

# SGI Europe

## Sporting Goods Intelligence

News and analysis of the international market

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## Covid-19 sinks industry stocks

Declining more than the stock market in general, the share prices of public sporting goods companies have taken a serious beating since the coronavirus outbreak began with the start of the Chinese New Year, falling overall by 32.3 percent on average through the end of the first quarter.

In contrast with its relative resilience in previous years, the industry fared worse than other sectors such as food or telecommunications because it deals with non-essential items, unlike those sold in the retail stores that have been allowed to stay open during the confinement in Europe.

During the same period, the **Dow Jones Industrial Average** was down by 24.4 percent, the **FTSE** index by 25.2 percent and the Japanese **Nikkei** by 22.5 percent. With the epidemic easing in China, where it started, the **Hang Seng Index** in Hong Kong registered a lower drop of 15.6 percent.

A list compiled by *Sporting Goods Intelligence* show that European companies lost collectively 38.5 percent of their value, with the **Frasers Group** (former **Sports Direct International**) faring the worst. **Adidas** and **Puma** performed a little better than their retail clients, including **JD Sports Fashion**.

Asian industry stocks fell at a slightly more modest rate of 27.4 percent. **Yue Yuen** and **Asics** had the worst performances. **Shimano** was down by just 10 percent and the large Chinese brands did better than the average.

The Euro April 10 rates	
Czech Koruna	27.01
Danish Krone	7.465
Hungarian Forint	352.9
Norwegian Krone	11.18
Polish Zloty	4.543
Pound Sterling	0.877
Swedish Krona	10.86
Swiss Franc	1.056
U.S. Dollar	1.094
Brazilian Real	5.590
Canadian Dollar	1.527
Chinese Yuan	7.700
Japanese Yen	118.6
Russian Ruble	80.60

U.S.-based companies had a drop of 34.3 percent overall, but with a wide spread from one company to the other. With their strong cash and brand power, **Nike** and **Lululemon** were off by around 20 percent. Retailers like **Dick's Sporting Goods**, **FootLocker** and **Zumiez** suffered a lot because of the closure of their stores in the U.S. and other countries. Among the vendors, the biggest losses were sustained by **CallawayGolf**, **Under Armour** and **Wolverine Worldwide**.

## Coronavirus Hits Industry Share Prices

Company	Exchange	Currency	Mar. 31	Jan. 24	Change
361 Degrees	HKEX	HK\$	1.27	1.39	-8.6%
Acushnet Holdings	Nasdaq	US\$	25.72	31.62	-18.7%
Adidas Group	Frankfurt	Euro	205.90	313.00	-34.2%
American Outdoor Brands	Nasdaq	US\$	8.30	9.18	-9.6%
Anta Sports	HKEX	HK\$	56.95	73.05	-22.0%
Asics	Tokyo	JPY	999.00	1,686.00	-40.7%
Callaway	NYSE	US\$	10.22	21.31	-52.0%
Canada Goose	NYSE	US\$	19.89	33.97	-41.4%
China Dongxiang	HKEX	HK\$	0.67	0.87	-23.0%
Columbia Sportswear	Nasdaq	US\$	69.77	93.35	-25.3%
Deckers	Nasdaq	US\$	134.00	177.66	-24.6%
Dick's	NYSE	US\$	21.26	45.93	-53.7%
Feng Tay	Taiwan	TW\$	130.00	190.00	-31.6%
Fila Korea	Korea	KRW	29,050	46,000	-36.8%
Foot Locker	NYSE	US\$	22.05	38.60	-42.9%
Giant Manufacturing	Taiwan	TW\$	134.00	194.00	-30.9%
Hanesbrands	NYSE	US\$	7.87	14.25	-44.8%
JD Sports	London	GBP	4.58	8.49	-46.1%
Li Ning	HKEX	HK\$	22.65	25.75	-12.0%
lululemon	Nasdaq	US\$	189.55	240.35	-21.1%
Mizuno	Tokyo	JPY	1,871	2,674	-30.0%
Moncler	Milan	Euro	33.29	40.55	-17.9%
Nike	NYSE	US\$	82.74	102.03	-18.9%
Puma	Frankfurt	Euro	54.40	78.10	-30.3%
Shimano	Tokyo	JPY	15,440	17,320	-10.9%
Skechers	NYSE	US\$	23.74	39.49	-39.9%
Fraser's Group	London	GBP	1.83	5.10	-64.2%
Sturm, Ruger	NYSE	US\$	50.91	49.51	2.8%
Topsports	HKEX	HK\$	8.12	10.54	-23.0%
Under Armour	NYSE	US\$	8.06	18.61	-56.7%
VF Corp.	NYSE	US\$	54.08	84.53	-36.0%
Wolverine Worldwide	NYSE	US\$	15.20	33.38	-54.5%
Xtep Int'l	HKEX	HK\$	2.55	4.05	-37.0%
Yue Yuen	HKEX	HK\$	11.88	23.30	-49.0%
Zumiez	Nasdaq	US\$	17.32	32.10	-46.0%
Average Change					-32.3%

Suppliers of sports equipment have suffered less damage than specialists in other categories, falling by 19.9 percent on average. Retailers got the biggest hit with an average slump of 42.4 percent, but China's **Topsports** had a lower loss. Apparel com-

panies lost 35.0 percent of the stock market capitalization with **Canada Goose** suffering the highest decline, probably due to the fact that, unlike **Moncler**, it owns its own factories. The footwear companies performed just a little better with a collective drop of 31.4 percent on average.

Economists have started to predict steep declines in consumption, international trade and the general economy due to the novel coronavirus, possibly leading to the biggest global recession since World War Two. As the sporting goods sector deals with non-essential products, many of which are intended for only one season, this will certainly have an impact on many sporting goods brands and retailers, especially those that are most fragile in terms of cash and indebtedness.

In Europe, consumer confidence in the economy declined by 13.6 percent in the first two weeks of March in the 28 member countries of the European Union, according to a survey conducted by **GfK** for the European Commission, reaching the lowest level since 2006. It probably went down further in the subsequent weeks.

According to the same study, European consumers' expectations about the economy was off by 20 percent overall in the first two weeks of March. The biggest declines as compared to a year ago were registered in Italy, Finland and Turkey. Italy, France and Austria recorded the biggest sequential drops between February and March.

Economists are divided about the timing and scope of the recovery after it's all over on the health front. In view of the worsening market situation and a bleak outlook for the next few months, many companies have taken pro-active measures to save money, cancelling stock buyback programs and getting their top executives to cut their salaries. As indicated further below in this issue, many public companies have been downgraded by the rating agencies. We assume that private companies are generally even more at risk.

Across all sectors of the economy, bankruptcies are expected to rise by 25 percent around the world this year because of the economic recession that will most likely be triggered by the Covid-19 pandemic, according to a new forecast released by **Coface**. The French credit insurer's forecast assumes a gradual

economic recovery starting in the third quarter and rules out a second wave of the epidemic.

Coface expects bankruptcies to rise by 39 percent in the U.S. and by 33 percent in the U.K. In Continental Europe, it sees bankruptcies rising by 22 percent in Spain, 18 percent in Italy, 15 percent in France and 11 percent in Germany. Coface warns that the impact of the crisis could be stronger in emerging markets, where it plays a key role in backing export activities to those countries. In January, the agency was anticipating a 2 percent rise in bankruptcies in 2020.

Of course, bankruptcies may create opportunities for mergers and acquisitions, as there is still a lot of cash around, including the money that institutional investors and others have taken out of the stock market. Likewise, investors may be tempted to buy shares in sports and outdoor companies at this stage, feeling that they have more of an upside if and when the epidemic has been dominated.

There is anyhow a certain feeling that governments, health care institutions and businesses are doing what is necessary or useful to mitigate the spread and the effects of the virus. After weeks of uncertainty, which has led to extremely volatile conditions in equity markets, stock market indexes have shown more positive trends in the past few days. Between March 31 and April 9, the Dow Jones has recovered by 8.2 percent and the **Eurostoxx** has gone up by 3.8 percent.

## Survey estimates €3.1bn loss in industry revenues in France

According to a survey among its members by **Union Sport & Cycle**, the French sporting goods and cycling industry association, the Covid-19 pandemic has so far led to losses of €3.1 billion and to the layoff of 50,000 employees across the supply chain in the industry at large. More than 900 companies took part in the survey, which was conducted between March 23 and 27.

The loss in revenues, measured against the first quarter of 2019, breaks down into €1.3 billion for sporting goods retailers, €1.260 billion for their suppliers, €470 million for the organizers of amateur sports activities (fitness, indoor football, climbing, etc.) and €30 million for suppliers of sports facilities.

Almost all respondents (98%) are projecting a decline in revenues while the coronavirus crisis lasts. Well over half of the retailers (65%) believe their sales could decline by more than 30 percent, and about a quarter (26%) believe that the decline could exceed 50 percent. Even more vendors (68%) expect revenues to drop by at least 30 percent, and a third (34%) expect the drop to exceed 50 percent. Among the operators of gyms and other sports facilities for the general public, 61 percent expect at least 30 percent lower revenues, while 14 percent fear that they may decline by 50 percent.

Half of the manufacturers surveyed have ceased their production, while 37 percent have slowed theirs.

The 50,000 employees who have been laid off account for 69 percent of the staff at sporting goods retailers, 71 percent of the staff at factories and 84 percent of the staff in leisure activity companies. About one-fifth of the responding companies are voluntarily covering their full payroll.

Remote working is an option for 85 percent of the participating producers, 35 percent of the operators of sports facilities and 12 percent of the retailers.

The pandemic is also producing secondary effects on sports teams, as more than half of the responding companies are their sponsors. Some 60 percent of them expect to pursue their sponsorships once the crisis abates, but 27 percent will be cutting them back. Only 14 percent expect to continue their regular practices.

## Galeria and Karstadt Sports get protection from creditors

**Galeria Karstadt Kaufhof** (or Galeria for short), the new holding company formed last year from the merger of the **Galeria Kaufhof** and **Karstadt** department stores, submitted an application for protection from its creditors which was approved by the local court of Essen on Wednesday. Stressing that the proceedings are not equivalent to insolvency, a spokesman said they also apply to the group's **Karstadt Sports** stores but not to the **SportScheck** chain that it recently acquired, forming the largest sports retail group in Germany after **Intersport**.

Reportedly, the new status of the company, which is not like an insolvency, means among other things that suppliers' credits are no longer covered by credit insurance.

Galeria had previously stopped paying rent and transferring money to its suppliers. Negotiations for state support did not bring the desired results. According to *Textilwirtschaft*, **Signa Retail**, which owns the German retail group, offered a three-digit amount for the rescue of Galeria Karstadt Kaufhof in the negotiations with politicians, hoping to receive government aid of €700-800 million in return. Signa is now investing €140 million to support the company.

The retail group employs 28,000 people. The previous management remains on board. **Arndt Geiwitz**, a restructuring expert and a former bankruptcy administrator for **Schlecker** and **Weltbild**, has joined the company to represent its claims. **FrankKebekus** has been named trustee.

All the stores of Galeria Karstadt Kaufhof and Karstadt Sports have been closed since March 18 due to the coronavirus. The company said that it has been losing revenues of about €80 million per week. According to Galeria, Signa Retail invested more than €500 million in the company in the last couple of months. For the current financial year, Galeria was expecting Ebitda of more than €100 million and a net loss of similar magnitude on sales of about €5 billion.

In June 2009, the Karstadt chain of department stores already went bankrupt. At that time it was part of the **Arcandor** group. Initially under a new owner, **Nicolas Berggruen**, and then under the the ownership of the Austrian Signa Retail group, its operation and renovation continued. One and a half years ago, Signa also took over Karstadt's competitor, Galeria Kaufhof.

Signa is not only managing the operative business, but also acts as the company's landlord at many locations. A lot of the real estate, in which Galeria's stores are located, is owned by third parties.

Also in Germany, **Yeah!**, which operates 43 **McTrek** outdoor stores and an online shop, filed for insolvency at the district court of Hanau on April 1. The company, which was established by **Peter Dausien**, founder also of the German outdoor brand **Jack Wolfskin**, has been majority-owned by the Belgian-based **A.S. Adventure Group** since 2017. Until further notice, the employees' wages are being

drawn from an insolvency fund of the German Federal Employment Agency (more in our Outdoor Industry Compass).

## German suppliers fear that government aid is insufficient

On April 6, the German government announced a package of additional financial aid for small and medium-sized companies with 11 to 250 employees. The government will assume 100 percent of the credit risk on loans of up to €800,000 without an assessment of the risks, depending on the size of the company.

A previous aid program launched by the German government only covered 90 percent of the credit risk for companies directly affected by Covid-19, but the interest rate for the new financial aid program is higher. The government and the **KfW**, a state-run bank in charge of supporting privately owned companies, expect a large number of applications.

The KfW loans, which are available for small and medium-sized companies with more than 10 employees, essentially include the following measures: Provided that the company has recorded a profit in 2019 or an average over the past three years, KfW grants a so-called "instant loan." Its amount can be up to 25 percent of the annual turnover in 2019, with a maximum of €800,000 for companies with more than 50 employees and €5,000 for companies with up to 50 employees. One condition is that the company was not in financial trouble by Dec. 31.

