sustainable packaging goals, defined as “a critical component of VF’s global sustainability strategy” for its large portfolio of brands, which includes **The North Face, Vans, Timberland, icebreaker** and **Eastpak**, among others.

The new targets revolve around the following four pillars : 1) Eliminate all single-use plastic packaging by 2025, while all remaining packaging will be reduced, sourced from sustainable sources and designed for re-use or recycling; 2) All single-use plastics in product packaging will be 100 percent recycled or with biobased content, or a combination of the two by 2023; 3) All paper-based packaging will have at least 80 percent recycled content, or third-party certified virgin content, or a combination of the two by 2023; and 4) VF will commit to leadership in key industry coalitions and policy initiatives to build circular packaging infrastructures that will help enable its 2025 pledge.

To support its new initiatives and commitment in the area of sustainable packaging, VF has also subscribed to additional complementary guidelines and sustainability goals. By 2023, all single-use, non-essential plastics for which there is a viable product alternative will be eliminated from VF’s offices, including both its direct operations and company-sponsored events. All VF-owned distribution centers will have zero-waste by April 1, 2021.

VF’s icebreaker brand plans to be plastic-free by 2023. The Timberland

brand will work towards zero waste by designing 100 percent of its products for circularity, as part of the brand’s vision to have a net positive impact for its products by 2030. More broadly, VF seeks to implement sustainability best practices in its internal and external sponsored events. The company is also committed to working with retailers and industry peers to support the development of collection platforms and recycling technologies.

VF notes that it is a long-standing participant of the **Pack4Good** initiative, launched in October 2019 by **Canopy** to transform the packaging supply chain. More than 100 brands with more than \$70 billion in annual revenues are currently involved in the program from the fashion, beauty, and personal care sector, the telecommunication industry and other sectors. As a participant in the Pack4Good initiative, VF commits that its paper packaging does not contain materials from ancient and endangered forests or other controversial sources, and that it reduces the overall consumption of forest fiber.

## Messe München hails ISPO Munich Online as a success

**Messe München** says that its first all-digital **ISPO Munich Online** trade show was a “success” shared with the industry, thanks to its commitment to the world’s leading event in the sporting goods sector. We’ll soon ask our readers for some comments. Anyhow, the show’s virtual Expo Area, which featured 545 exhibitors, which was more than expected. Together with its complementary program of 150 conferences and workshops, the event clocked in a total of 31,575 trade visitors from 110 countries.

After Germany, the biggest rates of participation came, in order, from Italy, the U.K., Austria, Japan and China. In addition, for the first time, “public streams” of events and videos held in the evening were logged into by some 22,000 people. All publicly broadcast contents, including the public streams

and the **ISPO Award** presentations, can be accessed via YouTube.

ISPO Munich Online ran from Feb. 1 through Feb. 5. All conference presentations and workshops will gradually be made available online to holders of conference tickets. The digital “brandrooms” will remain open until March 26, provided the visitor is accredited.

As previously reported, **ISPO Beijing** had to be cancelled because of local coronavirus-related restrictions. The next event on the ISPO platform will be **ISPO Shanghai** on July 2-4. If everything goes well, it will be followed on July 6-8 by a hybrid offline and online version of **OutDoor by ISPO** in Munich, which is being described as a “Global Summit Edition.” It will include standardized physical displays and a broad conference program. A full back-up plan is in place if the Covid-19 situation gets worse.

## ...but the organizer lost a lot of money last year

Meanwhile, **Messe München** reports that its turnover fell last year to €94 million, 70 percent below its target, as the company had to cancel more than 20 scheduled events. They were partially replaced by 14 virtual events. To help compensate for the losses, the company reacted with a cut of 30 percent in material costs and the layoff of around 170 employees. This came after **Messe München** had become the fifth-largest organizer of trade shows in the world.

**Klaus Dittrich**, chairman and CEO of the company, said that the coronavirus pandemic has accelerated its pioneering efforts in digitalization. “Our business model centers on connecting people. We no longer see ourselves only as lessors of hall space, but as managers of platforms – in physical form at a trade fair or in digital form, 365 days a year,” he said, likening the process to the evolution of the smartphone into a tool to take pictures, listen to music, watch TV, navigate the internet, play games and monitor your health.

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## News Briefs & Short Stops

### Corporate

**Asics Ventures Corp.**, the investment subsidiary of **Asics Corp.**, has invested in **Dreamstock**, the operator of a soccer scouting platform that matches football players with clubs. Dreamstock, based in Tokyo, was founded in July 2017. The digital company supports the youth generation (ages 14-18) by providing matching services with professional football clubs, mainly in Brazil and Europe. Young players can upload their profile via Dreamstock's smartphone application. The company has expanded the number of its users throughout the world, mainly via social networking. It now has users in 55 countries, with more than 190,000 players and 50 partner clubs registered.

**Babolat**, the leading French racquet sports producer, has announced an interesting collaboration with **HumanFab**, a French company specializing in the application of human engineering to sports performance, to jointly explore racquet sports dynamics. The collaboration will start this year with the construction of a dedicated, 2,500-square-meter **Racquet Sports Laboratory** in Aix en Provence, where HumanFab has one of its two centers. The idea is to deepen the scientific knowledge of the tennis, padel tennis and badminton player in order to ensure that the racquet is perfectly adapted to the player, irrespective of age or experience, in order to optimize his or her performance. The partners in the project will use an innovative approach that combines the development of the product with research on sports training and sports medicine.

The cycling boom has led **Decathlon**, which is a major player in the sector with its private-label lines, to boost its manufacturing capacity in Europe. While expanding the production in France and Portugal, it is working with a partner in Romania, the **Sport Mechanical Workshop**, on the establishment of a new factory near Timisoara. With a capacity to make 1.5 million units per year, the plant is said to be the largest of the kind in Europe. Six months from now, it should be able to start making bikes for Decathlon under its **Btwin**, **Rockrider** and **Triban** brand names. A spokesman for the French-based retail giant declined to give any figures about its bike business, but said it is still "a world challenger" in the sector. He pointed out that it is following a "local to local" philosophy of developing and producing bikes as close as possible to the places where they are sold. Such a philosophy has probably prevented Decathlon from running into any severe delivery problems from the Far East like those being suffered by **Rose Bikes** of Germany, which cannot honor certain orders until six months from now (see the related article **EDM Publications' The Outdoor Industry Compass**).

**Frasers Group**, the parent company of **Sports Direct**, has sold its entire 24.93 percent interest in **French Connection**, a British fashion company in which it started to invest in 2017, when the share price was higher than it is

now. The shares were probably worth less than \$4 million (€4.5m-\$5.5m) at the time of their divestiture. The group apparently took advantage of a sudden spurt in the share price of French Connection, prompted by a rumor that the company had been approached by two potential investors. The group headed up by **Mike Ashley** recently accumulated substantial minority holdings in two other fashion companies; **Mulberry** and **Hugo Boss**. Its Sports Direct stores have been selling some of French Connection's products.

