

## Leisure

## Local Leisure Spending Update through December

Price Objective Change

**Golf course spend improves significantly in December**

Monthly spending at golf courses (92% correlated with Golf Rounds played since Jan. 2018) increased 13.2% y/y in December (vs. +5.7% y/y in November and -12.0% y/y last year) and spending on a 4 yr. basis decelerated slightly to +43.4% in November from +46.9% in October, according to BAC aggregated credit and debit card data. We believe the strong increase was likely due to more favorable weather (warmer & vs. a winter storm last year) and a more favorable calendar with an extra non-holiday Saturday vs. last year. We believe rounds played should accelerate in December (92% correlated with Golf Course Spend).

**Bike spend decelerates in December**

Spending at specialty bike stores declined 6.9% in December, which was a deceleration from -3.0% in November (and vs. -12.7% last year). Bike store spending is 61% correlated with FOXF Specialty Sports Group (SSG) segment revenue on a 2Q lead. Bike spending was up 15.9% on a 4 yr. basis in December, a deceleration from +48.3% in November. We are lowering our 2024E EPS on FOXF to \$4.30 (from \$4.75) to reflect higher interest expense associated with FOXF's recent acquisition of Marucci Sports and our outlook for slightly negative SSG bike revenue in 2024E. We lower our PO to \$95 (from \$108) based on 18-19X our C25E EPS of \$5.10 (from 20x C25E EPS of \$5.30).

**Marina spending decelerates**

Marina spending (boat leases/rentals and marine service/supplies) declined 6.4% in December (a deceleration from -0.9% in November and vs. -12.0% y/y last year). Marina spending in November was up 6.2% on a 4 yr. basis (down from +12.3% in November).

**Fitness club spending increases y/y**

Spending at fitness clubs in December increased 0.3% y/y (an acceleration from -1.1% y/y in November) and was down -30.2% on a 4 yr. basis (vs. -28.4% in November). We believe Fitness club spending is likely being impacted by industry consolidation as 25% of fitness clubs have closed permanently due to COVID-19 according to IHRSA data.

**Theme Park spending down y/y in December**

Regional theme park spending declined 6.5% y/y in December (from -6.0% in November) but was up 28.5% on a 4 yr. basis in December (vs. +42.3% in November).

12 January 2024

Equity  
United States  
Leisure

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See [BofA on USA](#) for methodology, disclaimers and limitations related to BAC aggregated credit and debit card data.

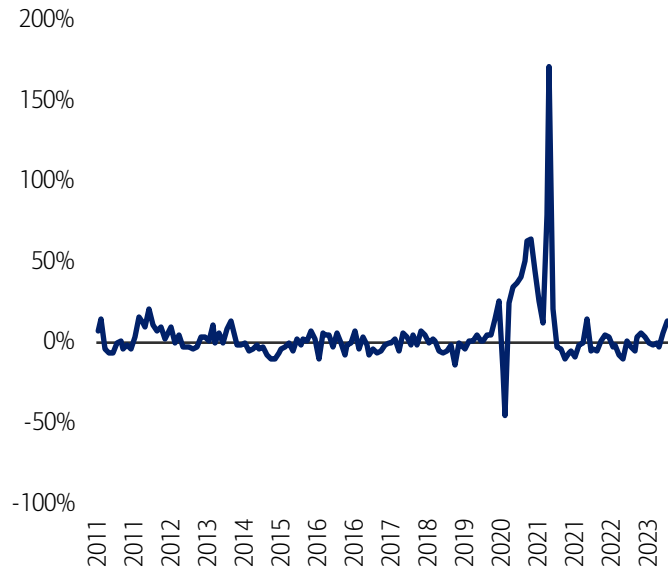
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Timestamp: 12 January 2024 09:48PM EST

