



CIBC CAPITAL MARKETS

GOLF MARKET UPDATE

Summer 2024



Opening remarks

- The consumer deal market in the post-pandemic world has been challenging, but there are some subsectors that have emerged as ideal for long-term investment. For those that have done their research, golf is near the top of the list.
- M&A activity in golf will continue to increase as private equity firms, family offices, and strategic buyers embrace the underlying participation trends and growing enthusiasm across the US.
- CIBC is pleased to present its golf market update. This update provides insights on the key themes that are driving record levels of participation in the sport, public company trends, and recent transactions.
- CIBC attended the 2024 PGA Show in Orlando and the energy, enthusiasm, and outlook for golf could not be brighter.



CIBC Golf Team



James Olson
Executive Director
james.olson@cibc.com
(414) 291-4552



Dylan Harkness
Associate
dylan.harkness@cibc.com
(414) 418-0803

Golf setting new records

The number of golfers in the US increased for the 10th consecutive year in 2023 with juniors, beginners, women, and non-white cohorts growing the fastest.

US golf setting new records in 2023

27+ million

On-course participants

7+ million

Beginners/youth participants

33+ million

Off-course participants

123+ million

Total golf engagement

US golf participation statistics

Category	On-course only	Both	Off-course only
Average age	46	42	31
% Female	28%	23%	42%
% Non-white	22%	23%	43%
\$100k+ household income	42%	52%	41%

- What was once thought of as a temporary pandemic spike, golf set new records in 2023 for overall participation, off-course participation, and beginners/youth and golf engagement (total number of Americans who played, read about, and/or followed golf)
- No sport (including pickleball) has experienced more growth over the last 10 years on a volume basis than golf, which added approximately 15 million participants
- The growing popularity of golf has been fueled by a diversified base of participants with significant growth coming from females, non-whites, middle-class households, juniors, beginners and young adults

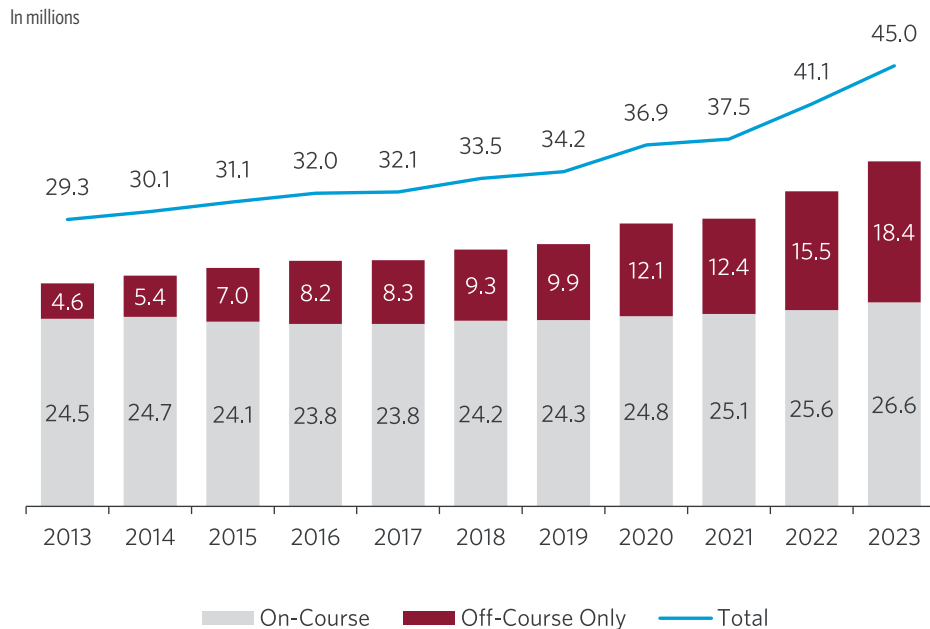


Source: National Golf Foundation 2024 Graffis Report.

Golf participation continues to grow

The market consensus was that golf participation post-pandemic was going to retreat to pre-pandemic levels. After a modest growth year in 2021, golf participation soared to new highs in 2022 and 2023.