**ZGV**, a task force of small and medium-sized companies headed by **Günter Althaus**, a former president of the **ANWRGroup**, feels that the new measures launched by the German government are fulfilling some of its demands, but it also sees the need for adjustments. The lower limit of ten employees is worth considering, because a large number of medium-sized companies have fewer employees. The task force hopes anyhow that companies in need can get liquidity help before Easter.

Sporting goods suppliers and retailers are all faced with decreasing sales, interrupted supply chains and foreseeable liquidity shortages. Almost all the suppliers are seeing orders cancelled, prevented deliveries of goods and inventories that have already been



pre-financed. Many suppliers cannot compensate for these losses and have to rely on short-time working and government stabilization measures in the form of aid loans in order to compensate for the corresponding liquidity shortages and to keep their employees.

**BSI**, the German sporting goods industry federation, fears that the loans promised by the government will not suffice and only postpone bankruptcies. Like **VDS**, the German sporting goods retailers' federation, it has called for fast and unbureaucratic government aid. BSI has also called for solidarity among suppliers and retailers, working together to face up to the current challenges and to implement common solutions.

According to BSI, measures that transfer costs and risks unilaterally to suppliers would not be expedient, ultimately falling back on the entire sporting goods industry. VDS had called on suppliers to support retailers by stretching deadlines for the payment of invoices, and postponing or suspending delivery dates.

Meanwhile, VDS, in concert with **Sport 2000** and the **Ispo Group**, has launched a joint consumer-oriented campaign under the English-language hashtag #sportstays, aimed at bringing the sports and outdoor industry together. People are invited to post their favorite sports photo and the corresponding translation into their national language. **Felix Neurether**, the famous former ski racer, is stimulating his fans to participate in the initiative.

The Ispo Group is also offering free webinars and whitepapers to develop digital competence.

## Columbia and VF executives cut their paychecks

Without going as far as **Tim Boyle** at **Columbia Sportswear**, **Jim Rendle**, chairman, president and chief executive of **VF Corp.**, has pledged to cut his compensation in half for the next four months to help save cash for the fight against the coronavirus outbreak. Boyle, president and CEO of Columbia, has cut it to only \$10,000 for all of 2020, but then he is also the main shareholder of the company.

On the other hand, the members of VF's executive team will see their salaries cut by 25 percent for the period, while ten top executives of Columbia have voluntarily taken a 15 percent pay cut.

Meanwhile, VF's employees will continue to get their full compensation at the company's head offices and retail stores in North America and the EMEA for the same four-month period while they stay confined at home, until at least May 3.

VF has decided to draw down on the balance of \$1 billion still available on its senior unsecured revolving credit facility to help weather the coronavirus crisis.

Separately, the VF Foundation will donate \$1.5 million to Covid-19 relief efforts and match contributions of up to \$500,000 made by employees and consumers through a dedicated page on the websites of **Vans**, **The North Face** and **Timberland**. The group will also donate 60,000 gloves to healthcare professionals in its home state of Colorado.

## Decathlon, Nike and others make anti-virus gear

(Updated on April 8) After a successful experiment in Italy (see our previous issue), **Decathlon** is working with the same Italian 3D printing specialist to adapt its **Easybreathe** snorkeling masks for the production of respiratory masks that it is donating to hospitals in France and Spain. It has taken all the 30,000 units of the device on stock out of the market. Earlier, **Nike** had said it was exploring designs for face shields and other personal protective equipment for doctors, nurses and others on the front line in the fight against Covid-19.

Well, Nike has just announced the development of a full-face shield for healthcare workers whose collar padding has been repurposed from its shoes and its TPU component from Nike Air soles, while the cords that attach it to the head were originally earmarked for its clothing. Nike says the TPU will also be used to create new lenses welded into the helmets of Powered Air Purifying Respirator (PAPR) helmets for exposure to airborne pathogen agents. The face shields and the lenses will be provided to health institutions throughout the state of Oregon.

Utilizing 3D printers that are normally employed for prototyping and testing at its American head office in Connecticut, the **Thule Group** is creating plastic components for face shields in response to call for help by a local hospital. Thule and other companies parti-

cipating in the project were hoping to assemble 20,000 face shields with plastic frames in the next 20 days.

A collective effort is also being made in the state of Utah, where **DPS Skis** has started to use its prototyping facilities to help manufacture face shields for local hospitals. In this project, some tooling provided by **Eastman Machine Company**, raw materials are purchased by **Goal Zero** and retrofitted headlamp headbands are supplied by the U.S. subsidiary of **Petzl**.

Meanwhile, more and more sports companies are switching their production facilities to make face masks and other products for nurses and doctors. It would be too long to list all the examples of this new form of solidarity. **Bauer Hockey** in Canada and **Cascade Lacrosse** in the U.S. are both producing medical masks now. They have also published manufacturing instructions, designs and supplier information to help other companies to do the same. The same goes for **Osprey Packs** in the U.S. Osprey is also using its repair operations in the U.K. to make masks.

In Italy, the **Salewa-Oberalp** group converted in mid-March its sample sewing shop in Montebelluna for the production of face masks and water-repellent protective coats made with the Gore-Tex membrane. Medical doctors are pleased with them because the suits are breathable, whereas other protective suits are not. Another advantage is that they are washable. The group has also obtained face masks and protective clothing from China for its donation to local authorities and hospitals.

**Macron**, an Italian producer of team sports jerseys that has already made donations to hospitals, has launched "Stop Covid-19/Macron #noicisiamo," a non-for-profit project to help the local community during the coronavirus emergency. The sportswear company, headquartered in Bologna, Italy, is utilizing its production and logistics organization in Italy and Asia for the production and distribution of personal protective equipment (PPE), such as surgical and FFP2 masks and gowns for healthcare workers, civil protection workers and law enforcement personnel. In accordance with the new regulations imposed by the Italian government, for the time being the company is only distributing the devices in Italy.

In Italy, where the epidemic has made many victims, **Scicon**, a producer of bags, bibs and other products for bike travel and protec-

tion, has started to produce special face masks. Also **Santini**, an Italian maker of cycling and triathlon technical apparel, has converted its production line to make protective face masks.

Santini is based in Bergamo, in the region of Lombardy. This region is the Italian epicenter of the virus outbreak, and Bergamo is the hardest-hit town in Lombardy, therefore in Italy at large. The project is carried out in close collaboration with **Sitip**, one of Santini's suppliers, also based in Bergamo. The mask prototype is reusable, sterilizable and washable up to 90-95 degrees, with its integrity guaranteed for use up to ten times, according to Santini. The mask is made with dense polyester fabric, then treated with "Acqua Zero" (Zero Water) to be waterproof. The fabric of the mask comes in a double layer.

The coronavirus outbreak has also hit Spain very hard. One of the country's major sports brands, **Joma**, has switched the production of the 3D printers at its headquarters in Portillo de Toledo from prototype soles to medical supplies. The sportswear brand is churning out a daily total of 40 mask headbands, to be used for the PPE of doctors and nurses tending to Covid-19 cases in the country's hospitals of Spain. Joma has also sent them 500 raincoats to serve as makeshift smocks and more than a thousand pairs of sneakers to keep them comfortable on their feet.

Another Spanish company, **Original Buff** has donated €10,000 toward the purchase of a video laryngoscope for the treatment of Covid-19 at the hospital in Igualada, Spain – near Barcelona, where Buff is headquartered. The device can connect several endoscopes to a monitor and generates a high-resolution image. Original Buff, which employs 227 people, has closed its facilities in line with the quarantine announced by the Spanish government on March 13.

**New Balance** is yet another sports company that is now making personal face masks to help health professionals during the coronavirus emergency. Under the slogan "Made shoes yesterday. Making masks today," which has appeared on its social media profiles, the company has announced that it has now redirected a portion of its U.S. team to work on face masks. New Balance had shut down its offices, stores and factories on March 16, in connection with the spread of the virus. In addition, as previously reported the New Balance Foundation has committed \$2 million in non-profit grants to

support local, regional and global communities in response to the coronavirus pandemic.

**Under Armour** has begun producing face masks, face shields and fanny packs for the staff of 28,000 at the **University of Maryland Medical System**. It will soon be providing face masks to a regional medical organization in Baltimore, **LifeBridge**, as well. UA might in addition begin producing hospital gowns for Maryland's entire medical system and is discussions with **Johns Hopkins Medicine**, **MedStar** and other nearby institutions. According to **Randy Harward**, senior vice president of advanced material and manufacturing innovation, UA has more than 50 materials scientists and footwear and apparel designers at work on the project in Baltimore and Portland.

## Wintersteiger proposes a drying cabinet for disinfection of face masks

To support emergency and medical personnel in times of the Covid-19 pandemic, **Wintersteiger** has developed a new drying cabinet: The **Pure CO18** is used for the chemical-free disinfection of protective masks and hygiene-related utensils. In addition to the drying process, ozone is used to effectively reduce germs. The Austrian ski service machine specialist has already sold 20 units to a large company in Italy to disinfect the protective clothing and masks used for their maintenance staff in hospitals and large buildings. The company has 16 locations throughout the country.

Wintersteiger has already been using this technology successfully for years in various sectors, such as the food industry, nursery schools and fire brigades. Due to developments in the course of the Covid-19 pandemic, the company decided to modify the system: Each cabinet is equipped with 7 stainless steel baskets in which hundreds of masks and utensils can be dried within a short time. Disinfection is performed via a 6-hour timer for maximum flexibility or a 24-hour timer for fixed drying times.

According to Wintersteiger, several publications have said that it is already proven that coronaviruses on surfaces can be destroyed using ozone. Since the structure of the novel coronavirus Covid-19 is similar, experts are confident that ozone in combination with temperature will also be successful with this virus. The effectiveness is currently being tested and documented in a specialist laboratory.

The drying cabinet also contributes to environmental protection: Protective masks and clothing are dried, disinfected and can be reused instead of going into the garbage.

## More donations for coronavirus

(Updated on April 8) Italy's **Cisalfa Sport** is supporting **Hope**, the non-profit organization that helps children and disadvantaged communities in Italy and the Middle East, through the project #CorsaPerLaVita (the Italian for "Run for Life"). The objective of the project is to raise funds for the purchase of lung ventilators, ultrasound scanners, beds and medical supplies for intensive care units in the fight against the coronavirus pandemic.

The Italian sporting goods retailer will use its digital communication channels to encourage its clients and employees to donate money for this important cause at [www.hopeonlus.org/coronavirus/cisalfa/](http://www.hopeonlus.org/coronavirus/cisalfa/). Since March 2, Hope has been providing hospitals in Lombardy with specialized medical staff to help 7 days a week, 24 hours a day in the fight against the virus.

The Lombardy region in Northern Italy is one of the regions most affected by coronavirus worldwide, and **Reusch**, with the help of its international community of athletes, has decided to collect donations for the ASST Fatebenefratelli Luigi Sacco Hospital in Milan. All donations collected through GoFundMe will go directly to the hospital. The funds will be used to purchase equipment, products and services and to carry out specific initiatives to improve healthcare and relief efforts. To improve the visibility of the campaign, several Reusch athletes including **Mikaela Shiffrin**, **Henrik Kristoffersen**, **Alexis Pinturault**, **Wojciech Szczesny** or **Ralf Fährmann** are supporting it on their social media channels using the hashtag #HelpingHands.

**Macron**, an Italian producer of team sports jerseys that has already made donations to hospitals, has launched "Stop Covid-19/Macron #noicisiamo," a non-for-profit project to help the local community during the coronavirus emergency. The sportswear company, headquartered in Bologna, Italy, is utilizing its production and logistics organization in Italy and Asia for the production and distribution of personal protective equipment (PPE), such as surgical and FFP2 masks and gowns for healthcare workers, civil protection workers

and law enforcement personnel. In accordance with the new regulations imposed by the Italian government, for the time being the company is only distributing the devices in Italy.

In Spain, another big hotbed of the epidemic, **Joma** has made a donation to a hospital, among other gestures. **Foot on Mars**, a chain of sneaker shops that belongs to Spain's **Tréndico Group** (formerly **Twinner Iberia**), has pledged the donation of 15 percent of its sales revenues through April 26 to a charitable platform, **AdoptaUnAbuelo.org**. "Adopt-a-Grandparent," as the name translates, dispatches young volunteers to serve as companions for the elderly, who are more likely to be affected by the Covid-19 virus. The idea dates back to 2014, when the association's founder, **Alberto Cabanes**, "adopted" an 86-year-old widower and old friend of his grandfather. At present the association manages 2,000 young volunteers, who have logged some 26,000 hours with about 1,100 elderly people throughout Spain. To deal with the Covid-19 quarantine, it has set up a secondary program for telephone companionship called "Minutos en Compañía."

Possibly inspired by **Decathlon's** donation of its **Easybreath** snorkeling masks for their use as respirator masks (see the related story), **Forum Sport**, one of the major sporting goods retail chains in Spain, has taken its scuba diving masks out of its inventories to give them to hospitals. It had previously donated 400 garments to the Red Cross to pass them on to homeless people.

In collaboration with the auction house **Drouot Estimations**, **Adidas France** has organized an event called "**Athlètes et Solidaires**" (roughly "Athletes Here to Help"). A number of French athletes on the company's sponsorship roster are donating Adidas-branded jerseys, shoes and accessories that in some way reflect their respective careers. The items will be signed and sold at auction online. All proceeds will go to the **Fondation Hôpitaux de Paris - Hôpitaux de France**, in support of the struggle against Covid-19.