### Exhibit 1: Monthly Y/Y % change in BAC card spending at golf courses

Spending at golf courses accelerated in December

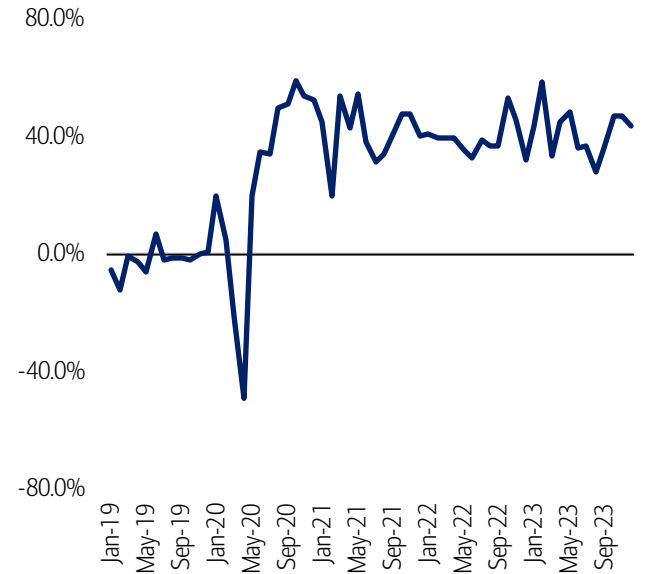


Source: BAC Internal Data

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### Exhibit 2: Monthly 4 yr % change in BAC card spending at golf courses (vs. 2019)

Spending was up significantly on a 4 yr basis in December

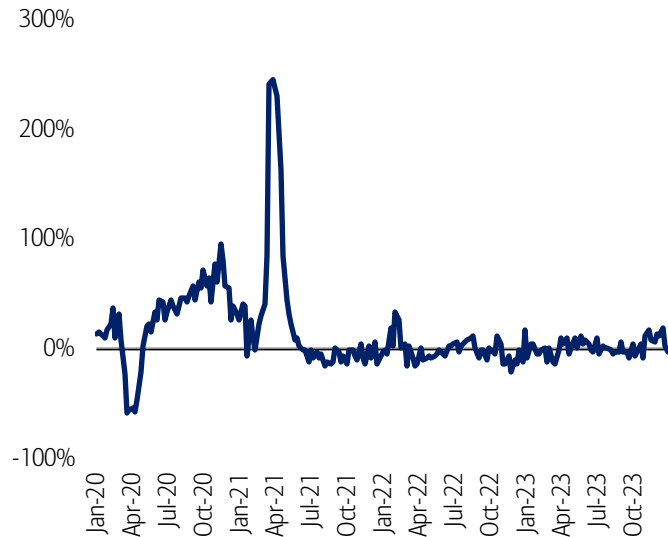


Source: BAC Internal Data

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### Exhibit 3: Weekly BAC card spending at golf courses y/y % change

Golf course spend data tracking positive thru most of December

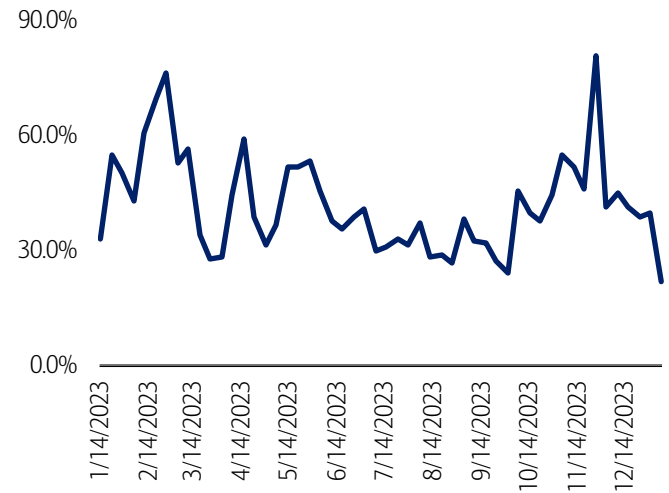


Source: BAC Internal Data

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### Exhibit 4: Weekly BAC card spending at golf courses 4 yr. % change (vs. 2019)

