Owner of golf brand Titleist readies for U.S. IPO

May 26, 2016

Acushnet Company, the owner of golf brands including Titleist and Footjoy, is preparing to register with U.S. regulators as early as June for an initial public offering that could value it at more than $2 billion, according to people familiar with the matter.

The IPO would come five years after consumer products conglomerate Fortune Brands sold Acushnet, under pressure from activist investor William Ackman, to South Korean sports apparel company Fila Korea Ltd and Mirae Asset Private Equity for $1.23 billion.

Acushnet is now working with investment banks that include Morgan Stanley, JPMorgan Chase & Co, UBS Group AG and Nomura Holdings Inc on the IPO, the sources said on Wednesday.

The Fairhaven, Massachusetts-based company, which has more than $200 million in 12-month earnings before interest, tax, depreciation and amortisation, could begin marketing its IPO as soon as this autumn, added the sources, who asked not to be named because the matter is private.

Acushnet, JP Morgan, UBS and Nomura declined comment. Morgan Stanley could not be immediately reached for comment.

The golf industry has tapered over the past several years, as its prime demographic group has aged and millennials have sought pastimes that are less time-intensive and more accessible.

Earlier this year, German sportswear company Adidas failed to attract enough attention from private equity firms when it explored a sale of its Taylormade golf equipment brands, Reuters reported.

Still, the industry is expected to benefit this year from new media exposure, as young golf stars compete in the Olympics in Rio de Janeiro this summer for the first time in more than a century.

For Acushnet, its greatest defence against broader industry woes may be its commanding market share in golf balls. Golf balls are cheaper and more easily lost than golf equipment, making them more frequently replaced. The more rounds of golf people play, the more balls they will buy.