Spearheading the effort is **Vincent Gérard**, goalkeeper for the French national handball team. He is joined by more than 50 others, among them the handball players **Nikola Karabatic**, **Luka Karabatic** and **Thierry Omeyer**, the basketball players **Cline Dumeric** and **Sekou Doumbouya**, the tennis player **Kristina Mladenovic**, the rugby players **Dimitri Szarzewski**, **Mathieu Bastareaud** and **Yannick Nyan-**



ga, the football players **Wissam Ben Yedder**, **Presnel Kimpembe**, **Benjamin Mendy**, the track athlete **Stéphane Diagana**, and the volleyball player **Earvin Ngapeth**. The items are already on sale at [www.drouotonline.com/athletessolidaires](http://www.drouotonline.com/athletessolidaires). The auction ends on April 12.

In Germany, meanwhile, **Intersport** launched a “Keep the world running” campaign on April 8, donating sports shoes to professional groups such as supermarket employees, parcel suppliers and hospital employees. After the Easter holidays, Intersport will start to donate about 600 pairs of shoes to selected institutions in Hamburg. The laces of each pair of shoes feature a tag with the slogan of the campaign. In the next couple of weeks, Intersport’s retailers will deliver more shoes to institutions in other German cities.

### *Sports eyewear brands donate goggles*

A program called **Goggles for Docs** has been quickly instituted in the U.S. to provide ski goggles to healthcare workers who would otherwise lack eye protection while treating patients infected with Covid-19. The program relies entirely on volunteers and donations. Instructions for logistics, with hospitals broken down by state (16 so far), are online at [www.gogglesfordocs.com](http://www.gogglesfordocs.com). **Smith**, the American brand of snow goggles, is contributing new and used goggles and promoting the program as well. It will be hosting the **Après Ski Music Series**, live-streaming performances – by **Stephen Kellogg**, the **Pete Kilpatrick Band** and others – and inviting listeners to donate goggles or cash for the purchase of personal protective equipment.

**Bell** and **Giro** have announced their participation in the Goggle for Doc program by donating a total of 3,194 protective goggles for healthcare workers in 18 states. They are made at **Vista Outdoor**’s manufacturing facility in Rantoul, Illinois.

Meanwhile, **Zeal Optics** is donating goggles to doctors at two hospitals in its home state of Colorado and two others in Southern California. **Fischer Skis US**, the American distributor of **Uvex** goggles and helmets, is donating 1,000 pairs of goggles.

In the U.S., meanwhile, **Revo** has announced its participation in **The Brands x Better Coalition**, a group of brands who aim to foster stability in a time of crisis. Each member of the coalition is donating up to 10 percent of proceeds to a charity or other non-profit organi-



zation of their choice that is helping people on the frontlines of the coronavirus crisis. The participating brands include **Boll & Branch**, **Bodyguardz**, **Clean Simple Eats**, **Cotopaxi**, **Dagne Dover**, **DTX Company**, **Enso Rings**, **Faherty**, **Greats**, **Harrow Sports**, **Knot Standard**, **Kopari**, **Lander**, **M.Gemi**, **Moxyo**, **Nomatic**, **Owyn**, **Revo**, **Revtown**, **Rhone**, **Rockets of Awesome**, **Rumpl**, **Summersalt**, and **Super Coffee**. Revo will be donating 10 percent of its net profit through April 30, 2020 to the Meals on Wheels Covid-19 Response Fund.

### *The North Face donates ad space for a just cause*

“All storms pass. It’s how you weather them that matters.” Spreading this post on Facebook in an evident allusion to the coronavirus outbreak, and attributing it to one of its athletes, **Jimmy Chin**, **The North Face** adds: “We will weather this storm together, united to move the world forward.”

TNF has announced that it is “donating its European TV space in April to healthcare and frontline services to help deliver their critical messages.” A spokesperson adds that this will only happen in the U.K. and Germany, where it was planning to broadcast commercial spots. The company says it is also committing €1 million to its **Explore Fund** to support outdoor communities across Europe “where the need is most critical immediately and throughout the recovery.”

### **Sport 2000 explores the post-corona future with suppliers**

Instead of standing still and just waiting for the end of the confinement period, the retail organizations of **Sport 2000** in Germany and Austria are taking action by studying new opportunities for cooperation with vendors.

In Germany, where it has just launched an online store as a marketplace for its affiliated retailers, Sport 2000 wants to prepare a better future for them for the time after the corona crisis. The buying cooperative, which is part of the **ANWR Group**, is organizing digital round tables with its partners for the industry in order to work out measures and cooperation programs for the future.

Last Friday, Sport 2000 met online with its most important suppliers in the running segment, including **Asics**, **Brooks**, **NewBalance**, **On Running** and **Saucony**. This is the first of five virtual round tables, in which Sport 2000 and its suppliers set up a plan for the reopening of the stores of affiliated retailers.

Digital round tables for the other four important categories for the retail members of Sport 2000 - outdoor fitness/training, team sport and winter sports - will follow soon. The most important questions raised during the meetings with suppliers are about the management of orders for the upcoming seasons, possibilities for the activation of consumers and whether the crisis can be seen as an opportunity.

Other topics concern new product launches, the product life-cycle and coordination for the start of new seasons. Sport 2000 aims to define together with its suppliers which platforms can be best used to cover future order rounds and how innovations in the market or in the warehouses can be communicated to the end consumer. Sport 2000 is considering running common image campaigns with suppliers in order to get consumers into the stores of the affiliated retailers.

Meanwhile, **Sport 2000 Austria** launched a digital marketing campaign to support its affiliated retailers on March 30. Under the #buylocal slogan, Sport 2000 invites customers to support their local retailers by using the contactless advice and purchase offers of affiliated retailers or to postpone sports purchases that are not urgently required. Many retailers offer a contactless bike service and hold consultations by phone. The bike or other ordered products are then delivered directly to customers.

Sport 2000 Austria also launched a new, dedicated web store on April 6. On the website [buylocal.sport2000.at](https://buylocal.sport2000.at), customers can inform themselves on how they can support their local retailer. Other social media channels, like Facebook or Instagram, as well as online retailers are included in the campaign.

## Spaniards project a recovery in March 2021

According to a recent survey of 1,187 Spanish industry professionals conducted by *CMDsport*, the general sense in the national

sporting goods industry is that the market will return to its pre-crisis level sometime between September 2020 and March 2021. But uncertainty reigns. The projections listed in the questionnaire ran from September 2020 to anytime in 2023, and none drew a majority.

Large numbers of gym operators (21%) and suppliers (33%) picked March 2021 as the probable month for the recovery, whereas a plurality of retailers (20%) opted for September of this year. Extrapolating the data, majorities in all three categories (62% of gym professionals, 52% of retailers, 66% of suppliers) placed the date no later than March 2021.

There was greater clarity on the matter of post-crisis exercising. Most gym operators (54%), retailers (53%) and suppliers (62%) agree that sports participation will return to pre-crisis levels, and 36 percent, 37 percent and 33 percent, respectively, believe that it will increase.

The clearest majorities emerged among suppliers when they were asked about required service levels after the Covid-19 pandemic. Some 72 percent believe they will need to provide more services, and 74 percent believe those services will have to differ from past practices. In the survey's sample of professionals, 40 percent were sporting goods retailers, 39 percent were gym operators and the remaining 21 percent were suppliers. *CMDsport* published its results on April 8.

## OR and other shows are cancelled or postponed

**Outdoor Retailer** (OR) announced in a "letter to the community" that the **ORSummer Market**, initially scheduled for June 23-25 in Denver, Colorado, had to be cancelled. **Marisa Nicholson**, senior vice president and show director of OR, wrote that the difficult decision to cancel the 2020 summer show was made "amidst growing concerns surrounding the Covid-19 pandemic, and after having extensive conversations" with the people involved with the event. The reasons for cancellation include concern for the health of all participants, the declaration of a national emergency, recent federal measures that include travel restrictions for foreigners, and "the resulting cancellations made by several partners."

According to its announcement, **Emerald Expositions**, the owner of OR, investigated potential alternative dates for the show, but logistical issues as well as clear feedback from retailers, representatives and brands have compelled the company to cancel and not postpone the 2020 summer edition. The organizers are currently working on digital solutions and other tools to assist the industry. This may include supporting a go-to-market strategy for spring/summer 2021, strengthening the network between buyers and sellers, new digital opportunities to learn about new brands, products and retailers, digital workshops and expanded media and marketing tools.

OR has installed a Covid-19 resources page on its website with helpful information and news from partners, brands, retailers and the U.S. government to help the community deal with the crisis. The next Outdoor Retailer Summer Market is scheduled for June 15-17, 2021. Prior to OR's announcement, the more focused **Grassroots Outdoor Alliance**, had said that would not meet for its spring **Connect** trade show, originally planned for June 12-15. Instead, the organization will introduce a collaborative digital framework to support the spring buying cycle in June.

The pandemic has also led to the cancellation of demo and media events that were scheduled to be held in Austria and Germany in June and July in the run-up to the **Eurobike** trade show. The fair is still due to take place in Friedrichshafen on Sept. 2-5, but its organizers have already a Plan B in mind that would make it happen at the end of November. A decision will be made in mid-May.

Meanwhile, the organizers of the **PalleExpo** watersports fair in Nuremberg, which was slated for Sept. 25-27, have cancelled it, announcing that the next edition will take place next year on Oct. 8-21. We have already reported on the cancellation of the **OutDoor by Ispo** trade show that was due to start in Munich at the end of June. No information has yet been given about the simultaneous the persistent Covid-19 epidemic is leading to the cancellation or postponement of other trade shows in Europe.

In Italy, the persistent Covid-19 epidemic has led to the cancellation or postponement of three important Italian fairs that cater in part to the sporting goods industry. **Pitti Uomo**, the menswear show that was going to take place in Florence on June 15-19, has been postponed to Sept. 2-4. Many sports brands exhibit at this fair, in the

absence of a national sporting goods show in Italy.

Another big international shoe show focused on the medium-priced market, **Expo Riva Schuh**, whose summer edition was scheduled for June 13-16 at Riva del Garda near Verona, has been cancelled, and the organizers have decided to consult all the participants and stakeholders to study the option of holding its winter edition at the end of 2020 rather than in mid-January as usual.

While the fashion industry is questioning the current seasonal mode of its collections because of a lack of customers' purchases this spring, the pressure on show organizers for earlier dates is intensifying. A similar orientation toward earlier dates has in fact been taken by the organizers of **Mido**, the big international eyewear show in Milan, who have decided to schedule its 50th edition for Feb. 6-8, 2021. Originally due to be held at the end of February, as usual, it had been postponed to the beginning of July, but it was cancelled on April 2 because of the pandemic.

The eyewear show is offering to exhibitors and buyers the possibility to interact through an internet platform, **MIDO4U**. Similar virtual services are being explored by the organizers of other shows.

The **Berlin Fashion Week**, scheduled for the end of June, is likely to be postponed to the end of July. The main show organizer, the **Premium Group**, says it has decided to wait for further developments before making a decision at the end of May. The **Copenhagen Fashion Week** is in principle postponed from June to the end of August, but there also, the picture should become clearer in May I

## What is happening with Covid-19 on the retail front?

The retail lockdown in Germany is estimated to have caused a drop of 60 percent at brick-and-mortar stores in the fashion sector in general in March, as compared to the same month a year ago, although they were open in the first few days of the month. The trend will no doubt be worse in April and for as long as the stores remain closed. The e-commerce segment was not spared, as it is suffered a decline of 20 percent across all segments of general consumption, with a drop of more than 30 percent for

shoes and clothing. **Zalando's** profit warning (see the separate article) is an indication of the problem.

No figures are yet available to measure the impact of the epidemic on retail sales of sports shoes and clothing, 40 percent of which are sold over the internet in Germany, according to **NPD**, but the trend is likely to have been similar. In the U.S. for example, sales of athletic footwear went down by 65 percent during the week ended on March 21.

There is some hope that the restrictions will be relaxed sooner or later. The Austrian government indicated a few days ago a tentative plan to begin gradually relaxing its nationwide lockdown on April 14. Interestingly, it would start with the reopening of small shops, where there is less likely social contact among people, with larger stores reopening in early May.

Restaurants are scheduled to reopen in mid-May, while the ban on large public events is set to remain in place until at least July. The government introduced the lockdown on March 15 to prevent the propagation of Covid-19. The prime minister, **Sebastian Kurz**, warned that this week will be decisive in whether Austria sticks to the schedule.

Some suppliers, particularly in Italy, are supporting their retail partners in a special way. **Salewa**, **Dynafit** and **La Sportiva** have told them that many of items that have already been ordered for the current spring/summer season will also be included in their spring/summer 2021 collections (more on this in *The Outdoor Industry Compass*).

### **Rents are big problem**

In many European countries where the brick-and-mortar retail sector has shut down, the wages of the employees who have been laid off temporarily or placed on short-time working are being subsidized by the government. On the other hand, due to a tight cash situation in the absence of any sales, retailers are asking for government support to avoid bankruptcies and for landlords to postpone the payment of rents or renegotiate leases.

Department store operators, whose financial situation has been generally fragile in recent years, are probably more in need than

specialty shops, as evidenced by **Galeria Kaufhof Karstadt**'s request for protection from creditors (see the related article in this issue). In the U.K., Debenhams has filed for insolvency.