Spending at golf courses up significantly vs. 2019 in November

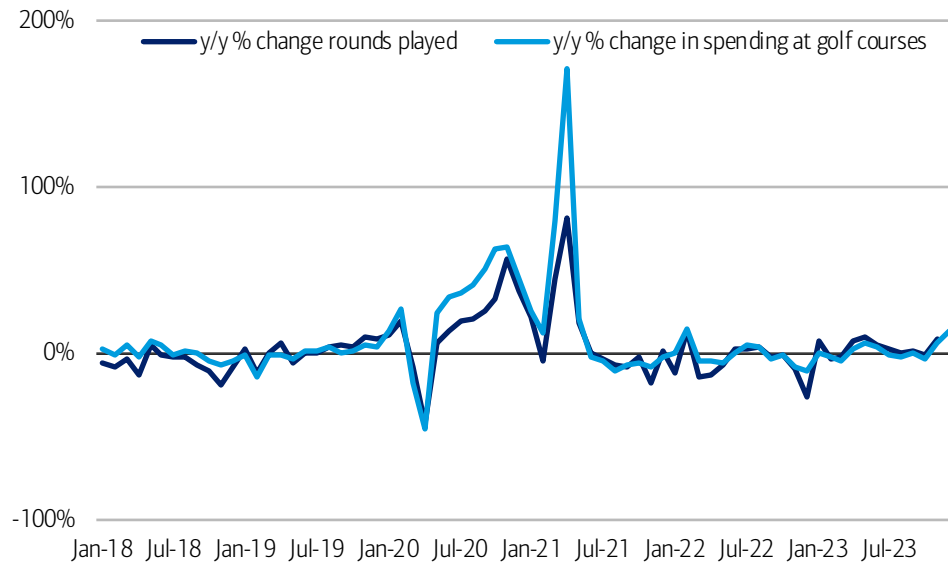


Source: BAC Internal Data

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### Exhibit 5: Y/Y % change in golf rounds played vs. y/y % change in spending at golf courses according to BAC card data

We see an acceleration in rounds played in December



Source: NGF, BAC Internal Data

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### Exhibit 6: Monthly Y/Y % change in BAC card spending at Bike stores

Spending at Bike stores decelerated in December

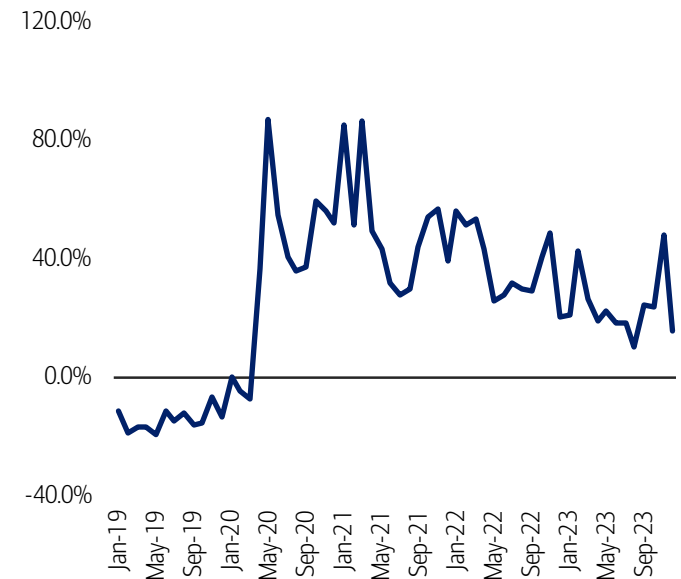


Source: BAC Internal Data

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### Exhibit 7: Monthly 4 yr % change in BAC card spending at Bike stores (vs. 2019)

Spending was up vs. 2019 levels in December



Source: BAC Internal Data

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**Exhibit 8: Weekly BAC card spending at Bikes stores y/y % change**