**Kinnevik**, the Swedish investment fund that has been supporting **Zalando** since 2010, helping it to go public in 2014, has decided to transfer its 21 percent interest in the big German-based e-tailer to its own shareholders, provided they approve the move at Kinnevik's annual meeting on April 29. The Swedish fund said that it prefers to concentrate on start-ups with a high potential. Zalando's executive board is supporting the action of Kinnevik, noting that it is now four times bigger than at the time of the IPO. Kinnevik already reduced its stake in Zalando from 26 percent last June, taking advantage of an increase in the e-tailer's share price. Its stock price continued to grow recently, reaching a 52-week high of €102.90 just before Kinnevik's announcement. It subsequently dropped slightly, and it stands now at around €97.58, which gives Zalando a market capitalization of €24.9 billion.

Completing its review of **VF Corp.**'s credit rating following its December acquisition of **Supreme**, **Moody's** kept the company's rating stable but lowered its senior unsecured debt and shelf ratings slightly. It confirmed its P-2 short-term commercial paper rating. Moody's noted that VF's financial leverage will remain high, predicting that its debt/Ebitda ratio will go down to about 3.5 times over the next 12 to 18 months as a result of the \$2.1 billion takeover, while remaining above a prior threshold of 2.0 times. It assigned a Baa1 rating to VF's unsecured debt, considering that Supreme will complement its core brands in a way that will accelerate the group's consumer-driven, retail-centric and hyper-digital transformation. Another rating agency, **Standard & Poor's**, had previously downgraded VF's unsecured debt rating as well as its issuer credit rating because of Supreme's takeover.

**Nike** has acquired **Datalogue**, a high-tech company founded in 2016 that operates out of New York City. Datalogue has built a proprietary machine-learning platform to siphon information from apps, supply-chain systems, enterprise data and so forth. According to **John Donahoe**, Nike's president and CEO, the acquisition will help Nike "transform raw data into actionable insights in real-time and across the enterprise." Datalogue's staff will be folded into Nike's Global Technology group. The conditions for the acquisition have not been revealed, but according to **Crunchbase**, Datalogue raised \$2.75 million in two rounds of funding. Nike has been investing in high-tech firms at least since 2016, when it bought **Virgin Mega**, a digital de-

sign studio that develops gamified shopping apps. It took over shortly afterwards a data analytics company, **Zodiac**, and then **Invertex**, which has developed proprietary body scanning technology for fitting shoes and clothing. The Swoosh bought two other firms in 2019: **Celect**, which uses artificial intelligence to optimize inventory allocations, and **TraceMe**, the developer of a sports prediction app.

**Patrick Lepeudry**, co-founder of **Skiset**, the French-based ski rental company, sustained severe injuries in a helicopter crash in Courchevel, a ski resort town in the French Alps, in the afternoon of Feb. 9. The accident occurred between the Rosière lake and the Dent du Villard mountain at an altitude of 1,900 meters, the prefecture said in a statement. Two holidaymakers died in the crash and two more passengers were injured. The civilian Bell 206B JetRanger III helicopter, built in 1988, reportedly belongs to Lepeudry, who was also piloting it. Lepeudry, polytraumatized, was transported to a hospital in Grenoble. His vital prognosis was no longer engaged by the early evening. Lepeudry is also the president of **Courchevel Commerces**.

**Rossignol** has sold many of the bike frame manufacturing assets of **Time Sport International** to **Cardinal Cycling Group** of Little Rock, Arkansas. Rossignol had originally planned to make the sale to **WhaTTfornow**, but this French e-bike producer pulled out of the deal for lack of funds. Cardinal has entrusted the sale of Time's products to **Alternativsport**, a French e-tailer that carries a dozen other cycling brands, among them **QM**, **Chimpanzee**, **Rotor**, **Profile Design**, **Cyclinc ceramic** and **Cébé**. Rossignol has retained Time's business in bike pedals and cycling shoes for the moment, but according to *sport-guide.com*, it is expected to report further on this point within days.

The *New York Times* (*NYT*) reported on Feb. 2 that **KPS Capital Partners** has hired **Morgan Stanley** to run a sale of **TaylorMade Golf**. Spokespeople for KPS and Morgan Stanley declined to comment and TaylorMade was unavailable for comment, the *NYT* reports. KPS, an investment company with headquarters in New York, acquired TaylorMade in 2017 from the **Adidas Group** for \$425 million. According to the *NYT*, which does not list any potential buyers, the deal could now value the golf equipment company at more than \$2 billion, boosted by a boom in the golf market during the coronavirus pandemic. Data from **Golf DataTech** earlier this year showed that the total number of rounds of golf played in the U.S. in 2020 was up by 13.9 percent as compared to 2019, primarily due to golfers seeking recreational opportunities during the pandemic, the analytics firm said. TaylorMade, which is based in Carlsbad, California, has a strong portfolio of sponsored golf professionals that includes **Tiger Woods**, **Dustin Johnson** and **Rory McIlroy**, among others.

**Xtep International** has plans to establish a new operation center in Shanghai. According to a report in *Sportstextiles.com*, the Chinese sportswear group has entered into an agreement with a property company to acquire a site covering around 11,000 sqm close to Hongqiao Airport. Xtep

will use the new site for offices and showrooms. The new site is also supposed to help Xtep increase brand awareness and achieve a genuinely global status, the company said. **Xtep International Holdings** is a public company based in Hong Kong and listed on the Hong Kong Stock Exchange. In addition to its signature brand Xtep, the group's brand portfolio includes **K-Swiss** and **Palladium**. The group also has an agreement with **Wolverine Worldwide** for the **Merrell** and **Saucony** brands in China.

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#### Executive Changes

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Here is another **Nike** executive who is going to work for another company. **PepsiCo** has hired **Kalen Thornton** as chief marketing officer for **Gatorade**, the group's sports drink brand. Thornton has worked for Nike for ten years, serving most recently as vice president of men's brand management for North America. He takes the place of **Andrew Hartshorn**, who has moved to **Danone**.

**Hilary Hartley** has been named president of **Thule Group's** Americas business area, which recently recovered after performing less well than Europe and the rest of the world for a while. He will join the Swedish company's global corporate leadership team, reporting to its CEO and president, **Magnus Welanders**. At the end of April, he will take the place of **Fred Clark**, who announced last autumn his decision to retire. Hartley brings more than 25 years of global management experience in the lifestyle, outdoor and sports industries. Most recently, he was president for North America at **Victorinox Swiss Army**. Prior to that, he held senior positions at **Oakley North America**, where he led significant growth across all distribution channels, and commercial leadership positions at **Rossignol** for North America and other markets. In his new role at Thule, he will lead the sales, marketing, finance, business development and go-to-market approach for the North and Latin American markets in order to play a key role in improving sales and go-to-market strategies.

