

\$OLD!

Written by TMAC GOLF
Wednesday, 10 May 2017 11:19

adidas announced it finally has entered into a definitive agreement to sell its TaylorMade, Adams Golf and Ashworth golf brands. The new owner of the assets is a newly formed affiliate of KPS Capital Partners, LP. The price was US\$ 425 million, which is approximately half of 2016's annual sales of 892 million euros. The funding of the transaction is half in cash and the remainder in a combination of secured note and contingent considerations. The terms and value support the argument that adidas was more than motivated to unload TaylorMade.

The transaction, which is subject to customary closing conditions, is expected to be completed later in 2017. Once completed, the transaction will trigger adidas to record a non-operational loss in the high-double-digit to low-triple-digit million euro range, which will be reported in discontinued operations as part of the company's 2017 results. This further supports just how motivated (some could argue desperate) adidas was to wash its hands clean from the golf business.

“TaylorMade is a leading global golf brand with an exceptionally strong market position. We would like to thank all TaylorMade employees for their many contributions to our company and wish them all the best for a successful future under their new ownership. At the same time, we welcome all adidas Golf employees who will be integrated into our adidas Heartbeat Sports Business Unit,” said Kasper Rorsted, CEO of adidas AG.

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“Within our long-term strategy ‘Creating the New’, our focus is clearly on our core competencies in footwear and apparel and on our two major brands adidas and Reebok.”

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