In the U.K., the government has decided not to levy the business rate (the tax on the right to occupy commercial property) for one year, after numerous British retailers, including **JD Sports Fashion**, said that they would not pay their store leases. The tax equates to approximately 50 percent of the annual rent.

This decision is expected to prevent even more store closings in 2020. The British **Centre for Retail Research** expects that thousands of retail stores will not open after the lockdown in the U.K. Most were under great pressure even before the outbreak of the epidemic, because of weak customer demand, a high "business rate" tax and rapidly rising online competition.

The Centre's recent report, "The Coronavirus: Lost Lives, Lost Stores, and Lost Jobs," predicts that 20,620 retail stores in the U.K. will close their doors by the end of this year. In 2019, 4,547 store closures were reported in the U.K. Experts estimate that up to 235,714 jobs in the retail business will be lost by the end of this year.

In Germany, the national railway company, **Deutsche Bahn**, has offered its tenants deferment of payment of their rent for April. The rule applies to all commercial tenants in the train stations, regardless of whether they had to close or not. Deutsche Bahn is one of the largest shopping center operators in Germany with a total area of around one million square meters at its stations across the country. It operates all train stations directly except for those in Leipzig and Hamburg. It generated total revenues of €393 million in 2019 from the leases.

### ***What about the clearance sales?***

Meanwhile, retailers are wondering what they should do about summer clearance sales. German and French retailers would like them to start later and last longer in order to sell more products from the current spring/summer collection at full price. In France, the dates are regulated by the government.

## Zalando issues a profit warning, offers to help stores

**Zalando** has warned that its first-quarter results will not meet market expectations because of the impact of Covid-19. Meanwhile, the company is offering to waive commissions for participation in its Connected Retail program to German and Dutch retailers until May 31. The company will also postpone its annual general meeting, initially scheduled for May 20 in Berlin. The new date will be announced in due course.

Despite a strong start to the year, the company expects growth in its revenues and gross merchandise volume (GMV) for the first quarter to be significantly below the analysts' consensus. The adjusted Ebit will also be negatively affected by lower sales growth and an exceptional write-down of inventories as a result of revised sales expectations for the current season.

The median of the analysts' consensus prior to the announcement was for 19.0 percent growth in revenue, 22.8 percent growth in GMV and minus €28 million in adjusted Ebit.

The company also scrapped the full-year guidance it issued on Feb. 27, assuming that it cannot be met in the current situation. It will release new guidance "as soon as the course of the corona pandemic can be estimated more reliably."

Zalando had forecast GMV growth of 20-25 percent this year, revenue growth of 15-20 percent in 2020, an adjusted Ebit of €225-275 million, and capital expenditures of around €330 million. Zalando signaled at the time that its projections excluded the pandemic's potential negative effects.

Reason for the correction is a lower level of discretionary expenditures by European consumers as a result of the measures taken by European governments against the spread of the coronavirus since March 9.

Zalando is anticipating a drop in GMV in spite of efforts to push its marketplace as an alternative to physical retailing by brands and multi-brand stores. It is reducing the fees for onboarding on its **Connected Retail** program in Germany and the Netherlands through May 31. The only condition is that



the retailers must allow **DHL** in Germany and **PostNL** in the Netherlands to pick up the orders at their stores in one way or another, and handle possible product returns. Until recently, more than 1,500 brick-and-mortar stores in the two countries were using the platform as a complement to their own operations.

Under the program, the stores can fulfill orders placed on Zalando's platform. Carriers – **DHL** in Germany, **PostNL** in the Netherlands – then pick up the orders at the stores. Any rejected items are returned to the shop.

Zalando has candidly admitted that Connected Retail is still in the ramp-up phase and “flaws may emerge in the coming weeks.” There are more than 1,500 brick-and-mortar stores in Germany and the Netherlands connected to the platform. To further help physical stores, it is shifting from a monthly to a weekly pay-out schedule.

In an open letter on its website, Zalando's board said that it has earmarked €100 million in cash for early payment of goods and services already delivered or rendered to the e-tailer. “Over the coming months, we will look for more ways to support our ecosystem in these difficult times,” it said.

## Interesting action online

Provided that they have sufficient staff at their warehouses, brands are still able to sell products online that cannot be sold by retailers whose stores are closed because of national coronavirus lockdowns. In a nice gesture of solidarity, brands like **Ortovoxx** and **Leki** in Germany are giving a portion of the proceeds to their retail clients.

Ortovoxx said it is going to give 25 percent of the proceeds from the sale of its mountain safety products to local retail partners in Germany, Austria, France and the U.K. who would have benefitted from the customers' purchases. The customers themselves choose the store where they would have made the purchase. Focusing on Nordic walking poles, Leki is giving its retail partners a budget to encourage customers to buy its products through the social media, letting them have 35 percent of the purchase price in case of a sale.

As the brands normally generate good margins on their direct online sales, some of them offer temporary discounts to stimulate action over the internet. In France and other European countries, for example, **Oakley** is offering customers a rebate of 30 percent on all its sports and lifestyle eyewear bought by them over the internet.

In the U.S., **Nike** has placed a discount of 25 percent on all its footwear styles – except a few high-end **Jordan** models – sold through its website and shopping app. Our sister publication, the American edition of *SGI*, sees this less as a reaction to Covid-19 quarantines than as “an offensive move to accelerate its Consumer Direct Offense” – that is, a way to expand its DTC database of consumer names and bolster its position with respect to wholesale accounts in preparation for a return to normal.

However, orders generated by the promotion may be held up momentarily by the weekend closure of the company’s North America Logistics Campus in Frayser, Tennessee, the company’s largest one in the U.S. An employee at this distribution hub recently tested positive for Covid-19, and the hub had to shut down for cleaning.

### *Only some products are in demand online*

In a recent interview with *Tradesport*, **Xavier Pladellorens**, the co-founder and chief executive of **Deporvillage**, one of the major Spanish online retailers of sporting goods, declared that his company has sufficient general inventory to ride out the Covid-19 pandemic. Like the competition, however, the Spanish online retailer has had trouble meeting demand for home fitness and indoor cycling categories that have received a considerable boost from quarantines. Items such as foam rollers and cardio gear are particularly scarce, and the company has never shipped so many of them in so short a time.

Meanwhile, inventories of products for the cycling, running and outdoor sectors are running high. The year began in stellar fashion for Deporvillage, with revenues up by 30 and 40 percent in January and February, respectively. Since then, revenues have been flat as compared to 2019. The company’s office staff of 80 is now working from home but keeping in touch with suppliers and brands. Pladellorens believes that the quarantine could “establish new habits among consumers,” who are “growing more

accustomed” to online shopping and might remain loyal once the pandemic tapers off.

## Asics introduces three shoes virtually

**Asics** has announced the release of three new models of shoes: the **Metaracer**, the **Metarise** and the **Metasprint**. The Japanese company had planned to introduce the shoes at an **Asics Innovation Summit** in Tokyo. In response to the Covid-19 pandemic, however, it has opted instead to produce its first virtual reality product preview. The shoes are now open to view from the **Asics Institute of Sport Science** in Kobe, Japan.

The **Metaracer** is Asics’ entry into the carbon-plate midsole class of long-distance running shoes. Designed for distance running, at retailing at about €200, the **Metaracer** combines Asics’ **Guidesole** with a carbon plate, no doubt in response to **Nike’s Alphafly** and **Vaporfly Next%** shoes, which have dominated the category since last year, when **Eliud Kipshoge** of Kenya became the first person to run a marathon in less than two hours. The **Metaracer’s** toe-spring shape supposedly reduces the load on the calf muscle by up about 20 percent.

The **Metarise** volleyball shoe, also retailing at €200, is designed for high leaps, with a curved heel to support the transition from the court to the air and back. Asics claims the shoe can boost lift by about 3 percent, for gains in height of up to 2 cm.

The **Metaspring**, finally, has done away with the traditional track spikes for sprinters, substituting a honeycomb carbon fiber outsole for traction and speed. It retails for €300.

Asics closed stores and offices weeks ago in markets affected by the pandemic around the world. It has also granted free access to the **Asics Studio** home workout app for the pandemic’s duration.

## Puma will hold a virtual AGM, Adidas will pay rent

**Puma** announced on April 3 that it was suspending the payment of its dividend for this year. Unlike **Adidas**, which has decided to postpone its own AGM to a still undefined date, the Wild Cat has decided to stick to the previously scheduled date of May 7, but it

will hold it as a “digital meeting” over the internet.

To justify the non-payment of the dividend, Puma pointed out that e-commerce accounts for less than 10 percent of its business, so it will not be sufficient to compensate for the closure of its own stores outside China, Japan and South Korea, and those of its retail partners.

As previously reported, Puma’s board of management has already decided to give up its members’ salaries and to reduce those of senior executives by 25 percent as a cash-saving gesture.

Puma added that it is working closely with authorities, retailers, suppliers, landlords and banks to secure additional financing and to find solutions to the crisis caused by the coronavirus.

On the other side of the river in Herzogenaurach, Adidas is reportedly seeking more than €1 billion in aid from the German government under a major financing package whose details have not yet been ironed out. To save cash, it has already stopped its stock repurchasing program for 2020, which would have involved previously budgeted expenditures of €1 billion.

Like **H&M**, Adidas had also suggested a moratorium on the payment of its store leases in Germany for the month of April, in view of the situation, leading to a public outcry. German Finance Minister **Olaf Scholz** said it was “irritating” that a big company like Adidas would do such a thing. In a move that was echoed by consumers on the social media, a member of the Social Democrat party, **Katarina Barley**, said that she would boycott Adidas products.

Adidas then reversed on its decision, publishing a public apology in German newspapers. It also announced that its chief executive, **Kasper Rorsted**, and other members of the executive board would defer the payment of half of their monthly salaries.

## Sportmaster recognized as an essential company for the Russian economy

On March 23, a Russian government commission on economic policy officially added **Sportmaster** to the list of the companies essential to the national economy. Sportmaster became the first sporting goods retailer in the country ever granted this status, which could

help it to better navigate through the current coronavirus epidemic.

Russian government agencies were scheduled to begin stress tests for the companies recognized as essential on March 30. Those passing the test would be eligible for some additional state aid. **Vasily Markov**, a partner in an international legal firm, **Dentons**, explained that with that status the company can get access to soft loans from the state-owned Russian banks. Some companies could also file for the postponement of interest payments on loans contracted with Russian banks and seek specific subsidies from the government.

Because of the Covid-19 epidemic, which has not spared the country, the Russian government has ordered a lockdown of non-essential brick-and-mortar retail operations until April 30, leaving it up to the provincial governments to make exceptions. Sportmaster and other sporting goods retailers are abiding by the relevant decisions of the regional authorities.

They are ramping up their online sales operations, but the demand for most items has slumped. People are not allowed to go outside, so there is no sense for them to purchase bicycles, tents and there is really not much use to buy more sports clothing or athletic footwear, says another major Russian sports retailer, **Kant**, predicting that the country's sporting goods market could shrink by 50 percent in the foreseeable future.

So far, the government has not embarked on any supportive measures for the Russian sporting goods industry, although some discussions are taking place. On March 20, the government adopted a broad package of measures aimed at supporting Russian companies, which includes a moratorium on all inspections by the Federal Tax Service and tax holidays for a wide range of companies.

## Nautilus swims against the tide

In a difficult context due to the coronavirus pandemic, while many other sports equipment companies faced a grueling first quarter, **Nautilus** released strong preliminary figures. It posted sales for the first three months of the year that gained 11 percent to around \$94 million. It was the first time that Nautilus' quarterly sales have grown year-over-year since the third quarter of 2018. The American fitness equipment supplier even raised its guidance and now

expects Ebitda from continuing operations for the first quarter to be in the range of \$0.0 million to positive \$1.5 million. Previously, it anticipated a loss in the range of \$4.0 million to \$1.0 million.

The management attributed this performance to the popularity of the **Bowflex** and **Schwinn** brands, recent strategic and operational changes, disciplined execution, and a near-term trend toward home fitness. Although numerous retailers have temporarily closed store locations due to Covid-19, Bowflex and Schwinn experienced strong year-over-year sales increases through retail partners' e-commerce and curbside pick-up platforms. Coronavirus has created a heightened need for home-fitness products, and demand for many home-fitness products continues to outpace supply.

In the Direct segment, preliminary sales were up by about 1 percent to \$47 million, driven by the Bowflex SelectTech, dumbbells and kettlebells, as well as the Bowflex C6 and Schwinn IC4 connected-fitness bikes. This more than offset lower **Max Trainer** sales.

This is a reversal of fortunes for the Bowflex line, which had sluggish sales last year. The company's new chief executive, **Jim Barr**, who took up his position in 2019, blamed this on sub-optimal advertising. He implemented a new restructuring plan and re-launched the company's digital platform under the new **JRNY** name on Oct. 30, featuring a personalization engine driven by artificial intelligence that suggests customized workouts and adjusts to individual fitness levels. In addition, the company launched several digitally connected products, including the Bowflex 216 and 116 treadmills, the Schwinn IC4 bike, and the Bowflex C6 bike.

In the Retail segment, the company's sales soared by 24 percent to \$46 million, also boosted by strong sales of the Bowflex and Schwinn home fitness products, especially the Bowflex Select-Tech 552 adjustable weights and Schwinn IC4 connected-fitness bikes, despite a weaker performance from the **Octane Fitness** commercial line.