**Jan Van Mossevelde** is **VF Corp's** new global president for the **Icebreaker** brand. Succeeding **Greg Smith**, who has resigned, Van Mossevelde will be working out of the brand's international head office in Auckland, New Zealand, while reporting to **Martino Scabbia Guerrini**, president of the EMEA region. The new position is a promotion for Van Mossevelde, who has been Icebreaker EMEA's vice president and general manager since 2019. VF hired him in 2015 to be general manager of global brand management and demand creation, posting him in North Carolina. He has been president of strategy at VF EMEA since October 2017, based in Switzerland. Before joining VF, Van Mossevelde spent almost 15 years working in Europe and the U.S. for **Procter & Gamble**, mostly in brand management and marketing.

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#### DTC & E-Commerce

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**Fila** is entering the German marketplace business through **Heyconnect**, a start-up in Hamburg that helps brands es-



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establish an online presence. Heyconnect will be serving as the sports brand's hub for the marketplace business, logistics, partner management and brand development in the country. Fila's German foray is beginning with the e-tail platforms of **About You**, **Görtz**, **Otto**, **Mirapodo**, **Schuhe24.de**, **SportScheck**, **Van Graaf** and **Zalando**. **Fiege Logistik**, headquartered in Greven, acquired a stake in Heyconnect last year.

**Nike** has opened a concept store, called "Nike by Haussmann," on the third floor of the **Citadium** lifestyle-oriented department store at 50-56 rue Caumartin, near Boulevard Haussmann in central Paris. The 615-square-meter mono-brand store occupies the totality of the floor space. Although it offers both men's and women's products from the American brand, it has mainly been designed for the female consumer. It features, for example, the **Nike Bra Fit** service, a technology that uses in-house-developed machine learning and artificial intelligence to customize a consumer's sports bra.

**EDM Publications**, publisher of *SGI Europe*, made a presentation during **ISPO Munich Online** on a report that shows the digital performance of 60 leading sports brands in Germany, ranking it on the basis of 100+ metrics. One of the conclusions of the study, which was carried out by EDM in collaboration with **LINK**, is that most brands have a professional website but have problems with its usability, said the author of the study, **Stefan Reiser**, mentioning several examples such as repetitive messages and an extremely high quantity of products on display. Some of the signals and messages given through the websites are unclear or misleading. As the feedback from the brands has been very good, EDM and LINK are considering doing similar research in other countries as well. The project, which was carried out between November and January, included a survey of 3,000 consumers in Germany. The study is sponsored by **Occtoo**, an experienced data platform that helps digital officers and marketers to create relevant customer experiences. The study is sponsored by **Occtoo**, an experienced data platform that helps digital officers and marketers to create relevant customer experiences. It can be ordered through the homepage of *SGI Europe*. Another report on a similar topic, also available from our website, shows how **Nike** became a digital-first brand.

**Oberalp**, the exclusive distributor of **Under Armour** in Italy, has opened a second Under Armour Brand House in Rome, this time in the very heart of the city, at 175 Via del Tritone. It measures almost 400 square meters. An older store is located in the Romaest shopping center. With the new opening, the number of Under Armour stores in the country has risen to a total of 11, including five factory outlets.

+++ **Swix** has opened its first U.S. concept store, featuring also the **Lundhags** and **Ulvang** brands owned by its parent company, at the Mount Van Hoevenberg Ski Stadium in Lake Placid, New York +++ **Thule** will be opening its first store in North America in the summer,

occupying a 1,500-square-foot space at Market Station in downtown Denver +++

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### Distribution

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**Schanner Eishockeyartikel**, the German specialist in ice hockey and ice skating, is taking over the distribution of **Fila** skates in its home market. Produced by its Italian licensee, **MGM**, the Fila line of skates includes a strong business in inline skates, protected by several patents, as well as ice skates, quads and related accessories. Schanner claims to be Europe's largest distributor of ice hockey and ice skating products. It sells some 7,000 items by twelve brands in Germany, Austria, Italy and Slovenia. The brand portfolio includes **Bauer**, **Hyper Wheels**, **Mission**, **Tempish** and **Head** branded skates, among others.

**Slinger Bag** is entering yet another country, Israel, which boasts about 100,000 tennis players and 500 clubs. The producer of the combination ball launcher/carrier has made a slew of distribution deals over the past few months, covering Australia, France, Germany, Spain, India, Japan, the U.K., Ireland, Switzerland, Russia, Scandinavia and other parts of the world. This time the distribution deal is with the Israeli e-tailer/retailer **Pure Tennis**.

**Slinger Bag** has signed a five-year distribution deal for Russia with **Neva Sport**, which handles the distribution for **Babolat** in the country as well. Slinger Bag will be launching its product in the country on April 1. As we have reported over the past few months, Slinger Bag has been signing similar deals to cover parts of Europe, North Africa, Latin America, the area around the Persian Gulf, the Asian subcontinent and the Far East – all after an initial launch last spring. A story last December pegged the company's value on the **OTCQB Venture Market** at \$24.2 million. It has since risen to \$92.7 million.

+++ The merchandise and training programs of the **Rafa Nadal Academy by Movistar**, **Rafael Nadal's** brainchild, based in Manacor (Mallorca), can now be purchased on **Amazon** following a new agreement between the two parties +++ **Redipro** will handle the distribution of **Everlast** in Spain and Andorra +++

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### Trade & Sourcing

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An Argentinian manufacturer of sports shoes, **Bicontinental Footwear Technologies**, will be re-starting an old factory in Chivilcoy, a city in the province of Buenos Aires. Its production first began in 2006 under the ownership of a Brazilian company, **Paquetá**, which manufactured shoes for **Adidas**. Argentina's footwear production began to decline in 2015, as the country opened up its import market, and the factory was shuttered in late 2018. Bicontinental has acquired the rights to **Perchet Argentina**, Paquetá's Argentine subsidiary, and plans to begin production for major brands in April. The re-start should generate about 600 jobs by the end of 2022. For the moment, however,



according to **Gustavo Fernández**, CEO of Bicontinental, the project will begin with a staff of 150 to 200, drawn preferably from the local population, and build up to 300 or 400 by the end of this year.

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### Results & Statistics

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A recent report by **Nielsen**, titled *The Changing Value of Sponsorship : 2021 Sports Marketing Trends*, suggests that the sponsor media value generated by athlete advocacy posts on social media could reach \$1.2 billion by 2023. According to the study, 95 percent of the athletes who have more than five million followers used their digital platforms to support a social cause last year and collectively generated around \$314 million in media value in 2020, an increase of 80 percent as compared to 2019. This figure is expected to quadruple by 2023, Nielsen forecasts. In addition to the growing popularity of athletes as influencers, the analytics firm cited other global sports marketing trends for 2021 including new sponsorship entrants, new channels and new fan necessities. Among the other findings, the report indicates that virtual and physical sports events are somehow merging in the consumer's mind. Data showed that 53 percent of fans are now more likely to consider brands that improve the way sports can be viewed at home. The report was compiled based on thousands of client conversations and **Nielsen Sports** data analysis, the company said.

**Goldwin** is projecting decreases of 10.1 percent in sales and 28.5 percent in operating profit for the financial year ending on March 31. In the nine months through Dec. 31, 2020, its net sales declined by 8.7 percent to 69.2 billion yen (€540m-\$660m), leading to a 16.2 percent drop in operating profit to ¥13.6 billion (€110m-\$130m). Attributable earnings fell by 19.4 percent to ¥9,236,000 (€7.25m-\$8.79m), but the Japanese group still ended the nine-month period with an equity ratio of 51.1 percent.

