

Vista Outdoor Spin-Off: Fiddler On The Roof Keeps Playing

July 13, 2022 | By Alex Gavrish, Etalon Capital Ltd; author of "Story Investing"

The fiddler is a metaphor for survival in a life of uncertainty. Just as a fiddler on the roof is trying to play a nice tune without falling and breaking his neck, certain companies are doing their best to “balance” in the stock market.

But without corporate events and transactions, the life of certain stocks and companies would be as shaky as a fiddler on the roof.

As in the Green Violinist [painting](#) by Marc Chagall.

Girl on a Ball by Pablo Picasso is another [painting](#) with a similar idea.

On May 5th, 2022, Vista Outdoor [announced](#) that it will [separate](#) its Outdoor Products and Sporting Products segments [into](#) two independent, publicly-traded companies.

Since then shares declined by about 32% percent, compared to a decline of only 8% percent of the Russell 2000 and S&P 600 Small-Cap indexes.

On July 6th, 2022, Vista Outdoor [announced](#) the [acquisition](#) of Fox Racing, a sports equipment company with products in the areas of performance motocross, mountain bike and lifestyle gear.

Back in 2021, the company [acquired](#) Foresight Sports, a San Diego-based designer and manufacturer of gold performance analysis, entertainment, and game enhancement technologies for \$474 million.

Back in 2000, Vista [acquired](#) bankrupt gunmaker Remington’s ammunition business for about \$81 million.

The company currently has a market capitalization of \$1,496 million, an Enterprise Value of \$2,679 million, and is valued at an EV/EBITDA multiple of x3.69 (FY 2023 company sales and Adj EBITDA guidance, including recently announced Fox Racing acquisition estimates).

The recent increase in sales in the Sporting Products segment has its risks. You can read more about this [here](#).

One of the reasons event-driven value strategy is attractive is that when there exists an event, either in hard form – for example, an announced merger or acquisition or in a certain “soft” form – if an event is expected, – market participants cannot ignore it.

The interest and focus on the company grows and investors must analyze and value the company in light of the announced or expected event.

All of this allows investors to identify the structure of the company’s [story](#) and develop an investment thesis.

The current situation in shares of Vista Outdoor is an example of a developing [story](#) and provides investors the possibility to reap the benefits of an event-driven value strategy.



Vista Outdoor Investor Day

May 23, 2022

