

BUSINESS DAY

Hockey Fan, and Investor, Buys Bauer From Nike

By IAN AUSTEN FEB. 22, 2008

OTTAWA — As a child in Montreal, W. Graeme Rouston regularly received hand-me-down Bauer hockey skates from his older brother, and he has continued to buy Bauer Supreme skates ever since.

But on Thursday, Mr. Rouston, now a private equity investor in Florida, made a bigger purchase, buying the Bauer operation from Nike for \$200 million.

Mr. Rouston, whose holdings include companies that make ice rink equipment, spoke of his passion for the Bauer name on Thursday, but there was much less excitement for Nike shareholders. The price paid by Mr. Rouston and Kohlberg & Company, an investment firm based in Mount Kisco, N.Y., is well below the \$395 million Nike paid for Bauer in 1994.

With revenue of about \$160 million a year, Nike Bauer Hockey is a sliver of Nike's \$16.3 billion operation. But the discounted sale price was the final humiliation in Nike's failed effort to use its marketing muscle to raise the profile of hockey in the United States.

When Nike acquired Bauer, inline skating was at its faddish peak in the United States. A critical component of the company's strategy was to transform that into a following for hockey played on concrete using inline skates.

But inline hockey did not develop as anticipated. More important, Nike learned that performance was more important than styling flair in hockey gear.

Eventually Nike corrected its product missteps and maintained Bauer's lead in the skate market. But its early products made the Nike brand the hockey industry's rough equivalent of the Edsel. Eventually Nike was killed as a stand-alone hockey brand; only its swoosh logo now appears next to Bauer's name on products.

A Nike spokesman, Derek Kent, declined to comment on the sale price.

Unlike Nike, which put the unit up for sale last autumn, and many others in the hockey equipment business, Mr. Roustan is optimistic. "Growing up in the game," he said, "I know the future of hockey is very bright."

Mr. Roustan, who will become chairman, offered no details about how Bauer may change its approach. He will retain the current management, including the chief executive, Mark Duggan. Mr. Duggan said Bauer would be able to phase out Nike's logo over two years.

As for inline hockey, Mr. Roustan suggested that Bauer would never again chase that elusive market. "I really didn't understand the inline skating business, being a blade guy," he said.

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