Looking ahead, the management said that while these results have exceeded expectations, it is remaining prudent as the coming quarters may present added challenges for all businesses. However, it noted that while a significant volume of Nautilus products is manufactured in China, most workers in the factories the company uses have returned to work. Further, ground transportation to the ports

and shipping capabilities from China are improving daily. The management said it is working closely with partners across its entire supply chain to improve production and delivery timelines and has expedited deliveries to the U.S. and Europe to meet increased customer demand.

## Moody's is pessimistic about Amer's outlook

**Moody's** downgraded its ratings for **Amer Sports'** debt to the lowest level possible, issuing a pessimistic short-term outlook for the company, acquired a year ago by **Anta Sports Products** and other investors. Moody's expects a 20 percent decline in the group's revenues this year, noting that its products are subject to highly discretionary consumption and that 80 percent of them are sold through brick-and-mortar stores, most of which are now closed in key markets affected by the coronavirus pandemic.

The ratings, which have been lowered from B1 to B3, concern a €1.7 billion loan and a €315 revolving credit contracted by Amer. Moody's said that the group may breach its bank covenants due to a possible cash shortfall in the second and third quarters of this year because of the pandemic. It noted that Amer's brands generate little cash in the seasonally weak first half of the calendar and financial year, evidently pointing to the likes of **Atomic** and **Salomon**.

At the seasonally high point of last Dec. 31, Amer had €306 million in cash and could draw €119 million on its revolving credit. But, it was also facing the need to repay €167 million in loans during the first half of this year, without access some of the cash in foreign subsidiaries.

Last month, Amer decided to forego the payment of €11.5 million in dividends to its shareholders to help service its loans, but this will be insufficient, as the company normally has negative cash flow in the second quarter. Moody's predicts that Amer will exceed the 8.0 net coverage threshold on its senior secured debt by June 30 or Sept. 30.

Of course, it is highly unlikely that the group will run into a default. Anta and other cash-rich members of the consortium that owns Amer will likely inject more equity into the company, but this would

further increase Amer's already high financial leverage.

## Under Armour budgets hefty restructuring charges

On April 3, **Under Armour** announced a series of steps that it intends to take in reaction to the "acute" shock caused by the coronavirus epidemic, and quantified the cost of its restructuring program. A few days earlier, two investment brokers, **Goldman Sachs** and **Stifel**, had reduced their projections for the company's share price, feeling that the implementation of its turnaround strategy will take longer because of Covid-19. **Moody's** subsequently downgraded its rating across the board.

Goldman Sachs cut its share price target for the company from \$21 to \$9 on March 25, just below its stock market quotation at the time, switching its recommendation to "neutral" from "buy." Stifel reduced its target price for the next 12 months from \$16 to \$11, with a similar move from "buy" to "hold." Following Under Armour's April 3 announcement, its stock price dipped further, closing at \$8.22, roughly in line with a drop in the stock market after March 31. It was at \$21.0 last Dec. 31.

While noting some early signs of improvement in the Asia-Pacific area, which accounts for a relatively low share of the company's turnover, Under Armour said on April 3 that it will extend the previously announced store closures. Also, it will temporarily lay off 600 employees at its U.S.-based distribution centers from April 12, while paying premium bonuses to those who will continue to work there.

The company noted that it will have paid up to four weeks of full wages to all employees at its stores and distribution centers since the crisis began. It also pledged to cover full health benefits for them for about two months during the layoff period. In contrast with the situation in certain European countries, temporary layoffs are not subsidized by the government in the U.S., and unemployed people don't necessarily get health insurance benefits. Outside the U.S., Under Armour will take appropriate measures on a country-by-country basis, based on local regulations and the degree of the pandemic.



Meanwhile, the members of Under Armour's board of directors and the company's vice presidents will see their compensation reduced by 25 percent.

Furthermore, while withdrawing its previous guidance, the company reported that its board approved on March 31 a restructuring plan that had been tentatively laid out on Feb. 21 "to rebalance the company's cost base to further improve profitability and cash flow generation." Under Armour said that this plan will involve estimated pre-tax and related charges of \$475 to \$525 million in 2020. Aside from lease terminations and severance fees, the biggest item will be an impairment charge – to be taken in the first quarter – of about \$290 million for the company's now closed flagship store in New York.

In downgrading Under Armour's stock, Stifel pointed to likely pressure on its margins, indicating among other things that inventory challenges may lead larger players like **Nike** to further "crowd smaller players out of the marketplace." On the other hand, Stifel said that Under Armour, with more than \$500 million in cash and the ability to borrow up to \$1.5 billion, should have enough liquidity to weather the crisis.

Moody's agreed that Under Armour's liquidity remains very good after it drew down another \$700 million from its revolving credit. The rating agency said it will downgrade the company further if its Ebit margin falls below 5 percent or if the Ebitda/interest ratio goes below 3.0 times. It may be upgraded if margins improve and if the Ebitda/interest ratio rises to 3.5 times.

Goldman Sachs mentioned "elevated near-term execution risk," but conceded that Under Armour's margins should improve in the longer term, as athletic and casual apparel is growing faster than other types of products.

Separately, on a positive note, a federal court judge in Baltimore dismissed a lawsuit launched two years ago accusing the company's founder, Kevin Plank, of improperly profiting from the development of Under Armour's new headquarters in Port Covington. Plank, who has other real estate investments, was the chief executive of the company at the time of the shareholder suit.

## Wolverine wants to save \$500 million

As reported in a separate article, **Wolverine Worldwide** was one of the companies operating in our industry that got the biggest hit on the stock exchange between Jan. 24 and March 31. On March 26, Wolverine released a detailed statement about the proactive and precautionary measures that it is taking to navigate in the current environment. It said it will leverage on its relatively agile supply chain to reduce inventories to adjust to the lower demand in the market. It will also reduce operating expenses, delay most of its capital spending projects and suspend planned repurchases of its own shares on the stock exchange.

These actions are expected to result in up to \$500 million worth of cash savings for the balance of 2020, with most of the benefits expected in the next two quarters, which will likely be most challenging. They should also result in the company being still able to generate a positive operating cash flow of more than \$150 million.

As a precautionary step, the company has also drawn down on the balance of \$800 million still outstanding on a revolving credit line of \$1.75 billion expiring in December 2023, raising its cash position up to about \$450 million. **VF Corp.** and other companies in the sporting goods and outdoor sector have drawn down on part of their existing credit facilities. In addition, Wolverine still has an incremental borrowing capacity of around \$760 million under its credit facility, subject to certain specified conditions.

Wolverine earlier said that it was closing all its 90-odd directly operated stores. The company is now stressing that it and its retail partners are still able to honor orders placed by customers over the internet, which recently represented nearly 40 percent of its sales in the U.S. Like other companies, Wolverine has been making donations to help out in the Covid-19 emergency. It recently donated some 25,000 face-masks to a local hospital group in Michigan and plans to supply more of them in its home state of Michigan and in the Boston area, where some of its brands are based. It has started leveraging its U.S.-based **ReChaco** manufacturing facility for further mask production and similar donations. In addition, several of the company's brands have donated footwear to healthcare workers and other first respondents to requests for help in the current relief efforts.

In spite of its announcement, the company saw its rating slightly downgraded by **Moody's**, which changed its outlook for the company from stable to negative. The rating agency indicated that the Covid-19 epidemic will put pressure on Wolverine's revenues and profits, hampering its ability to reduce leverage over the near to medium term. It noted that the company had increased its leverage in 2018 to fund share buybacks, capital expenditures and higher inventories.

## Fila performs well in Europe

The Italian heritage sports brand's momentum remained particularly strong in Europe during the fourth quarter of 2019, as **Fila Korea's** licensing royalties from the region surged by 47 percent from the year-ago quarter to 39,200 million Korean won (€29.2m-\$32.0m).

Fila Korea has been the owner of the brand since 2007, and it has been licensing it out in key regions such as Europe, where it has been working through **Ochsner Sport**. Globally, the group reported a 23 percent increase in licensing fees to KRW 19,000 million (€14.1m-\$15.5m).

However, the revenues of the company's North American subsidiary, **Fila USA**, dropped by 36 percent to \$108.0 million in the region, and it had a net loss of \$944,000 this year against net profit of \$11.8 million for the same quarter a year ago. The company didn't provide any commentary on the poor performance.

In South Korea, Fila's sales went up by 23 percent to KRW 162,600 million (€121.1m- \$132.2m), while net profit almost tripled to KRW 31,900 million (€23.8m-\$26.1m).

There was also a 56 percent increase to KRW 33,200 million (€24.7m-\$27.1m) in design fees from its joint venture with **Anta Sports Products** in China. We have already reported on Fila's stellar performance in China in reporting on Anta's latest financial results.

For the full year, the company's revenues - including those of the recently acquired **Acushnet** business - improved by 17 percent from the previous year to KRW 3,450,422 million (€2.5bn-\$2.6bn), while net income surged by 61 percent to KRW 388,144 million (€289.1m-\$291.8m).

Excluding Acushnet, Fila brand operations saw sales progress by 29 percent to KRW 1,490,470 million (€1.0bn-\$1.1bn), with an operating profit improving by 2.9 percentage points to 17.5 percent. There was also a 56 percent increase to KRW 33,200 million (€24.7m-\$27.1m) in design fees from its joint venture with Anta in China.

## Li Ning's profits soar

Even though it faced a difficult comparison base due to a stellar year in 2018, **Li Ning** managed to more than double its net income in 2019 to 1,499 million yuan renminbi (€192.2m-\$211.4m). The Chinese sports company's annual sales jumped by 32 percent from the previous year to 13,870 million yuan renminbi (€1.8bn-\$1.9bn). Comparable sales growth accelerated to a high-teens rate.

The gross margin went up by 1.0 percentage point to 49.1 percent, due to improving product margins and less discounting. The operating margin jumped by 3.7 percentage points to 11.1 percent, as marketing expenses were held in check.

Footwear revenues rose by 32 percent to RMB 6,085 million (€780.2m-\$858.0m), while apparel sales went up by 34 percent to RMB 7,109 million (€911.5m-\$1.0bn). Equipment and accessories advanced by 14 percent to RMB 674.5 million (€86.5m-\$95.1m).

The Li-Ning brand's online sales grew to represent 24 percent of its total sales in China, compared with 22 percent in 2018, on the back of continuous investments in this part of the business. It developed the **Counterflow** series on the e-commerce platform, an independent product line with a focus on middle-to-high-priced sports footwear and apparel featuring both sporty lifestyle and elements of Chinese culture. **Alien**, **Glass** and **Space Jump** were among the most popular products.

Revenues from physical retail stores accounted for 27 percent of the turnover, down from 31 percent for the previous year, while the share of wholesale revenues improved from 47 percent to 49 percent.

The group continued to open new and larger flagship stores with stand-out displays and designs at key locations, while closing down under-performing stores and improving its network of factory out-

lets. The company had 6,449 Li-Ning branded stores at the end of December, 105 more than a year earlier.

Meanwhile, the company opened 308 **LN Young** stores in the past year, building up to a year-end total of 1,101 locations. This sub-brand covers the market of the age group from 3 to 14.

Li Ning said it focused on performance and technology, but also worked on strengthening the sports lifestyle part of its collections as the athleisure trend is gaining traction in China. For example, it launched a line celebrating **Dwyane Wade's** career in his retirement year, and collaborations with graffiti artist **OG SLICK** and American rapper **Rick Ross**. It also signed up a basketball player, **C.J. McCollum**, and sponsored several marathons to promote its performance running line.

The group is also transforming its operations in a bid for faster delivery and closer alignment with consumer demand. Since the start of 2017, it has been trying to directly deliver products from its national distribution center to the retail outlets. It has also been developing sourcing and replenishment procedures that allow retailers to directly place orders with factories.

Last year, the company implemented a strategy dubbed "Single Brand, Multi-categories, Diversified Channels," which aims to optimize marketing resource allocation and accelerate the enhancement of sales channel efficiency and operating efficiency.

In terms of product, it continued to focus on five core categories, namely basketball, running, training, badminton and sports casual.

Li Ning has not given details about the impact of coronavirus so far in 2020 in its report. However, an executive told the *South China Morning Post* a few days ago that the company is aiming to increase its profit margin in 2020 by 1.4 percentage points to 10.5 percent. **Takeshi Kosaka**, who joined the company in 2019 as joint chief executive officer, said that 95 percent of offline stores have reopened.

## A stellar year for Lululemon

**Lululemon Athletica** ended the year the same way it started, with sales and profits soaring. This was expected, since the company

raised its guidance in January to reflect a better-than-expected holiday period.

The company's net income for its fourth quarter ended on Feb. 2 surged by 36 percent from the year-ago period to \$298.0 million, while sales jumped by 20 percent to \$1,397 million, including a 20 percent gain in comparable sales.

Sales were boosted by the global rise of the athleisure trend, the growing popularity of health and wellness, as well as a greater awareness of environmental issues, with the brand communicating on sustainability. It invested significantly in product development, using proprietary performance fabrics, that have allowed it to offer a multitude of new products and to expand in the men's sector. It has also invested in its loyalty program and worked to improve the in-store shopping experience through, forming a powerful bond with a loyal customer base.