Spending on bikes was negative y/y through December

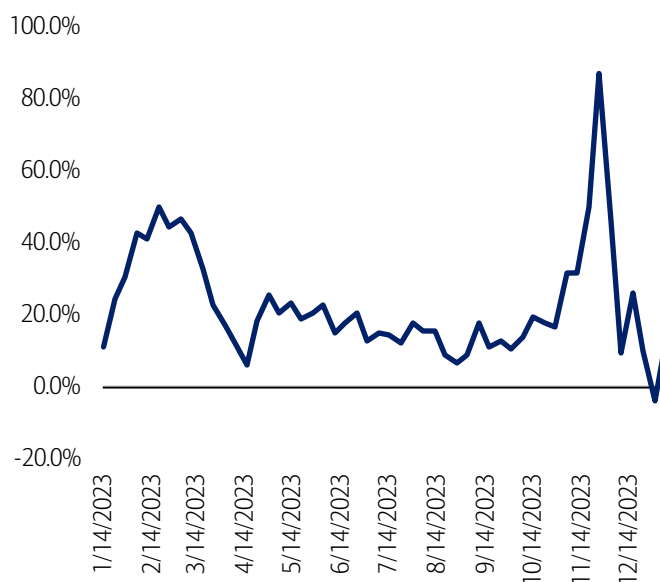


Source: BAC Internal Data

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**Exhibit 9: Weekly BAC card spending at Bike stores 4 yr % change (vs. 2019)**

Spending at bike stores was still up vs. 2019

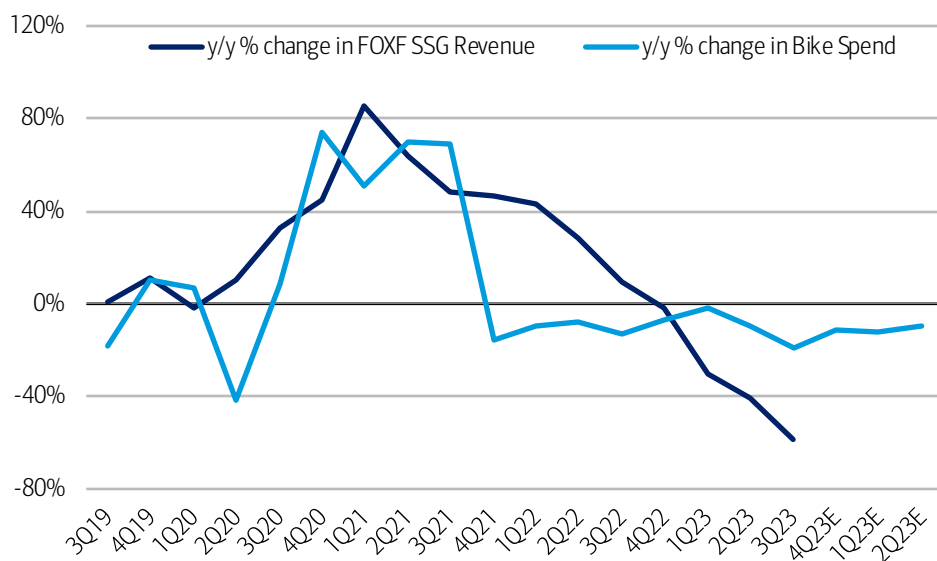


Source: BAC Internal Data

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**Exhibit 10: y/y % change in FOXF SSG Revenue (2Q lead) vs. y/y % change in spending at specialty bike stores according to BAC card data**