Golf participation trends (On- and off-course)



Golf by the numbers in 2023



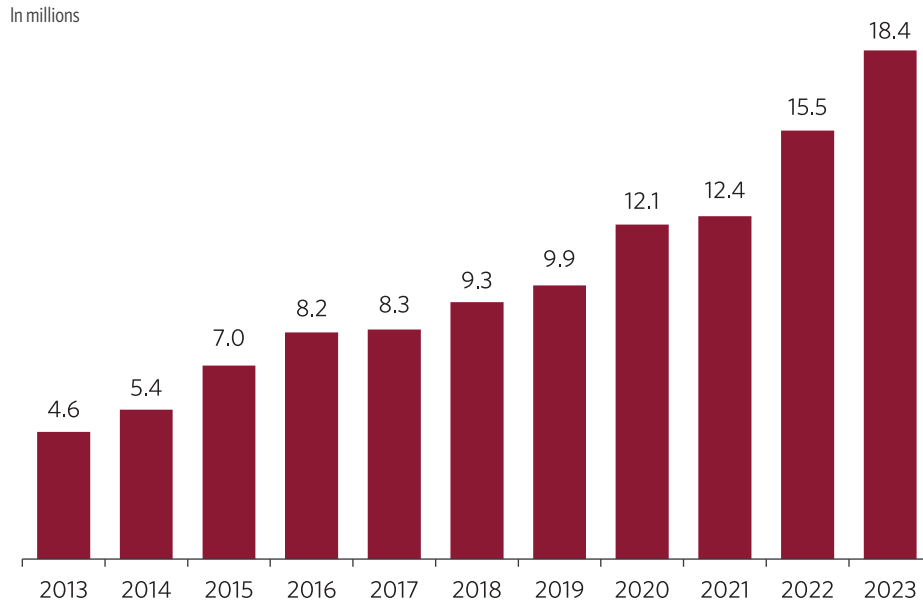
- Total US participation (on-course and off-course) in 2023 increased to 45 million people, an increase of 9.5% over 2022 and a 50% increase from 10 years ago
- On-course participation growth fueled by off-course participation with two-thirds (66%) of first-time on-course players entering the game with some kind of off-course experience, up from 40% in 2018
- Total rounds played in 2023 set a new record of 531 million and new course development in 2023 increased to the highest levels in more than 10 years

Source: National Golf Foundation 2024 Graffis Report.





Rapid ascend of off-course golfers

The number of Americans who participated in off-course golf set a record in 2023 and is on track to more than double in the next five years.

Off-course participation



Notable US off-course entertainment venues

Brand	Locations	Description
 TOPTRACER RANGE	224	Shot tracing technology for ranges that offer a wide variety of games, insights, and coaching capabilities
	126	Innovative indoor golf simulator facilities that offer beverage and food options, lessons, and tournaments
 TOPGOLF	92	Entertainment complex that features a high-tech golf game, food and beverage menu, climate-controlled hitting bays and music
	14	High-tech, three level driving range with golf games, sharable bites, and signature drinks for all day entertainment