**Sports Marketing Surveys (SMS)** reports that somehow in the age of Covid-19 and despite the course closures in November, rounds of golf played in the U.K. during the fourth quarter of 2020 were up year-on-year by 41 percent. They were already up in the third quarter by 59 percent. The growth figure for 2020 as a whole is 12 percent. "None of this has happened by accident," says **Richard Payne**, director of SMS. The "golf courses and governing bodies have worked to generate these results." The **All Party Parliamentary Group For Golf (APPGG)**, for instance, has been lobbying chief medical officers throughout the country, presenting epidemiological evidence that golf is safe to play during the pandemic. On the other hand, travel restrictions prompted by the pandemic may have discouraged British players to go to Spain and other warmer locations to play golf, in our opinion. SMS has been operating the **Rounds Played Monitor** in the U.K. for about 20 years.

The coronavirus pandemic led **Forum Sport**, one of Spain's major sporting goods retail chains, to book a 14 percent

decline in gross revenues in 2020. They went down to €130.1 million, but the group's online sales jumped by 80 percent, making up 24 percent of the total turnover. The company, which belongs to the **Eroski** group, plans to open two more Forum Sport stores as well as two to four new stores under its sports fashion banner, **Dooers**. It also plans to use the e-commerce platforms of these two banners to internationalize the business, according to **CMDsport**, starting with neighboring countries. Dooers is revamping its website this month. The company ended the year with 68 physical stores – 50 operating as Forum Sport and 18 as Dooers.

A recent study, led by the **Liverpool School of Tropical Medicine**, suggests that sports equipment is unlikely to be a major cause of virus transmission. For the purposes of the **Strike study**, the researchers applied a dose of coronavirus to different types of sporting equipment, including red and white cricket balls, cricket gloves, golf balls, footballs, rugby balls, tennis balls, horse saddles and gym mats. The study found that there is an exponential reduction in Covid-19 virus recoverable from a range of sports equipment after only a short period of time, and that its transmission requires a significant inoculum to be transferred from equipment to the mucous membranes of another individual. The study also found that the virus was more transferable on non-porous equipment, like rugby balls or racing saddles, as compared to absorbent materials like tennis balls, cricket balls or cricket gloves, from which it is less transferable. The researchers concluded that, considering the rapid loss of viral load, it seems "unlikely" that any sports hardware is a major cause for Covid-19 transmission. Therefore, they suggest that infection control measures in sports should be better directed at areas other than reducing the sharing of sports equipment. On the other hand, they encourage sports equipment manufacturers to consider using materials that absorb or retain a virus as a way of reducing viral transmission from sports equipment. The study, posted online as a pre-print version earlier this month, is awaiting peer review.

**StockX** has released a report on the resale market's evolution since the company's founding, in February 2016. Men's sneakers continue to dominate resales, but the resale of women's sneakers has been growing at a faster rate, having multiplied by a factor of 1,500 since the start. StockX says it now sells in four hours what it sold over the entirety of 2016. Last year more than 250,000 pairs of women's **Jordans** – notably the **Jordan 1 Retro High Satin Snake Chicago**, **Jordan 1 Mid SE Multi-Color** and **Jordan 1 Retro High Lucky Green** – sold worldwide, for a 120 percent increase from 2019. In the overall sneaker resale market, StockX market share has risen by 800 percent for the **Nike Air Max** but fallen by 80 percent for the **Adidas Ultraboost**. The average resale price for the **Yeezy 350** has fallen by nearly 50 percent, from \$611 to \$330. The most common "attempted" counterfeit models in 2016 were the **Adidas Yeezy Boost 350 V2 Beluga**, the **Jordan 1 Retro Bred "Banned"** and the **Jordan 11 Retro Space Jam**. In 2020

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they were the **Jordan 1 Retro High Off-White Chicago**, the **Jordan 1 Retro High Travis Scott** and the **Jordan 4 Retro Off-White Sail**, this last being a women's sneaker. StockX currently lists about 900,000 lifetime sellers, 120,000 product listings and 500 brands. In 2016 it topped out at 6,000 products by 17 brands.

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### Legal & Institutional

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**Tecnica Group** has won a second court verdict in Italy to protect the intellectual property rights behind its **Moon Boot**, and it is now planning to carry the fight to other countries as well, starting with Germany and Italy. The Milan Tribunal ruled on Jan. 25 that the unique design of the after-ski boot invented by **Giancarlo Zanatta** in 1969 is an industrial artwork, meaning that nobody can manufacture, promote or sell – online or offline – an unauthorized model that imitates the main features of the Moon Boot. The Italian group had already obtained a favorable court judgement in 2016.

The 16th Conference of Ministers responsible for Sport of the Council of Europe has adopted two resolutions. The first one, titled “A European approach to sport policies: the revision of the European Sports Charter,” is meant to “facilitate access to sports for all layers of society,” largely through investments in infrastructure. It also encourages member states to “develop national sports strategies” and “exchange best practices.” The second resolution, titled “Human rights in sport,” addresses “safety, security and service at sports events” as well as doping and the “manipulation of sports competitions.” The conference was organized through the Council of Europe's Enlarged Partial Agreement on Sport (EPAS). At present, Greece holds the chairmanship of the Committee of Ministers, and the session was accordingly chaired by **Lefteris Avgenakis**, Greece's deputy minister of culture and sport. The proceedings were open to the public and drew an audience of 250.

An administrative law judge of the International Trade Commission of the U.S. issued an initial determination that clears **Garmin** and **Fitbit** of a charge that they have been infringing on patents held by **Koninklijke Philips** and its North American subsidiary. In December 2019, the Dutch electronics multinational had brought a trade lawsuit against the two wearables companies as well as **Ingram Micro** and two Chinese manufacturers, asking for an import ban by the U.S. on the related devices. If Philips appeals the preliminary verdict, the full U.S. commission will have to review the case.

Ski resorts were supposed to reopen in Italy on Monday, Feb. 15, but the Italian Health Minister, **Roberto Speranza**, abruptly signed a decree on Sunday, extending the ban on recreational ski resorts until at least March 5, in connection with the spread of the British variant of the coronavirus across the country. The new Italian government, led by Prime Minister **Mario Draghi**, was only one day old on Sunday. Speranza, however, was also the health minister

in the previous government. A recent report by a commission of scientific experts that advises the minister had found that the British variant was present in 88 percent of the 16 regions examined for the study (out of 20 regions overall). Based on these data, the commission suggested that a reopening of the ski facilities would have been too risky. The last-minute decision on the eve of the expected reopening caused a wave of protests, as professionals had already hired personnel and invested money to prepare the equipment and the slopes. They are particularly angry because the decision was only announced around 7 p.m. on Sunday. Like in France, where the ban on ski facilities is set to last until the end of February, in the midst of the school holidays, it will prevent the industry from salvaging at least part of the season. In other action, non-essential retail stores will be allowed to open in Switzerland on March 1, but German retailers will have to wait until March 7.