Comparable brick-and-mortar sales rose by 9 percent in the quarter in constant currencies, compared with a 7 percent increase recorded for the year-ago period. Square footage increased by 18 percent through the addition of 51 net new Lululemon stores since the last quarter of 2018. Between November and the end of January, the group opened 12 net new stores and completed five optimizations. The management is seeing strong results from its big new experiential stores, which offer activities such as sweat classes, making it believe that they could represent about 10 percent of its sales in the future. All in all, Lululemon ended the quarter with 491 locations.

Meanwhile, online sales climbed by 41 percent and accounted for 33 percent of the total turnover. Customer traffic increased by a high-single digit in stores and by over 30 percent online.

Lululemon raised its sales on a comparable basis by 39 percent in men's, by 12 percent in women's and by 24 percent in accessories.

International sales went up by 25 percent overall, while in North America, the company's largest region, revenues grew by 19 percent. For Europe, the management did not release any specific details for the quarter. However, highlights in 2019 include the opening of a new store in the Marais district of Paris, its second main-line store in the French capital, which leverages on

the success of its Saint-Germain store, which opened earlier this year. In addition, the company entered Norway, a new market for Lululemon, with a store in Oslo.

The stand-out during the quarter was China, with sales jumping by 70 percent. Lululemon scored a record-setting Singles' Day in November, when it surpassed the entire volume of last year's event in just 69 minutes.

The company's gross margin climbed by 0.7 percentage points to 58.0 percent, due to lower product costs, a favorable product mix and lower markdowns. The operating margin expanded by 1.4 percentage point to 29.8 percent.

For the full year, sales almost passed the \$4 billion mark, jumping by 21 percent from the previous year to \$3,979 million. On a constant-dollar basis, revenues increased by 22 percent. Comparable sales rose by 17 percent, including a 9 percent gain in comparable store sales and a jump of 35 percent online. The gross margin inched up by 0.6 percentage points to 55.9 percent. Net income surged by 33 percent to \$645.5 million.

For now, all of Lululemon's stores in North America, Europe, Malaysia and New Zealand have been closed since March 16 due to the Covid-19 pandemic, and a distribution center in Sumner, Washington, is also temporarily closed due to local restrictions. However, all the stores in China are now open, except in Wuhan, and they are also open in most other Asian markets. Traffic in China slowed down earlier in the year, but accelerated in the last two weeks as the epidemic showed signs of easing.

The company will be paying for its employees through June 1, regardless of store closings. In addition, members of the senior management will be reducing their salaries by 20 percent. The board of directors will forgo its cash retainers and put the money toward a new "We Stand Together Fund" for staff support.

Meanwhile, Lululemon is connecting with customers through apps and online, offering free workouts and other content, with a view to driving e-commerce sales. The strategy was implemented in China through **WeChat**, and the company is looking at using **Instagram** in North America and Europe. It added 170,000 new followers in the last week. Lululemon has not provided guidance for 2020.



## Kathmandu's sales jump by 52% on Rip Curl's acquisition

**Kathmandu Holdings** had record sales and profit for the first half of its financial year, ended on Jan. 31 2020, boosted by the acquisition of **Rip Curl** during the period. Revenues were also driven by a good performance by its New Zealand business and robust sales at **Oboz**, the American outdoor footwear brand that it acquired in 2018.

The Kiwi group's revenues soared by 56.7 percent to \$363.6 million New Zealand dollars (€196.7m-\$215.0m), with Rip Curl accounting for 37 percent of total turnover, Oboz for 6 percent and Kathmandu for the remainder.

In the outdoor segment, which includes Oboz and **Kathmandu**, sales grew by 0.4 percent in constant currencies to NZ\$ 228.7 million (€123.7m-\$135.3m), with wholesale up by 7.0 percent and direct-to-consumer down by 0.6 percent. Oboz saw sales improve by 10.4 percent. The segment's gross margin declined by 2.6 percentage points to 60.4 percent, weighed down by higher input costs as a result of foreign currency, a higher mix of clearance sales, and the increased weight of North American wholesale revenues.

Australia and New Zealand accounted for 89 percent of the outdoor segment's sales, North America for 10 percent and Europe for 1 percent. In Australia, sales declined by 0.9 percent due to an ongoing network optimization, while in New Zealand, they inched up by 0.5 percent. In the rest of the world, revenues advanced by 6.1 percent.

Comparable sales in the segment progressed by 2 percent in Australia, with only some impact from bush fires and unusually hot weather. They inched up by 0.5 percent in New Zealand, following two years of negative same-store sales. E-commerce accounted for 11.1 percent of direct-to-consumer revenues over the 12 months up to Jan. 2020, up from 9.5 percent for the previous year.

In the surf segment, which only includes Rip Curl, sales from Nov. 19 to the end of Jan. 2020 reached NZ\$ 128.8 million (€69.7m-\$76.1m), up by 4.8 percent in constant currencies. Comparable sales progressed by 3.7 percent. Wholesale revenues gained 1.8 percent, while direct-to-consumer climbed by 4.8 percent.



By region, Australia and New Zealand grew by 3.2 percent in constant currencies to represent 44 percent of sales. North America accounted for 23 percent the segment's turnover, Europe 15 percent and Rest of World 18 percent. The segment's gross margin stood at 59.8 percent and the Ebitda margin was 13.7 percent.

Overall, Kathmandu's gross margin declined by 1.8 percentage points to 60.2 percent. The Ebitda margin fell by 1.0 percentage point to 11.1 percent, while net income declined by 41.7 percent to NZ\$ 8.1 million (€4.4m-\$4.8m), due to acquisition costs of NZ\$ 10.1 million (€5.1m-\$5.5m).

The management announced at the end of March the closure of its 175 stores, including Rip Curl outlets, in the wake of the coronavirus pandemic. It will continue e-commerce operations in Australia, Europe and the U.S. Online distribution in New Zealand has been suspended. The company has also closed down its offices and sent employees to work from home.

Looking ahead, the company said it will continue to make big efforts toward sustainability, after becoming a certified B corporation, as previously reported. It also scored an A in the Ethical Fashion report. In total, the group recycled 9.7 million plastic bottles into its gear in the course of 2019.

Providing some details about its strategy, Kathmandu said it will focus on growing the core markets of Australia and New Zealand, develop the **Summit Club** loyalty program, and continue the optimization of its store network. It is also striving to diversify by growing the contribution of the summer season. It will continue to enhance the customer experience on the digital and mobile fronts.

## Yue Yuen posts mixed results

**Yue Yuen** Industrial Holdings, the world's largest footwear producer, reported a 4.2 percent increase in sales to \$10,105 million in 2019, driven by a double-digit increase in retail revenues. However, the Chinese company's gross margin lost 0.3 percentage points, going down to 24.9 percent. and its net income fell by 2.1 percent from the previous year, down to \$300.5 million.

With the group continuing to shift production away from China, revenues from the manufacturing segment improved by 2.0 percent to

\$6,001 million, but the gross margin in the segment lost 1.1 percentage points to 18.4 percent due to higher labor and material costs. The net income was off by 10 percent to \$215.6 million.

The group said it continued efforts to diversify its manufacturing base, away from China, and to a lesser extent from Vietnam and Indonesia, moving some operations to Bangladesh, Cambodia, Myanmar and others countries. Only 13 percent of the pairs delivered by the group were made in China, compared with 44 percent in Vietnam and 39 percent in Indonesia.

Citing "uncertainties in the global trade environment," which is leading the brands to adopt more flexible procurement policies, Yue Yuen said it will continue to adjust the allocation of its production by country, but pointed out that this process will take some time before it reaches optimal operational efficiency.

The volume of footwear shipped by the group declined by 1.1 percent to 322.4 million pairs, but their average selling price rose by 4.3 percent to \$17.24 per pair. Sales of athletic shoes advanced by 6.4 percent to \$4,541.6 million, while casual and outdoor shoes dropped by 12.1 percent to \$906.2 million and sports sandals jumped by 19.9 percent to \$110.1 million. Meanwhile, sales of soles, components and other items decreased by 9.8 percent to \$442.6 million and the apparel wholesale business tumbled by 99.9 percent to \$171.8 million due to the divestment of an apparel wholesale subsidiary in the U.S., **Texas Clothing Holding Corp.**, in May.

Revenues from manufacturing were down by 3.5 percent in Europe, which represented 16.9 percent of the total turnover in the segment, as compared to 18.3 percent for the previous year. They declined by only 7.1 percent in the U.S., in spite of the incremental U.S. tariffs on Chinese goods. In China, they progressed by 14.6 percent, and they gained 1.0 percent elsewhere.

Retail sales, which were generated in China by the company's **Pou Sheng** subsidiary, went up by 14.9 percent to \$3,933 million, including a 5.0 percent gain in comparable store sales. Including third-party internet platforms such as **Tmall**, **JD**, **Vipshop** and **WeChat**, online sales jumped by about 34 percent to represent 12 percent of revenues. The gross margin for Pou Sheng expanded by 0.6 percentage point to 34.1 percent, due to better sell-through and reduced discounting. Net earnings increased by 47 percent to \$120.5 million.

At the end of the period, the retailer had 5,883 owned stores, 235 more than a year earlier. In addition, Pou Sheng's sub-distributors opened 399 new stores in the country to reach at total network of 3,950 units.

The group ended the year with a total staff of about 347,100 employees. They are given bonuses to reward their contributions and "work enthusiasm," says Yue Yuen.

The management confirmed that its results will be significantly impacted in 2020, as Pou Sheng closed most of its retail stores in China from the Lunar New Year shopping season at the end of January and through most of February, due to the Covid-19 epidemic. Yue Yuen's factories in China have resumed their production after a shutdown that lasted for several weeks.

## Strong European e-bikes sales take Giant to record highs

The **Giant Group** reported a 5.3 percent increase in revenues to a record 63,449 million New Taiwan dollars (€1.9bn-\$2.1bn) in 2019, boosted by the rising popularity of e-bikes, especially in Europe, where sales gained about 13 percent to NT\$ 18,667 million (€571.6m-\$617.4m). Collectively, the Taiwanese bike manufacturer's brands - **Cadex**, **Giant**, **Liv** and **Momentum** - collectively posted double-digit growth in the region, with an increase in e-bike sales of over 40 percent.

The group, which was previously called **Giant Manufacturing**, also benefited from the recovery of the bicycle market in China, where sales grew at a double-digit rate. As a result, the company's total sales in Asia inched up by 2 percent to NT\$ 36,173 million (€1.1bn-\$1.2bn).

In the Americas, the company's revenues progressed by 5 percent to NT\$ 6,341 million (€194.3m-\$206.7m) thanks to better product optimization. Other regions rose by 6 percent to NT\$ 2,268 million (€69.5m-\$75.0m).

Overall, Giant's gross margin moved up by 0.8 percentage points to 21.5 percent, lifted by strong turnover and partly offset by increased marketing spending.

Net income jumped by 17.8 percent to NT\$ 3,375 million (€103.4m-\$110.0m).

The management pointed out that its factories in Kunshan and Tianjin, China, have now resumed normal operations after shutting down during the coronavirus outbreak, and a new Hungarian factory will begin production in the middle of this year. The Taiwanese factory has continued to roll out automation to enhance production capacities.

The group has adopted a new brand structure in a bid to consolidate resources. The producer's Original Equipment Manufacturing business is run separately from the production and sale of its consumer brands: Cadex, Giant, Liv and Momentum. They are in turn separated from **The Cycling Lifestyle Foundation, YouBike** and the **Giant Travel Agency**.

## News Briefs & Short Stops

### Corporate

**Hansebrands**, the parent company of **Champion**, sees its corporate family rating downgraded by Moody's from "stable" to "negative." The rating agency cites the closure of retail stores and the possibility of a protracted reduction in apparel consumption because of the coronavirus outbreak. The company said that it is guaranteeing the benefits for the employees at 1,200 stores in the U.S., European and Australia that have been shut down and a further 575 employees in the U.S. Executives will get their pay reduced by between 10 and 30 percent on a sliding scale.

**Kathmandu** is raising additional funds, for a total of NZ\$ 207 million (€112.5m-\$121.3m) through a series of placements with institutional and other shareholders, offering 1.2 shares for each share in their possession. Institutional shareholders have already taken up 96 percent of their entitlements under a first tranche that ended on April 1. The new shares will be offered to residents in Australia and New Zealand between April 3 and 16. They will start trading on April 9 along with the existing shares.

**O2Feel**, the French e-bike brand, has raised €9 million thanks to investments by **Compagnie d'Anjou** and some partner banks. Based in Wambrechies, in the North of France, O2Feel posted revenues of €15 million in 2019.

The annual meeting of **Rapala VMC** approved on March 26 a proposal that no dividend will be distributed for 2019. It also authorized the board to repurchase up to two million own shares, corresponding to less than 10 percent of its equity until June 30, 2021.

Like many other companies, **Vibram** has been hit hard by the current Covid-19 pandemic. Both the research center and production at the **Vibram Tech Center** in Guangzhou, China, were closed for almost 10 weeks and are now operating at about 80 percent capacity. The production site in Albizzate, near Milan, Italy, is still closed. Despite the difficult economic situation, and to send a positive signal to its employees, the Italian brand of technical soles has paid a bonus to its production staff to reward the successes achieved in 2019. In a further contribution to the fight against the pandemic, the family-owned company has voluntarily disinfected all production sites. Vibram had decided to close its plants before the relevant Italian government decree.