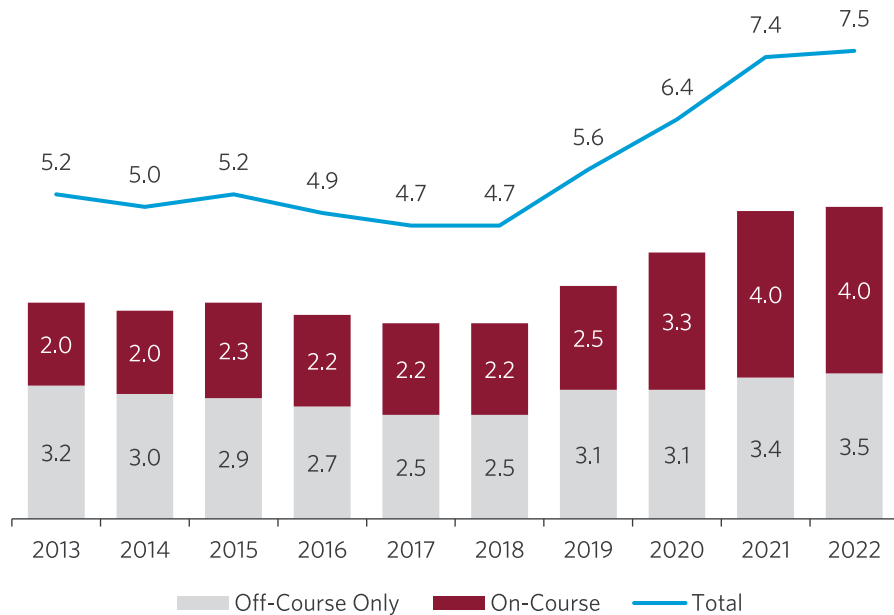
- Off-course golfers include anyone who did not play on a golf course but participated at a golf entertainment venue (i.e. Topgolf and Drive Shack), standalone driving range, or an indoor golf simulator. The number of off-course golfers now surpasses the number of on-course golfers.
- The US off-course golf participants in 2023 totaled 33 million people, an increase of 18% over 2022 and an increase of 130% from 10 years ago
- Of the 33 million off-course golf participants, 19 million were off-course only participants, which was an almost 4x increase from 10 years ago
- Topgolf Callaway expects to add approximately 11 new Topgolf venues per year which is expected to add 3 to 4 million additional new off-course golfers per year which would approximately double the number of off-course golfers in 5 years

Source: National Golf Foundation 2024 Graffis Report.

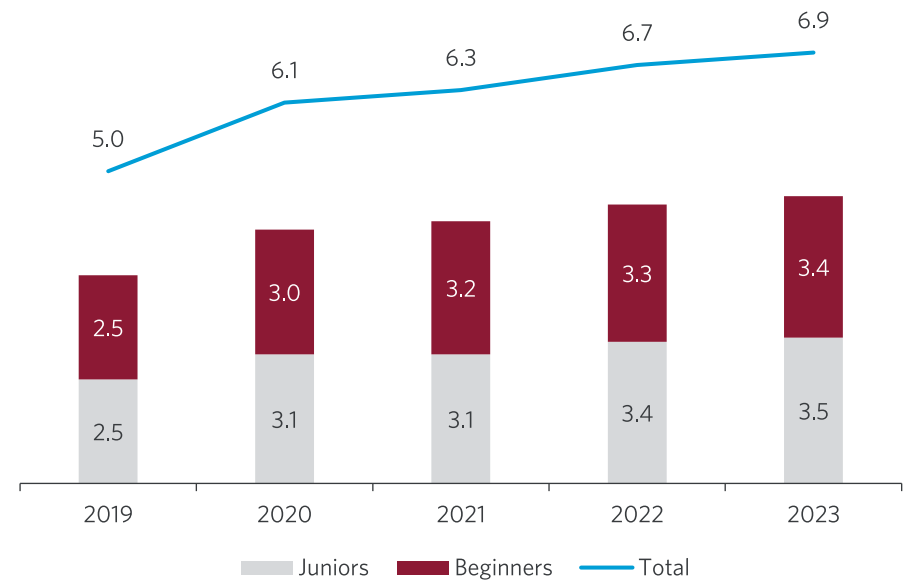
Junior and beginner golfers at record levels

Golf demographics are becoming younger and more diverse making golf better positioned for the future and more attractive for institutional investors.