Russian law enforcement agencies have discovered a big store that had been selling fake sports shoes under the guise of famous brands for almost one year in a shopping center in the central Nevsky district of St. Petersburg. It was estimated that the store caused the rights holders damages close to 2 million rubles (€21,800-\$26,300), the Russian Ministry of Internal Affairs said in a statement, as usual, without naming the brands involved. The incident shows that the mandatory shoe tagging process introduced in Russia in July has failed so far to wipe out counterfeiting from the Russian market. According to an expert from **Brand Monitor**, illegal dealers are waging war against big retailers, “trying to convince customers that everybody on the Russian market sells fake stuff.” He says that most fake shoes are now sold in small independent stores, as it would create big accounting problems and others for the bigger retailers.

**New Balance** has won another trademark lawsuit in China against **New Barlun**, a footwear maker based in Fujian, and its distributor **Shanghai Shiyi Trade**. The Shanghai Huangpu District Court awarded New Balance 25 million renminbi (€3.2m-\$3.9m) in damages on Jan. 5. According to the *Financial Times*, it is one of the largest sums ever awarded in a trademark lawsuit in a Chinese court. The case was brought by New Balance against New Barlun for allegedly copying its “N” logo. According to the Shanghai court, New Barlun's “N” logo indeed violated New Balance's trademark rights because it was both “visually and conceptually” similar to the original. Furthermore, the Chinese company ignored a previous interim injunction that ordered it to cease production and manufacturing, meaning it acted in bad faith, the court argued. The two defendants have been selling copies of New Balance goods at less than half the genuine versions from the American brand. New Balance's litigation counsel in the civil claim was **Lusheng**, a Chinese law firm. The recent ruling is only the latest in a 17-year-old legal battle between New Balance and New Barlun. Last year, the Shanghai Pudong District Court ordered New Barlun to pay New Balance RMB10.8 million (€1.4m-\$1.7m) in damages for a similar infringement.

The **International Olympic Committee (IOC)**, the **International Paralympic Committee (IPC)** and the **Tokyo 2020 Organising Committee (Tokyo 2020)** have published the first of a series of "Playbooks" for the **Olympic Games**, a resource that outlines the responsibilities of key stakeholders in ensuring safe and successful events this summer. This first Playbook is aimed at international federations and technical officials. The other Playbooks in the series - for the athletes, media and broadcasters - will be published in the coming days. Among the recommendations in the first Playbook, visitors are asked to get tested and provide proof of a negative COVID-19 result before they depart for the Games. A new Covid-19 test could be performed at the airport, depending on the country of origin and where the person has been in the last 14 days. The Playbook also recommends that visitors should "support athletes by clapping and not singing or chanting." In addition, public transport will only be used if given permission. The full document is available for download from the IOC website. The first versions of this and the following Playbooks will be updated with further details over the coming months in order to reflect the latest developments of the pandemic, said the IOC.

+++ **Macron** has applied for and obtained the **ISO 9001:2015** certification, a standard that specifies requirements for a quality management system, from the Italian office of **TÜV Rheinland Italy** +++

### Product

**Marcolin**, which has replaced **Silhouette** as the eyewear licensee for **Adidas**, has introduced two new **Adidas Terrex** snow goggles with interchangeable lenses. **E-Sun's Varia** and **Kolor Up** lenses are both toric, but **Varia** adjusts to ambient light through three categories of sun protection categories within 40 seconds, while **Kolor Up** increases brightness, color contrast and UV protection. Hot air escapes the goggles through 15 vents, carrying away moisture to prevent lens fogging. The 3D inner foam adjusts the goggles to any face, and the elastic band has silicone inserts for better clinging to a helmet.

**Asics** has announced the launch of the **Glideride 2** and **Evoride 2**, the newest editions to its **Energy Saving Series** of running shoes. The **Glideride 2**, which builds on the previous **Glideride** model, features new gender-specific tuning, with a lower density foam for a softer feel underfoot for female runners. In addition, a newly engineered 3D-printed mesh is said to deliver an improved upper fit and added comfort. Around 20 percent of the shoe's upper is made with recycled material. Building on last year's **Evoride** shoe, the **Evoride 2** features an updated design with a lower density **Flytefoam** material, which is said to make it more lightweight and with an even softer feel than its predecessor. Both the **Glideride 2** and **Evoride 2** are based on **Asics' Guidesole** technology, which uses a specially-designed angled midsole to provide extra support at the ankle.

The **Glideride 2** and **Evoride 2**, both available for men and women, were launched globally on Feb. 5.

**Ecco** has launched the **BIOM H4**, the latest development in its **BIOM** series of hybrid golf shoes. The **BIOM H4** features a new outsole design – the innovative **ECCO MTN GRIP** outsole – with three sections, to offer a combination of grip, stability and rotational support throughout the swing. A removable and washable **Ortholite** foam inlay sole is meant to provide breathability and long-term cushioning, plus extra width when removed. The shoe's uppers are made from premium performance leather, made in Ecco's own tanneries. Protection from wind and water is further enhanced with **Gore-Tex** technology. The new **BIOM H4** comes in four colorways for men, including black, white, silver grey and white/concrete. The women's version is proposed in white, limestone, hibiscus and white/silver grey.

To produce its **110th Anniversary Collection**, **Fila** has been working with **Katie Grand**, the British stylist, creative director and founder of **The Perfect Magazine**. **Grand** has "edited" a number of archival **Fila** items – involving tennis, mountaineering, watersports, athletics, basketball, golf and motorsports – for their re-issue. **Fila** says he "worked on making the fit more contemporary." The collection will be making its debut with a video during the **Milan Fashion Week**, scheduled for Feb. 23 to March 1. It will also have an "interactive microsite."

The Japanese trading company **Itochu** and the Italian chemicals firm **Aquafil** have entered a partnership to promote the sale of the latter's **Econyl** fiber and to expand the circular nylon production. In 2011, **Aquafil** created the **Econyl Regeneration System**, which turns recovered nylon waste such as fishing nets, carpets and post-industrial waste back to caprolactam (CPL), a crude raw material. Through its proprietary recycling technology, **Aquafil** claims to eliminate impurities completely and produce regenerated nylon having the same features as virgin quality materials. **Econyl** is made completely from waste, which enables an up to 90 percent reduction in CO<sub>2</sub> emissions as compared to conventional nylon made from petroleum. Focusing on the fashion and carpeting industries, **Econyl** has been adopted by more than 2,000 brands around the world. **Itochu** is the world's largest distributor, in terms of quantity, of CPL and nylon chips, the raw materials for nylon. It plans to leverage on its network to expand sales of **Econyl** as well as collaborate in the recovery of waste to provide a stable supply of raw materials to **Aquafil**. According to **Nikkei Asia**, **Itochu** is targeting sales of around 2 billion yen (€15.7m-\$19.1m) for **Econyl** in the first year.