+++ **Kross**, the largest bicycle manufacturer in Poland, has announced plans to reduce its workforce by 25 percent in connection with the difficult economic situation caused by the coronavirus epidemic +++ **Asics Ventures**, the Asics subsidiary and venture capital firm that invests in start-ups, has invested in **Pulse Active Stations Network**, a young company that is building a connected network of smart health kiosks across India +++ The **Wanda Sports Group** has agreed to sell **The Ironman Group** to **Advance Publications**, an American media company +++

### Executive Changes

According to the Spanish trade magazine *CMDsport*, **Base Detail Sport** will be “doing without” its general director of five years, **Alex Cucurull**, so as to “follow through on” and even expedite the strategic plan developed by its board of directors in consultation with the company’s management and commissions as well as a group of experts. A letter from the Spanish buying group’s president, **Francisco Torrejón**, acknowledges Cucurull’s contributions and states that the board gave the matter “deep” consideration, even as it seeks a “new impulse and

strategic leadership.” The plan calls for verticalization, digitalization, expanded e-commerce and growth in areas with the potential to support it, notably in the market served by the **Wanna Sneakers** banner. Ideally, Base Detall will be opening 20 new stores this year, but the Covid-19 crisis could stall demand. The board has pledged to adjust its course accordingly, pointing out the group’s solid ties with its suppliers. Most of Base Detall’s and Wanna Sneaker’s store employees have been temporarily laid off, but Torrejón says that in time “they will once again be the first bastion” of the strategic plan.

**Bollé Brands** continues to boost its management. The holding company for **Bollé**, **Bollé Safety**, **Serengeti**, **Cébé**, **H2Optix** and **Spy Optics** eyewear has appointed **Damien Hars** as digital director, responsible for the development of their B2B and B2C online sales platforms worldwide. Hars previously worked for the **Rossignol Group**, responsible for the definition and implementation of the company’s digital strategy. Bollé has also recently appointed **Alexandre Israel** as global marketing manager. He previously worked for **Babolat**, where he held a similar position. At the same time, **Nicolas Berges** has been appointed French sales director, covering all the sales activities for Bollé, Cébé and Serengeti on the French market. Berges knows the sports industry, the optical channels and luxury brands thanks to his past jobs at **Oakley** and **Luxottica**.

**Intersport Germany** appointed **Thomas Storck** to the position of chief financial officer on April 1. Storck immediately succeeds **Hannes Rumer**, who had asked for early termination of his contract as of March 31. Before joining Intersport Germany, Storck worked as business analyst for sales and purchasing at **Real**, a subsidiary of the **Metro Group**, as chief financial officer and chief solution officer at **Cash & Carry Germany**, the wholesale trade subsidiary of the **Metro Group**, and as chief innovation officer at Metro. At **Galeria Kaufhof**, another subsidiary of the Metro Group, Storck has worked as member of the executive board, responsible for finances, logistics, IT, purchasing, sustainability and multi-channel. Last but not least, he worked as chief executive officer for Metro Germany. At Intersport Germany, Storck will be responsible for finances, IT, supply chain and participation management.

**VF Corp.** saw a number of management changes on April 1. **Nina Flood**, until now president of **Kipling Americas**, left to become president of another VF brand, **Eastpak**. Settling in Antwerp, Belgium, Flood now


has charge of the backpack brand's marketing and sales operations and is reporting to **Martino Scabbia Guerrini**, VF Corp.'s executive vice president and group president for the EMEA region. Flood has been with VF for 17 years, beginning as senior marketing director for **Nautica**, which VF has since divested. Before VF, she spent 10 years at **Guess**. **Paula Gozzo** was appointed vice president and general manager of Kipling Americas, having previously served as the brand's senior director of merchandising and product development. Gozzo is now reporting to **Vera Breuer**, Kipling's global president. **Markus Hamm** is now vice president and general manager of **Kipling EMEA** and has moved to Antwerp to take charge of marketing and sales. Like Gozzo, he now reports to Vera Breuer. Hamm joined VF in 2004, with sales positions at **Jansport** and Eastpak. He was most recently Eastpak's head of wholesale, strategic accounts, sales and digital.

**Mizuno**, the Japanese sporting goods manufacturer, has recently appointed **Christian Wiesender** as country manager for Germany and Austria. In this function, he will not only support existing customers, but also promote the company's sales strategy and brand communication in both markets. Wiesender will work closely with **Jean-Paul von der Linden**, general manager central Europe sports, as well as Mizuno's management for Europe and the Middle East, which is based in the Netherlands. The 55-year-old previously worked as a member of the executive board at **Willy Bogner**, responsible for the **Bogner Sport** and **Fire-Ice** product lines. Prior to that, he held the position of head of global sales and merchandising for **Puma Black Station** for 13 years, responsible for the development of **Puma's** fashion and lifestyle premium collection. Wiesender started his career as managing director for a German distributor, **Action Sports Sportsartikel**, launching various premium sport and lifestyle brands, like **Oakley Sunglasses**, **Diesel Footwear** and **Reef** nationally.



**Sweet Protection** announced today that it has named **Atle Enberget** as its director of international sales and marketing. Enberget has held various jobs for the brand since 2003, including director of international sales. Adding to his existing responsibilities, he will now also run



indicates that the article was already featured in The Outdoor Industry Compass /  indicates that the article was already featured in The Compass, but this is a new version with additional contents.



the company's international marketing arm and oversee the company's plans to strengthen its presence in the North American market. Enberget is based in Sweet Protection's corporate headquarters in Trysil, Norway.



**Clarus Corp.**, the parent company of **Black Diamond** and other brands, has appointed **Kelly Davis** as executive vice-president of operations and talent, effective March 26. Davis previously served as a vice-president and general manager of **Idex Corp.**, a diversified engineered products company, where he was responsible for the **Trebor** and **Knight** business units. Prior to joining IDEX, he served as senior operations lean manager at **Ultradent Products**, a global dental supply and manufacturing company. He began his career as an independent consultant, helping companies across Utah optimize operations for profitable growth.



In an effort to get closer to consumers, **Ecco** has decided to restructure its European sales organization, decentralizing the management of its wholesale operations. They will be led by a dedicated general manager in each of the three European regions. In the framework of this reorganization, **Erik Heldoorn**, sales director for Europe, has chosen to pursue a different role outside the Danish group, but he will stay on board until mid-2020 to perform a handover of his responsibilities. Ecco's North region (Scandinavia) will be led by a new general manager, **Patrick Iversen**, who will also take care of the West region (Benelux, the U.K., Ireland and Southern Europe) on an interim basis. **Michael Christensen** will remain general manager for the Central region (Germany, Austria and Switzerland). The general managers will report to **Lindsay Nicolai**, Ecco's regional director for Europe.



**Neil Lewty** will be the new head of design at the Swedish clothing brand **J.Lindeberg**. He will be responsible for the creative direction of the three divisions fashion, ski and golf starting this August. The position became vacant after German designer **Jens Werner** resigned in summer 2019. Lewty is currently senior head of design in the sportswear division of **Hugo Boss** in Metzingen, Germany, and previously worked as design director for **Tommy Hilfiger's** menswear line.



**Eva Hilf**, an internationally experienced expert in digitalization and transformation, took the helm of **Polar Germany** and has been managing the entire DACH region for the brand since March. Hilf has been working for the wearables manufacturer and fitness app deve-



loper in global roles for six years. With her expertise, she has made a significant contribution to the growth and development of the Polar business, including in Central Eastern Europe, North and South America as commercial director and as a member of the global sales management team. Before joining Polar, she had worked in sales and marketing for several global companies including **Brita** and **P&G**.

+++ **Vesa Luhtanen**, who has been the chief executive of the **Luhta Sportswear Company** since 1999, has become one of the six members the board of directors of another Finnish-based company, **Rapala VMC** +++ **Andrew Tam Siu Ming**, a former executive with **Li & Fung**, will succeed **Don Lee Kwok Ming** as the new chief financial officer of **Stella International**, with immediate effect +++ **Cicli Pinarello** has announced **Uberto Thun-Hohenstein**, who has spent 27 years at **Pirelli**, as the Italian bike company's new chief executive, effective April 1 +++

### Distribution

**Brooks Sports** is offering to its retailer partners the option to send ordered products directly to their customers during the current coronavirus crisis, which has led to the closing of many stores worldwide. Retailers receive 100 percent of the price paid by the customers, and Brooks takes care of the shipping costs and logistical handling. Brooks has also decided to postpone all of its new product launches for the autumn/winter 2020/21 and spring/summer 2021 seasons in order to extend the product cycle of the current models and relieve the pressure on retailers when selling. Furthermore, Brooks has set up an online training platform with training materials, product information and videos. Options for individual training sessions via live chats are also offered by the company. On Instagram, Brooks has recently launched the #runhappyathome challenge, inviting athletes and runners to share their ideas and activities.

**Courir**, the French sneaker retailer previously owned by the **Go Sport Group**, has launched a new edition of its creative contest on the theme of eco-responsibility. Participants can submit projects that revolve around two specific topics: 1) sustainability; and 2) the aesthetical dimension of their original creation. The projects can be sent from April 6 to June 27, 2020. The selected project, chosen by a jury of experts in September, will win a cash prize of €8,000 as well as the opportunity of

a collaboration with Courir. Participants must be over 18 years of age.

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### Retail

One of our reporters was at the opening last month of the first **Joe Nimble** running store in Copenhagen. Since the shop is free-standing, not in a mall, it was open at the time. The German brand of functional footwear has launched a new running shoe, called **Toes Addict**, the first one specifically designed for the 95 percent of runners who are "heel-strikers." It has a wide front and a flat toe box. Joe Nimble shoes are designed by **Sebastian Bär**, son of the founder of the Bär shoe retail chain, which is popular in the German-speaking countries.

**Snowleader** appears for the third year in a row in *Capital* magazine's third annual ranking of France's 600 best buying experiences online. Scoring 8/10, the French e-tailer came in first in the outdoor category, ahead of **Hardloop** and **Campz**. To establish the list, *Capital* called on the market researching firm **Statista**, which settled on a preliminary list of 10,000 websites before conducting a survey, from September 2019 to January 2020, of some 3,000 e-commerce customers. There were 79 product categories and six criteria: website structure & ergonomics, service & communications, technical performance, trust & security, payment, purchase & delivery. Snowleader stood out in the last three.

In keeping with its overall digitalization, **Umbro** has just expanded its e-commerce operations to Italy. According to its social media mana-

ger, **Marina Amoruso**, Italy is a key market for Umbro. To launch this e-tail shop, the British sportswear brand established a partnership with an enterprise cloud commerce platform called **Kooomo**, which maintains offices in the U.K., Ireland, Italy and the U.S. and was spun off from the digital commerce agency **Zerogrey** in 2015.



**Blue Tomato**, the Austrian-based action sports retailer, opened its 50th store on March 12. The new store, covering 400 square meters, is located in Ulm in Southern Germany. Blue Tomato opened its first store in Finland in October last year and another store in Amsterdam in September 2019. It currently has 48 physical stores operating in Austria, Germany, and Switzerland. The action sports retailer has been expanding its presence in the physical retail industry in the past years, and it is already the world's largest online retailer for snowboard, freeski, skateboard, surf and streetstyle products. **Zumiez**, the U.S.-based parent company of Blue Tomato, currently operates 711 stores, with 607 in the U.S.A., 51 in Canada, 43 in Europe and 10 in Australia. Blue Tomato offers more than 450,000 products and recorded total sales of €98 million in 2019. The company employs 600 people. The company's online store is available in 14 languages.



As a direct consequence of the significant drop in sales following the forced closure of stores due to the Covid-19 crisis, the Norwegian multichannel retailer **XXL** decided, in accordance with its contingency plan, to temporarily lay off around 1,000 store employees in Norway and to start cooperation negotiations in Finland on the necessity of temporary layoffs. Following the closure of its five stores in Austria on March 16, XXL also initiated the temporary layoff of around 200 employees there. In a press release **Tolle Grøterud**, interim CEO of XXL ASA, regrets these consequences in connection with the "extraordinary situation with [the] state of emergency around the globe and a lot of uncertainties related to it." He calls it a "situation with low visibility and high volatility," and justifies the company's decision as a "necessary action." The company also announced that it will continue to consider and implement additional cost reduction measures throughout the group. *SGI Europe* had reported earlier about the problems at XXL ASA. During Q1 2020, XXL successfully sold off a substantial part of its inventory with significant lower margins, mainly winter products. This, in combination with substantially lower purchased volumes, has reduced inventory down to NOK 2.4 billions (€208.8m-\$230.3m), and improved the liquidity reserves, ending at NOK 0.8 billion by the

end of February 2020, and net interest bearing debt at NOK 1.3 billion (before the subsequent offering of NOK 0.1 billion (€8.7m-\$9.6m) in March 2020). Recently, XXL saw solid revenue growth in all its main markets and across the sales channels. Following the closures due to Covid-19 in Austria, Norway and Sweden, brick-and-mortar sales declined rapidly, but were initially offset by strong growth in e-commerce. XXL currently operates stores and e-commerce in Norway, Sweden, Finland, Denmark and Austria.