Junior golfer participation



Juniors and beginners on-course participation



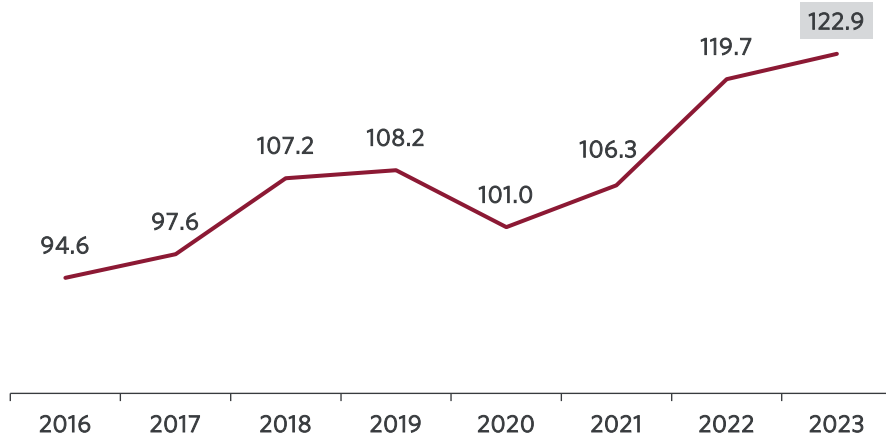
- According to the NGF, 7.5 million children between the ages of 6 and 17 played golf in 2023 (3.5 million on-course and 4.0 million off-course)
- Youth participation is up approximately 1 million since 2019, a 40% increase
- Youth golfers are more diverse with more females and non-whites than the overall golfer population in the US
- In addition to the record level of juniors and beginners, young adults (ages 18 to 34) account for 24% of the on-course participants, which is the largest cohort of green grass golfers by age

Source: National Golf Foundation 2024 Graffis Report.

Golf engagement

Positive news coverage and social media influencers continue to increase the popularity of golf

Total US engagement



Notable golf industry influencers



Paige Spiranac
6.8M subscribers



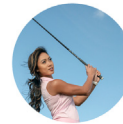
Garret Clark
4.3M subscribers



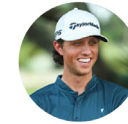
Rick Shields
4.0M subscribers



Good Good
2.7M subscribers



Tisha Alyn
1.8M subscribers



Grant Horvat
1.5M subscribers



108M Watched on TV
66M Read

50M Followed on Social Media
45M Played On/Off Course



Click link for YouTube channel

- In addition to the 45 million on- and off-course golf participants, another 78 million non-participants followed the sport on television or online, streamed coverage, read about it, or listened to a golf-related podcast in 2023
- Golf reach which includes both participants and non-participants hit a record of 123 million, up 20% from the pre-pandemic era, which equates to almost 40% of the US adult population
- The recent increase is attributed to stories and social media content driven by the increasingly positive narrative around recreational golf and the feud between the PGA and LIV tours

Source: National Golf Foundation 2024 Graffis Report.

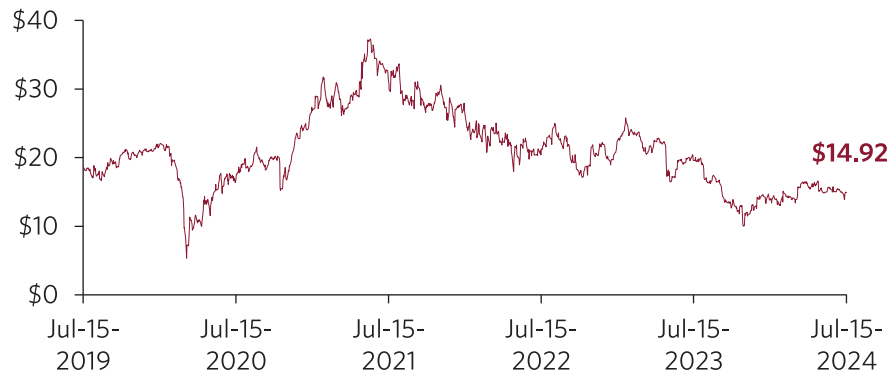
Public company trends

Large public golf companies continue to increase sales and invest additional capital to grow the game with both new on-course and off-course golfers

Topgolf Callaway Brands Corp. (NYSE:MODG)

(Share price)