We see an acceleration in FOXF SSG revenue in 4Q

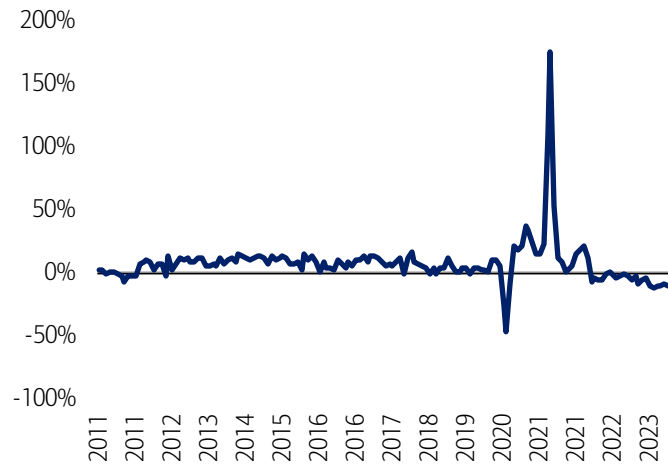


Source: BAC Internal Data, Company Filings

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**Exhibit 11: Monthly Y/Y % change in BAC card spending at Campgrounds**

Spending slightly decelerated in December

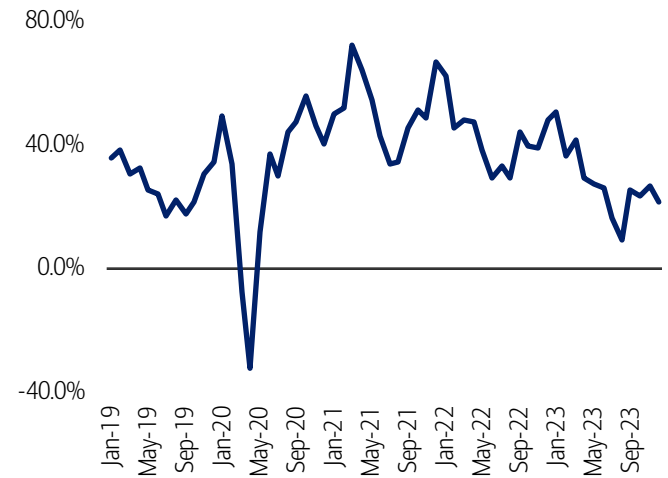


Source: BAC Internal Data

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**Exhibit 12: Monthly 4 yr % change in BAC card spending at Campgrounds (vs. 2019)**

Spending up significantly vs. 2019

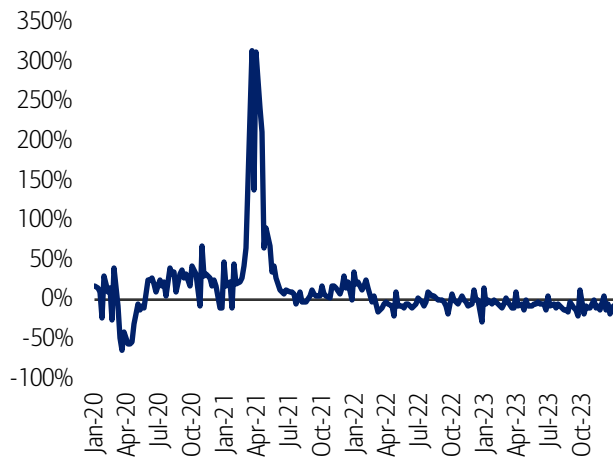


Source: BAC Internal Data

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**Exhibit 13: Weekly BAC card spending at Campgrounds y/y % change**

Campground spending was negative through December

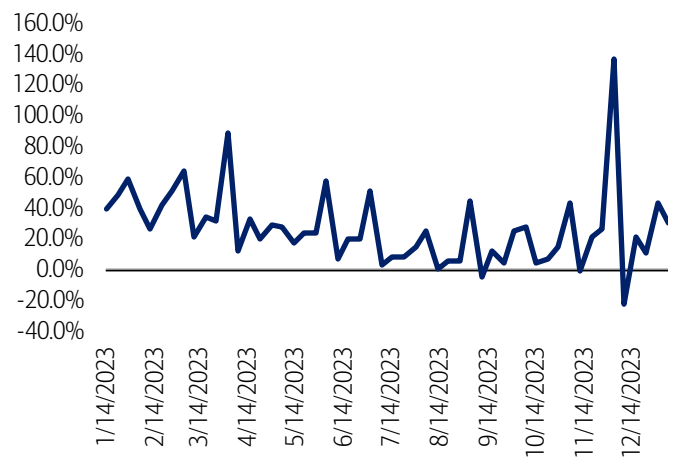


Source: BAC Internal Data

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**Exhibit 14: Weekly BAC card spending at Campgrounds 4 yr % change (vs. 2019)**