+++ **Puma** has reopened the first of its six stores in the region of Wuhan, now that the city is going back to normal life after two and a half months in quarantine +++

### Results & Statistics

**Acushnet** said it is withdrawing its guidance for this year's results, while drawing down \$200 million under its revolving credit facility to cope with the impact of the coronavirus epidemic in Europe and North America. The company said that its sales in South Korea and Japan have started to recover and its Chinese manufacturing joint venture for **FootJoy** golf shoes has become fully operational. Ball manufacturing operations in Massachusetts and club assembly in California have been suspended.

**BasicNet** has reported a net profit of €21.05 million for 2019 as compared to €21.01 in the previous year. It actually recorded an increase of 11 percent excluding a tax benefit received in 2018. As previously reported, the aggregated wholesale-equivalent sales generated by its brands, including **Kappa** and **Superga**, grew by 17.1 million to more than one billion euros. Consolidated sales went up by 45.3 percent to €305.7 million, thanks in part to the takeover of its French master licensee. Ebitda increased by 28.7 percent to €42.5 million and the operating profit after amortization and depreciation (Ebit) rose by 15.0 percent to €30.6 million.



**Clarus Corporation**, the parent company of **Black Diamond**, **Sierra Bullets** and **SKINourishment**, continues to make acquisitions in adjacent sectors. It has announced the takeover of **SKB Corporation**, a U.S. producer of protective cases. The purchase price of around \$96 million will consist of \$85 million in cash and 1,153,846 shares in Clarus. This is based on SKB's adjusted Ebitda of more than \$9.5 million on sales of \$53 million in 2019. Big tax benefits of \$10.4 million boosted

Clarus' net income in the fourth quarter of 2019, making them triple to \$12.4 million. Revenues went up by 7 percent from the year-ago quarter to \$61.0 million, or by 8 percent in constant currencies. This was driven by the direct business, which grew by 38 percent, as well as the continued momentum of Black Diamond across all regions and product categories. Overall, the group's sales in the U.S. were up by only 3 percent to \$33.9 million due to problems at Sierra Bullets, which were offset by healthy sales trends at Black Diamond. In the rest of the world, sales jumped by 11 percent to \$27.1 million, thanks in particular to solid orders for snow safety equipment in the European market. In the group's distributor markets, sales were boosted by improved product availability, early launches of spring 2020 products and higher replenishment orders. Black Diamond, the biggest brand of the group, contributed a sales increase of 13 percent. The growth was driven by a strong performance in men's and women's sportswear, technical outerwear and logowear, which resulted in a 25 percent increase for the brand's apparel business. Another highlight was the Climb category, which grew by 19 percent on strong sales of footwear, harnesses, carabiners and helmets. The ski business advanced by 13 percent. Snow safety products such as the **Pieps** avalanche beacons and the new line of JetForce packs did well, along with equipment for alpine touring such as bindings and skins. In the Mountain business, sales rose by 4 percent due to some early launches of spring products across international distributor markets, with particularly strong growth in trekking poles and gloves. More on our website.

## Legal & Institutional

The **Federation of the European Sporting Goods Industry, (Fesi)**, has created a Covid-19 Task Force to collect all kinds of information on what the European Commission and member governments of the European Union are doing in terms of regulations and financial help to mitigate the spread of the coronavirus and its effects on businesses. It has created a dedicated page on its website (<https://fesi-sport.org/policy-areas/covid-19/>) to share this information with its members, including guidelines for the international movement of goods during the crisis. Like *SGI Europe* and *The Outdoor Industry Compass*, it also lists some of the actions taken by sporting goods brands in Europe to help the healthcare system and to keep people active at home.

The Egyptian sportswear manufacturing industry will be supported by a project, led by the **International Trade Centre (ITC)**, that is supposed to create jobs and boost exports. The project is funded by the State Secretariat for Economic Affairs (Seco) of the Swiss Confederation and the Swedish International Development Cooperation Agency (Sida). It will involve 28 Egyptian companies. With around 4,000 firms, of which 500-600 are exporting overseas, the clothing manufacturing sector is Egypt's second-largest industry after agriculture, according to the ITC.

### Product

**Milliken & Company**, the new owner of **Polartec**, has increased U.S. production of its **BioSmart** fabric, a patented bleach-activated technology that uses the power of readily available chlorine bleach to kill 99.9 percent of bacteria and viruses. With the increased need for medical protective clothing during the ongoing corona crisis, the textile company has prioritized the material in its supply chain to better protect healthcare workers in the U.S. who are regularly exposed to bacteria and viruses. "Milliken and its manufacturing and distribution partners are working together to channel the stock of BioSmart, finished garments and curtains to those on the front line," the company said in a press release.

**Polygiene** announced the launch of a new product called **ViralOff**. According to the Swedish specialist in freshness and odor control technologies, over 99 percent of the viruses on a garment treated with ViralOff are killed within two hours. All viruses so far tested according to the ISO18184:2019 standard - from Influenza A, BirdFlu, Norovirus and up to Corona (SARS) viruses - are reduced by 99 percent. By using a centrally approved test procedure, Polygiene can guarantee the effectiveness of the new product. **Ulrika Björk**, chief executive of Polygiene, said: "Consider it a disinfectant for garments. (...) With the ViralOff treatment, we can help set a standard for performance and help everyone get through these difficult times, from the heroes working in the medical services to the average person who would just like to get a pair of gloves or a facemask with tested antiviral capability." The application of antiviral ViralOff technology ranges from medical equipment and clothing, such as gowns and uniforms, to consumer products where antiviral properties are useful, such as face masks, gloves and other essential products. The new product will be imme-

diately available in most markets, but it has not yet been approved by the U.S. for use with antiviral claims. Interestingly, Polygiene was founded in the wake of another dangerous virus epidemic: When SARS threatened world health in 2004, scientists and technicians from the Swedish chemical company **Perstorp** were working on antiviral and antibacterial agents. Shortly afterwards, this project group became a company called Polygiene.



**W.L. Gore & Associates** has issued an official statement that “**Gore-Tex** materials are NOT designed and engineered to provide adequate airflow to assist human respiration when used in the manufacture of personal protective equipment, including face masks, and are NOT a viable alternative to protection against Covid-19.” Gore said that the brand’s products are designed to meet certain standards and to deliver the desired performance through careful design and rigorous testing, but this does not include protection against airborne disease organisms that are primarily absorbed through the respiratory tract.



**Dragon Eyewear** – one of **Marchon’s** 25 eyewear brands – is launching **Upcycled**, a collection of frames made from recycled plastic water bottles. It comprises three unisex sunglass frames and three unisex ophthalmic frames, each made of five “upcycled” bottles. According to Marchon Eyewear’s senior vice president of global brands, marketing and design, **Thomas Burkhardt**, Dragon’s sustainable initiative began in 2019 by producing all injected styles with plant-based resin. Dragon is headquartered in San Clemente, California.

### Marketing

**Hoka One One**, a division of **Deckers Brands**, has announced a multi-year sponsorship deal with **Jan Frodeno**, the triathlon legend known as “**Frodo**.” The German athlete will wear the brand’s high-performance footwear for the next three seasons. Frodeno, who is 38 years old, won the gold medal in men’s triathlon at the **2008 Summer Olympics** in Beijing, and is a three-time winner of the **Ironman World Championship** in 2015, 2016 and 2019. He is also a two-time winner of the **Ironman 70.3 World Championship**, also known as Half Ironman, in 2015 and 2018. Hoka One One is the official running shoe sponsor of Ironman North America and Ironman Europe. The brand’s host of high-performance triathletes for 2020 also includes **Mirinda Carfrae**, **Tim O’Donnell**, **Sarah Crowley**, **Heather Jackson**, **Patrik Nilsson** and **Joe Skipper**.



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**K2 Snowboarding** has added **Thomas Delfino** to its sponsorship roster. The 30-year-old Frenchman rode international park and backcountry freestyle before switching to split boarding and freeride expeditions. He has appeared in two movies: *Shelter* and *Zabardast*.

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**Rossignol** and **Julbo** will continue to partner with **Martin Fourcade**, despite his surprise retirement announcement in mid-March. According to reports in *sport-guide.com*, the French biathlete and five-time Olympic champion has signed a three-year extension of his contract with Rossignol. Julbo also told *sport-guide.com* that it will further extend its long-standing partnership with Fourcade, although the duration of the extension was not revealed. Fourcade, 31, is France's most decorated Winter Olympian. In addition to his five Olympic titles, he is a thirteen-time World Champion and has won the overall World Cup title seven times straight, from 2012 to 2018.

+++ **Scott Sports** launched a global campaign on April 3 under the hashtag **#keepthepass** +++ **Sweet Protection** has signed a partnership deal with **Malou Peterson**, a 24-year-old former member of the **Swedish National Ski Team** who is now focusing on backcountry skiing +++

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### Trade Shows & Other Events

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China has resumed the restrictions on team sports just as the **Chinese Basketball Association (CBA)** was expected to return play in early April. The CBA season was originally shut down in January in connection with the Covid-19 pandemic.

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Following the cancellation of **Outdoor by Ispo**, the **Ispo Group** is now increasingly focusing on the digital sector including eSports. Ispo started supporting digital sports competitions in 2018, and this segment has developed from niche to mainstream in only a few years. Under the umbrella of **Ispo Digitize**, Ispo's efforts in this area are being expanded continuously. According to **Christoph Rapp**, international sales and retail manager responsible for Ispo Digitize, the platform is open to the entire sports and outdoor industry. It plays a connecting role between traditional and more modern, digitally influenced disciplines. Ispo's **Open Innovation** project, a platform that actively involves its users in product tests and opinion polls, is now carrying out a survey on the future of eSports. After the survey ends on April 20, the results will be

analyzed and made available to the sports industry as well as considered in the further planning of the trade show's eSports-specific activities and formats such as expanded streaming and the implementation of new events. An already existing example for these activities is the popular **Rocket League Championship Series** that Ispo has hosted as the exclusive broadcaster on *Twitch* for the second consecutive year. For all those interested in further training in the field of eSports, all relevant lectures of the past **Ispo Munich** are offered as webinars within the digital **Ispo Academy** program. Starting on April 10, 20 tutorials for the eSports games of the Rocket League and **Fifa20** for amateurs and semi-pros will be offered on the same channel, with well-known professional gamers as coaches.

The 134th edition of the legendary **Wimbledon** tennis tournament has been cancelled due to the ongoing coronavirus pandemic. This year's edition was due to take place from June 29 to July 12. The tournament's leadership has decided not to reschedule the event this year. The next edition of the championships is now set to take place in 2021, from June 28 to July 11. Wimbledon had only previously been cancelled during World War I and World War II. The decision has immediately been followed by the decision by the **LTA**, **ATP**, **WTA** and **ITF** to cancel the rest of the 2020 grass court season for all men's and women's tournaments until July 13.

+++ The **Garmin Dirty Kanza**, the gravel bicycle races held annually in the Flint Hills of Kansas, which was originally scheduled to take place on May 29-31, has been postponed to Sept. 10-13. +++

### CSR & Sustainability

The **Better Cotton Initiative (BCI)** has established a task force on forced labor and decent work. The multi-stakeholder expert group will review elements of BCI's Better Cotton Standard System related to forced labor and decent work, and will make recommendations to improve the effectiveness of the system. These will involve the areas of prevention, identification, mitigation and remediation of the related risks.

**Keen Footwear** has pledged to donate up to 100,000 pairs of shoes, worth about \$10 million, to the workers on the front lines and the families at home fighting through the coronavirus crisis. The program

is called “**Together We Can Help.**” As reported on *snewsnet.com*, within 24 hours of the program’s launch, Keen received 14,000 orders from around the globe.



The **YKK Corporation** has signed the **Fashion Industry Charter for Climate Action**. The **Fashion for Global Climate Action** initiated calls on the fashion industry to recognize the industry’s contribution to climate change and its responsibility to achieve climate neutrality. YKK joins the more than 100 existing signatories of the charter, which supports the goals of the **Paris Agreement** to limit the global temperature increase to less than 2°C above pre-industrial levels and sets specific targets for the entire fashion industry to implement. These targets focus on a 30% overall reduction in greenhouse gas missions by 2030 and the achievement of net zero emissions by 2050. The Fashion Industry Charter for Climate Action was presented at **COP24** (24th Conference of the Parties to the United Nations Framework Convention on Climate Change) in December 2018 under the auspices of United Nations Climate Change. YKK said that it would continue its efforts to identify and reduce greenhouse gas emissions in its business activities, including raw material sourcing, production processes, logistics, and supply chain. It also wants to set science-based targets within the next two years that meet the latest findings in climate science needed to achieve the Paris Agreement targets. YKK is aiming for certification of the **Science Based Targets** initiative. YKK had already made a commitment to the environment in 1994 as part of its corporate philosophy “Cycle of Good” and the development of **Natulon®**, the first zipper made from recycled PET bottles and polyester residues, 26 years ago. **Hiroaki Otani**, president of YKK, said: “Signing the Charter not only signals to the world our continued commitment to sustainability in our product development and manufacturing processes but also our desire to work with other organizations in the industry to accelerate the reduction of greenhouse gas emissions.”

+++ In a gesture of solidarity with freelance photographers, videographers, media creators and park shapers who are not making money because of the corona crisis, **Nitro** has created a **Snowboard Community Fund** with a goal of raising €60,000 to help them out +++ **Anta** and the **World Wildlife Fund (WWF)** have signed a memorandum of cooperation for long-term partnerships

in the areas of the conservation of wildlife and global biodiversity and strengthening of sustainable development efforts within the textile industry +++

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