5-year Share Performance: -18.6%

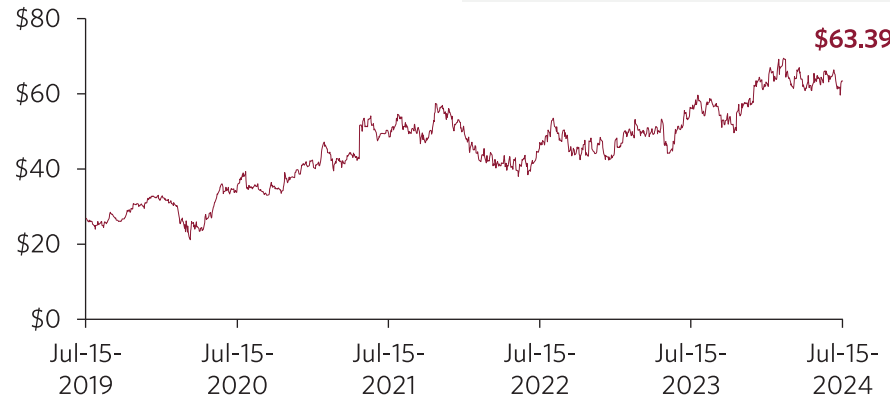


- Topgolf just opened its 100th global location in 2024, up 100% from 2018 and expects to add 11 locations in both 2024 and 2025
- Over 900 potential cities across the US have been identified as targets for new Topgolf venues
- Although the company and its investors are still digesting the acquisition of Topgolf, it is currently trading at 10.5x LTM EBITDA and forecasting a 28% increase in EBITDA in 2024E
- Topgolf Callaway expects more than 50% of Adjusted EBITDA to come from Topgolf operations in 2025

Acushnet Holdings Corp. (NYSE:GOLF)

(Share price)

5-year Share Performance: 138.2%



- Titleist golf ball sales increased 12% and golf clubs increase by 8% in 2023. The strong momentum in 2023 has continued with Titleist golf ball and golf clubs increasing by 8% and 13%, respectively in Q1 2024
- Earlier this year, Acushnet began fulfilling orders from its new 500,000 square-foot distribution and custom embroidery facility
- The company is currently trading at 15.5x LTM EBITDA and forecasting a 23% increase in EBITDA in 2024E
- Acushnet launched a 5-year, \$120M capital investment in golf ball manufacturing that includes new state-of-the-art golf ball customization technology

Sources: Capital IQ, MODG and GOLF public filings.

Notable recent transactions

Date effective	Target	Acquirer	Target's business description
Pending			Operates as a tournament organization for professional golfers
5/7/2024		 / 	Manufacturer of premium golf club grips
3/25/2024			Offers a virtual network for golfers to compete virtually through simulators
3/11/2024		Private	Manufactures and sells golf shoes
2/13/2024			Designs and develops mobile golf apps including Golfshot: Golf GPS and Coachnow
12/18/2023		 / 	Distributes golf accessories and products
11/2/2023			Analytics platform for professional golfers
11/1/2023			Acquisition of four off-course golf venues
10/22/2023			Manufactures and sells indoor golf simulation products
5/8/2023			Offers custom fits for golf clubs
4/17/2023			Manufactures putters and golf accessories
1/11/2023			Supplier and wholesaler of golf grips and club assembly items, golf supplies, and tournament items
12/8/2022			Manufacturer of training products used for putting

Sources: Capital IQ, publicly available information, and CIBC knowledge.

Notable recent transactions (continued)

Date effective	Target	Acquiror	Target's business description
9/21/2022			Provides golf instruction as well as custom club fitting
9/27/2022			The Haven Country Club in Boylston, MA
8/31/2022			Manufactures and sells golf trajectory measuring instruments
6/15/2022		DAOL PRIVATE EQUITY 	Manufactures putter and club grips
3/7/2022			Leading provider of golf bags, push carts and outerwear
1/26/2022		FORETHOUGHT GOLF	Manufactures golf clubs, balls, bags, and apparel
11/15/2021			Provides golf and club-related leisure and hospitality services
10/21/2021			The National Golf Club in Kansas City, MO
10/12/2021			Distributes golf equipment
9/28/2021			Manufactures golf performance analysis, entertainment, and game enhancement technologies
8/3/2021			Manufactures and sells golf clubs, balls, bags, apparel, and other accessories
7/30/2021			Manufactures and distributes golf simulators
5/31/2021			Distributes golf equipment and products

Sources: Capital IQ, publicly available information, and CIBC knowledge.

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