The **Nike Cosmic Unity** basketball shoe and the brand's first performance shoe is being released under its **Move to Zero** initiative, which epitomizes Nike's journey toward circular economy. The **Cosmic Unity** is made with at least 25 percent recycled content by weight. The sockliner is made in part from recycled materials. The laces are made with partially recycled content and so is the Swoosh logo.



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The shoe features a full-length Zoom Air Strobel unit for responsiveness, which is also partly made from recycled materials. The Green Glow colorway of the new Nike Cosmic Unity will be launched at retail globally beginning on Feb. 26. The Amalgam and Space Hippie colorways will follow on March 7 and 12, respectively.

More than a year after Swedish companies **POC** and **Exeger** unveiled a technology and an idea to develop, design and manufacture a helmet with self-powered lighting at the **Rouleur Classic** in London, POC has now unveiled the **Omne Eternal** bicycle helmet. Designed to increase the cyclist's safety on the road, the Omne Eternal features an automatic light that does not need to be charged with a cable or activated with an on/off switch thanks to Exeger's **Powerfoyle**, a photosynthetic energy source integrated into the helmet. Exeger and POC feel that the new helmet has the potential to address personal safety concerns that still keep many adults from switching from cars to bicycles for transportation. In addition, Powerfoyle has the potential to provide unlimited clean energy, redefining energy harvesting because it is powered solely by light – both sunlight outside and artificial light inside. It can be integrated into any other product that uses a self-powered supply source. The POC Omne Eternal costs €250 and will be available online at [pocsports.com](http://pocsports.com) from June 2021.

**Puma** and **Cara Delevingne**, the English model and actress, have co-created **Exhale**, a new eco-conscious yoga collection. The new line is said to use at least 70 percent recycled polyester, and to fully offset any unavoidable carbon emissions. The Exhale collection comprises a high-waist full tight, studio bras, a knit cover-up, a crop top, a boyfriend-inspired tee, a leotard and a jogger. All the items are offered in a neutral color palette. The collection was launched by Puma worldwide on Feb. 15.

**Sympatex** announced at **ISPO Munich Online** that, as early as this year, more than 25 percent of the raw materials required for its membranes will be switched to bio-based sources derived from various organic waste streams, based on mass balancing. At the same time, the ingredient brand says it aims to ensure that the membranes not only maintain their high-performance values in terms of breathability and water and windproofness, but are also fully recyclable at the end of the life cycle. In addition, **DSM**, Sympatex' long-time raw material partner, is in the process of completing the conversion of its production facilities to renewable energy. As a first signatory to the **UNFCCC Climate Charter for Action for the Textile Industry**, which has been signed by more than 100 brands and associations, DSM is thus helping Sympatex to reach an important milestone on the road to climate neutrality a few years ahead of schedule. By incorporating the membranes into their collections, Sympatex' brand partners will be able to fulfill an important commitment of the Climate Charter – reducing CO<sub>2</sub> emissions by 30 percent compared with 2015 – much faster. The plan is to complete the conversion for all Sympatex membrane deliveries by the end of 2021 at the latest.

**Tecnica** has introduced **Recycle Your Boots**, a project that aims to promote the circular economy by transforming old, used boots into second-generation materials. A ski boot is made of up to 120 components, which typically end up in the landfill, the company explains in the presentation video of the project. Any skier who plans to buy a new pair of Tecnica ski boots can now return their old boots, regardless of the brand, to the store. Tecnica will take care of recycling the boots. The company has set up a comprehensive system that involves the different phases of the process – collecting, transporting, and finally recycling old plastic ski boots to turn them into new ski components and new products. Indeed, Tecnica pointed out that Recycle Your Boots is not just a recycling project but rather “a new business model,” based on the active participation of the different actors in the product lifecycle, including the buyers themselves. The project was developed by the **Tecnica Group** in collaboration with the **University of Padua**. The group's brands also include **Blizzard**, **Lowa**, **Moon Boot**, **Nordica** and **Rollerblade**.

**Under Armour's** newest shoe, the **UA Flow Velociti Wind**, has eliminated the heaviest shoe component, the outsole, and substituted it with an “all-in-one cushioning system,” called the UA Flow midsole. According to the brand, this took three years of development by its Footwear Innovation Team in Portland, Oregon, and **Dow Chemical**. About 17 rounds of raw-material testing, nine rounds of biomechanical testing, 15 rounds of shoe testing and about 11,000 miles of wear testing by about 130 athletes have produced a “responsive, grippy, and supportive singular-foam compound.” The midsole made its debut in **Stephen Curry's** signature shoe, the **Curry Flow 8**. The Velociti Wind contains the **UA Warp**, an upper with supporting tapes that “act like seatbelts on the foot”, tightening and relaxing as needed. A men's size nine weighs 8.5oz (241g), a women's size seven 8.02oz (227g). Once launched, on March 3, the shoe will sell at retail for \$160 through **UA.com**, **UA Brand Houses**, and selected running shops and sporting goods stores.

To secure the supply of high-quality respiratory protection products, the **Uvex Safety Group** is investing in an in-house production facility for FFP2 respiratory protection masks in cooperation with a manufacturer of household products, **Fackelmann**. With production in France, the German company is also making itself less dependent on global supply chains. The first model to be manufactured in-house by Uvex is the FFP2 folding mask “**uvex silv-Air lite**.” According to the company, the optimized, two-part horizontally folded shape of the mask is designed to provide greater stability, and the enlarged filter surface and large mask interior noticeably reduce breathing resistance. Weighing only seven grams, the mask offers reliable protection and high wearing comfort even during longer assignments, Uvex said.



**Wintersteiger** has livestreamed the introduction of a new automated servicing system for skis and snowboards. The Austrian brand will also be presenting it at several roadshows in the Alps. **Jupiter**, as the system is called, comes in five configurations, with three feeding variants and three application levels, providing anything “from small, entry-level service systems to maximum capacities with a throughput of over 70 pairs of skis per hour.” According to **Daniel Steininger**, head of the sports business at the Austrian company, the other selling points are variable edge grinding (**V-Edge**), the **Trim Cut** side wall processing unit and digital ski recognition.

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### Marketing

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**Adidas Golf** has announced that **Brendan Lawlor** will join its roster of athletes. The Irish golfer is currently No. 4 in the **World Rankings for Golfers with Disability (WR4GD)**. After forging a successful amateur career across both disability and able-bodied competitions, he became the first disabled golfer to compete in the **European Tour**, in August 2020, at the ISPS Handa UK Championship. Lawlor was born with Ellis van-Creveld Syndrome, a rare disease that affects bone growth and results in short stature and shorter limbs. In addition to supporting his career as a professional, Adidas will be working with Lawlor to attract more people to golf, including him in marketing activities. Lawlor will be competing in multiple golf tours, including the **EDGA Golf** (named after the former European Disabled Golf Association), the **European Tour** and the **Challenge Tour**.