Spending was up significantly on a 4 year basis

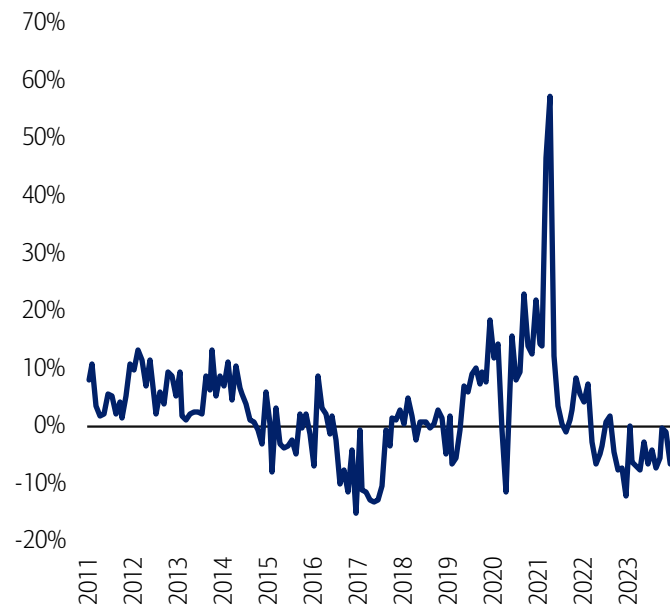


Source: BAC Internal Data

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**Exhibit 15: Monthly Y/Y % change in BAC card spending at Marinas**

Spend was negative in December

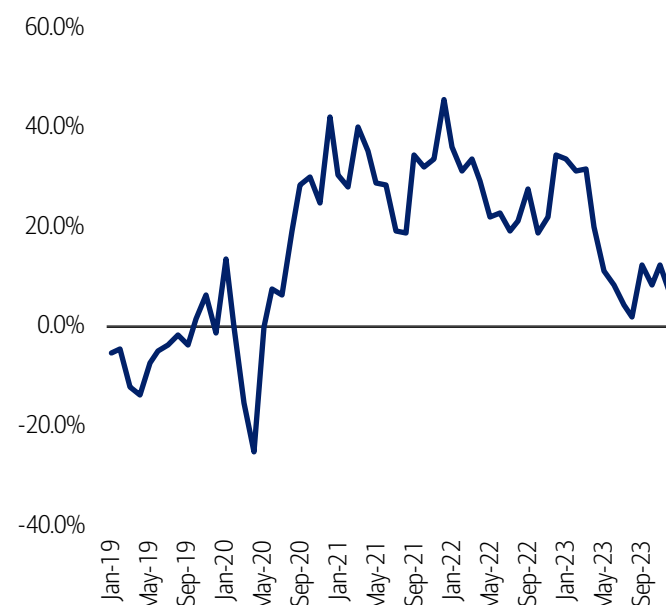


Source: BAC Internal Data

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**Exhibit 16: Monthly 4 yr % change in BAC card spending at Marinas (vs. 2019)**