**Afydad**, the Spanish association of sporting goods manufacturers and retailers, has launched a new internet platform called “**Spain Is Sport**.” The aim is to bring together all Spanish sports brands to promote the image of the country’s sporting goods industry internationally, addressing retail clients as well as consumers. Spain Is Sport is described as the vehicle to set up a dedicated virtual showroom focused on the B2B sector, offering each brand its own space to present products to the world, with the aim of reaching new international buyers and boosting sales. Furthermore, the creation of a dedicated e-commerce platform aims to promote Spanish brands in the sports sector to end consumers around the world. With the support of **ICEX Spain Export and Investment (España Exportación e Inversiones)**, Afydad intends to work on a better penetration of the Chinese market for member brands. Claiming that sport is an essential activity for health and wellness and an economic engine of the country, Afydad is calling on all companies in the Spanish sports sector to join the Spain Is Sport project, from retailers to manufacturers, food companies and organizations involved in health and sports tourism. The brand will be used in all international projects from now on. It has already had a presence at **ISPO Munich Online**.

Snowboarding has been expanding in Sweden lately. Starting with the current winter season, **Burton Snowboards** and the **Swedish Ski Association** have entered a collabora-

tion to promote snowboarding among women, giving them an opportunity to try out the sport. Burton is partnering with the organization on projects like ProgSession and its “Everyone on snow” initiative, according to *Sportfack*. The partnership also includes the **Swedish Snowboard Series** and **Rookie Camp**.

**Dainese** and **Dolomiti Superski** have agreed a three-year partnership that will make Dainese the official safety partner of Dolomiti Superski for skiing and mountain biking, starting in the 2021 summer season. Dolomiti Superski, established in 1974, brings together 12 ski resorts across the Italian provinces of Bolzano, Trento and Belluno. The Dolomites are a **Unesco** World Heritage Site. In addition to 1,200 km of ski slopes, the area is also a summer destination, when it transforms into an outdoor and adventure paradise for mountain lovers, known as the Dolomiti Supersummer. Bike enthusiasts can enjoy the 300 km of dedicated trails and the other routes of the Dolomiti Bike Galaxy. All bike trails are accessible via the ski lifts, equipped for bike transportation. The staff and athletes of Dolomiti Superski will be equipped with Dainese technical clothing in every season.

**Head** has become the exclusive technical partner of the Spanish **Warriors Tour** for the next three years. The tournament, which is backed by Spain’s **Royal Tennis Federation (RFET)**, has seen the participation of young players under the age of 15 for the past 15 years. The 2021 edition will be adding the “Cadete” (under-16) category for the first time. Head will supply tennis balls, racquets and strings for all championships at the tournament’s 11 locations in Spain and its new location in Portugal. The victors of the championship – to be held at the JC Ferrero Equelite tennis court in the city of Villena – will receive gifts and trophies with a value exceeding €5,000, as well as a racquet deal.

**Hoka One One** has announced the addition of several athletes to its elite team in the EMEA region. For 2021, the brand is welcoming **Hayley Carruthers** (road running), **Jonathan Davies** (track), **Lucy Hall** (triathlon), **Jessica Judd** (track), **Khahisa Mhlanga** (track) and **Carla Molinaro** (ultra), among others. The brand has signed up 21 new international athletes in total for 2021.

**Joma Sport** has entered into a one-year agreement with **Queensboro FC** as the official partner and founding kit sponsor of the **Queensboro Academy**. For the Spanish company, the partnership is the first sponsorship deal with a football team in the U.S. Queensboro FC is an upcoming American professional soccer team based in the borough of Queens in New York City. The club will make its debut in 2022 in the **United Soccer League (USL)** championship. The Queensboro Academy, a development system for the club’s professional team, will kick off this spring. The Spanish sportswear brand will supply training and game-day kits, and related apparel for the academy’s players, coaches and sporting staff.

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**K-Swiss** has announced **Fabio Fognini** as a new member of its roster of tennis players. The 33-year-old Italian athlete, who is currently 17th in the **ATP** ranking, will be wearing K-Swiss tennis shoes for the next two years. Fognini won the doubles championship in the 2015 Australian Open, together with **Simone Bolelli**. He has also won nine ATP titles in singles and five ATP titles in doubles.

**Kjus** has announced a new partnership with **Ted Ligety**, who will collaborate with the Swiss sports apparel brand on the design and development of future skiwear collections. The American alpine ski racer and two-time Olympic gold medalist announced his retirement from World Cup ski racing earlier this month.

**On**, the Swiss high-performance brand of running shoes, has announced the signing of **Chloe Abbott** to its roster of track and field athletes. Abbott was the runner-up in the 400m race organized by the U.S. **National Collegiate Athletic Association (NCAA)** in 2019. In addition to a blossoming career in the 400m, the 22-year-old athlete from the **University of Kentucky** is chasing her ambitions in music, acting and modeling. She sings and writes songs as "Chloe B."

**Loro Piana**, **New Era**, **PRG** and **Titleist** have been announced as official suppliers to the European Team for the next three **Ryder Cups**, starting with this year's competition at Whistling Straits, Wisconsin, in September. Loro Piana has supplied the clothing to the European Ryder Cup Team since 2016, while New Era, PRG and Titleist are newly appointed as official suppliers. The four brands will collaborate with **Ryder Cup Europe** to create special designs for each event through 2025. The official team replica merchandise collections will be available to purchase from both the European and U.S. official online stores of the Ryder Cup and at some other select retailers in 2021. New Era, the sport and lifestyle headwear brand, will create exclusive designs for both the European and U.S. teams. PRG will also produce a range of accessories for both teams, including headcovers, alignment stick covers, yardage book covers, tote bags and umbrellas, among others. Titleist will supply the official team golf bag, and will also launch a wider collection of golf luggage featuring the badge of the European Team.

**Slinger Bag** has signed an endorsement deal with **Tommy Haas**, an **Olympic** silver medalist in tennis who was formerly ranked second in the world by the **ATP**. Haas will be serving as the combination ball launcher and carrier's chief ambassador, heading up a roster that includes the doubles players **Bob and Mike Bryan** and a famous tennis coach, **Nick Bollettieri**. Haas won his first ATP title in 1999 and about 15 singles titles over a 22-year career. He will be representing the brand at clinics and other events as well as on social media.

Acting in cooperation with a Finnish retail member of **Intersport**, **Speedo** has signed a multi-year sponsorship

deal with the **Finnish Swimming Association**. As part of the agreement, **Intersport Sello** will launch two online stores, one for active swimmers and other for recreational swimmers. The aim is to develop the position and visibility of swimming in Finland.

**Therabody** has agreed a partnership with **Paris Saint-Germain (PSG)** that makes the American tech wellness company PSG's official recovery partner. The percussion massage company had already signed a similar deal with the Real Madrid football team last year. The players of the Paris-based football club will integrate Therabody's products and solutions, such as the **Theragun PRO** and others, into their training and recovery routines. The players will also be able to leverage Therabody's research and educational programs through the **Therabody University**, the company's education division, and its network of health and fitness professionals. Created in 2008 as **Theragun** and officially launched by **Dr. Jason Wersland** in 2016, the company was rebranded as Therabody last year.

**UYN** - the Italian brand that stands for **Unleash Your Nature** - has announced a new partnership with **Omar Di Felice**, a two-time Italian ultracycling champion (races longer than 300km) and adventure traveler. In addition to becoming a brand ambassador, Di Felice will collaborate with the company's R&D lab to test UYN products in extreme situations. The 39-year-old athlete will soon attempt to reach solo by mountain bike the Everest Base Camp on the Nepalese side (5,364m above sea level) starting from the capital of Nepal, Kathmandu. The enterprise will begin on Feb. 15, in the middle of the Himalayan winter. Di Felice will be wearing UYN high-performance clothing and underwear during the enterprise. In 2020, Di Felice became the first cyclist to cross the Gobi Desert in Mongolia in winter time.

**Vans** has launched **Channel 66**, a digital livestream network broadcasting weekdays from New York City, Chicago, Mexico City, and Los Angeles to a worldwide audience. The channel offers a live audio and video broadcast featuring DJ sets, radio shows, talks, workshops and musical performances across music, art, action sports and community. The Californian footwear and apparel brand, which is part of **VF Corporation**, said the initiative is part of its commitment to "support artists and creatives while also uplifting communities during such an unprecedented time." It noted that the Covid-19 pandemic has "forever altered the events landscape." The channel aims to highlight each city's heritage in sub-culture by programming through the lens of the people who live it, Vans claims. Channel 66 went live on Feb. 8. Broadcasting starts at 11:00 am EST (16:00 GMT) every weekday with Friday nights featuring live performances and dance-oriented DJ sets. The channel can be followed on Instagram at [vanschannel66](https://www.instagram.com/vanschannel66).

The **World Federation of the Sporting Goods Industry (WFS-GI)** is inviting all interested parties in the sector to register for a webinar on Feb. 25 about the guidelines to be fol-

lowed for advertising and marketing activities around the **Tokyo 2020 Olympic Games**. The conference will be held jointly with the **International Olympic Committee (IOC)** to present its updated Rule 40 framework for the promotion of sponsored athletes throughout this year. It will also be possible to ask questions on the implementation of Rule 40 by the IOC and the National Olympic Committees. The webinar will be held at two time slots: 9 am to 10 am CET and 5 pm to 6 pm CET.

+++ **UEFA** has announced **TikTok** as a new global sponsor of the **UEFA Euro 2020** championship, the first partnership of a digital entertainment platform with the organizers of the European football tournament, which is set to take place this summer after being postponed due to the pandemic +++++ **Molten Corp.** will be the official match ball supplier for the **UEFA Europa League** for three more years, until 2024, and will also provide the official match ball for the newly created **UEFA Europa Conference League**, which is set to start in July +++ **Nike** has signed an endorsement contract with **Keira D'Amato**, the American marathoner who holds the 10-mile record +++ **Lacoste** has signed an endorsement deal with the female tennis player **Fiona Ferro**, who is 23 years old and is currently ranked first in France and 40th worldwide +++ **Adidas** has signed a five-year sponsorship deal for shoes, apparel and accessories with the **University of Richmond**, Virginia, using a hybrid model whereby **ASB Sports** will manage the distribution and customer service +++ **New Era** is launching a range of headwear for the English **Sheffield United** football team +++

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#### Trade Shows & Other Events

The 108th winter sports edition of **ÖSFA**, the Austrian trade fair, which was planned as a physical fair in Salzburg's Brandboxx from Feb. 23 to 25, has been cancelled by order of the local health authorities due to coronavirus restrictions. "We have fought like lions for the realization of these order days, have gone into great advance work for weeks and have adapted our concept again and again to the current developments. The dismay that now the implementation is prohibited at such short notice is great," reacted **Markus Oberhamberger**, managing director of Brandboxx. Originally, the organizers had planned a first session of the show in January, followed by one in February, but the January event was cancelled, too. On the other hand, the permanent showrooms at Brandboxx remain open for business to dealers as before.

+++ The 30-year-old **Euromoda Sport Fashion Center** at Neuss near Düsseldorf, which hosts the showrooms of some 200 brands, is being modernized +++

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#### CSR & Sustainability

For the second year in a row, **Asics Corp.** has been awarded a high position on the Supplier Engagement

Leaderboard by the **Carbon Disclosure Project (CDP)** for its relations with suppliers on climate change. CDP is a not-for-profit environmental charity that runs the global disclosure system adopted for the management of environmental impacts for investors, companies, cities, states and regions. Asics has been recognized for its strategies and actions to reduce emissions and manage climate risks in its supply chain in the past reporting year. CDP assessed and gave a Supplier Engagement Rating to more than 7,000 companies. The evaluation was based on answers to a questionnaire about governance, targets, scope 3 emissions, and value chain engagement. Asics was among the top 7 percent of the organizations assessed by CDP.

**FESI** is inviting anyone in the sporting goods industry to register for a webinar on "How to ensure a fair and effective EU framework on due diligence," as related to the European Green Deal. It will take place on March 3 from 4:30 pm to 5:30 pm CET. The **European Federation of the Sporting Goods Industry** is organizing the online conference, moderated by an expert from the OECD, with key representatives of the European Commission, the sporting goods industry and other stakeholders to exchange views on a sustainable corporate governance program that is planned for the second quarter of this year. It is aimed at ensuring that companies address any adverse sustainability impacts in their own operations and their value chain, identifying and preventing relevant risks and mitigating negative impacts. The initiative follows the completion of a public consultation by the Commission on the topic.

**Peak Performance** is among the brands that have recently joined the **Circular Fashion Partnership**, a cross-sectorial project led by the **Global Fashion Agenda**, in partnership with **Reverse Resources**, the **Bangladesh Garment Manufacturers and Exporters Association (BGMEA)** and **P4G**. They aim to achieve a long-term, scalable transition to a circular fashion system. The initiative is currently focusing on Bangladesh, which already exports and/or downcycles most of its waste. As such, the country could become a leader in circularity by scaling its recycling capacity and generating more value from its waste streams. The business model and project learnings from the Circular Fashion Partnership will be presented at the end of 2021 in a *Circularity Playbook for Bangladesh*, set to become a guide for replicating the model in other countries like Vietnam and Indonesia. The partnership is still welcoming new participants. Participating brands currently include **H&M**, **Marks & Spencer**, **Echotex**, **Renewcell** and other brands, manufacturers and recyclers.

**VF Corp.** is partnering with **Pattnr**, a sister brand of **IBM's Weather Channel**, to launch a new digital media series that highlights its solutions to address climate change. The five-part series showcases the work happening across VF and its family of brands, including **Vans**,



**The North Face** and **Icebreaker**, and covers topics such as the importance of traceability and transparency in global supply chains, sustainable packaging, green chemistry, circular design and regenerative agriculture. Each episode delivers a new angle on VF's sustainability efforts that is intended to both educate and entertain socially conscious consumers. Woven throughout each episode is the integrated partnership between VF's global supply chain and its brands, along with the innovative solutions they pursue together. The series was launched on Feb. 9 on all the social media channels of Pattn.

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