Spend decelerated in December

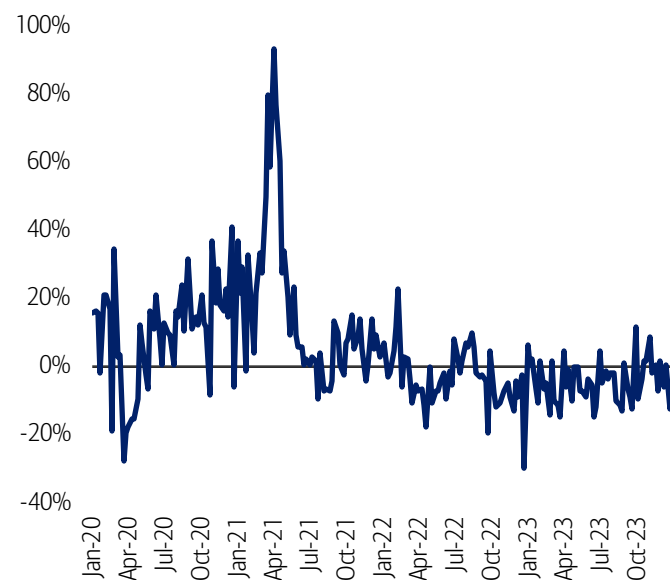


Source: BAC Internal Data

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**Exhibit 17: Weekly BAC card spending at Marinas y/y % change**

Spend was negative in December

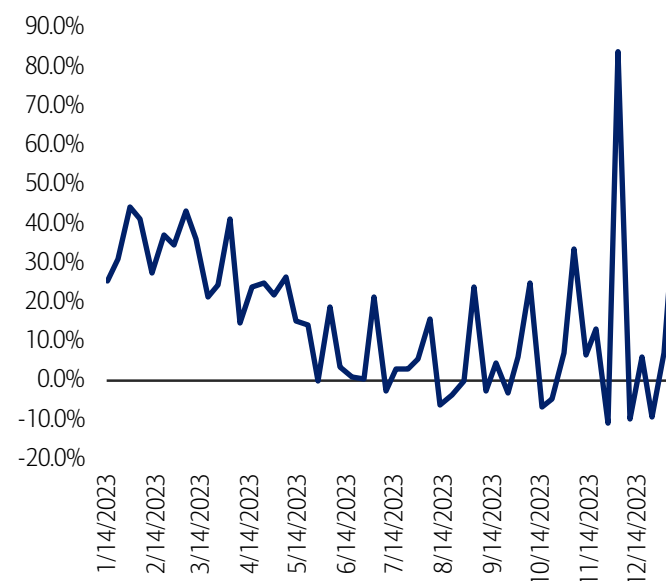


Source: BAC Internal Data

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**Exhibit 18: Weekly BAC card spending at Marinas 4 yr % change (vs. 2019)**

Spend accelerated at the end of Decembebr

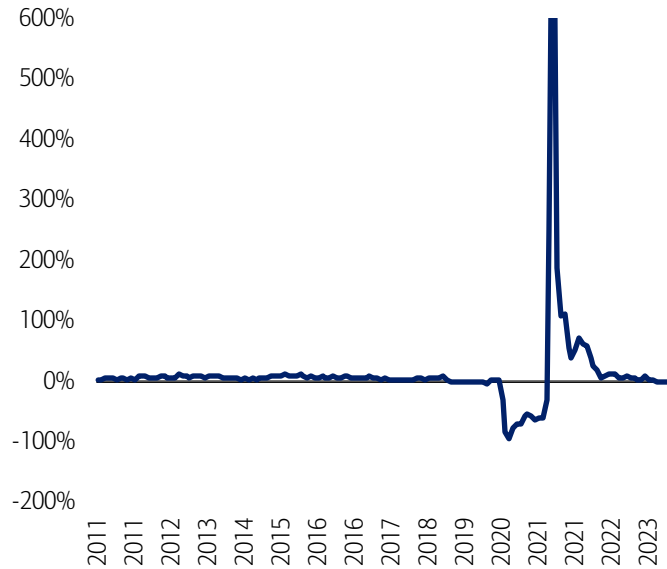


Source: BAC Internal Data

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**Exhibit 19: Monthly Y/Y % change in spending at Fitness Clubs**

Spending was slightly positive in December

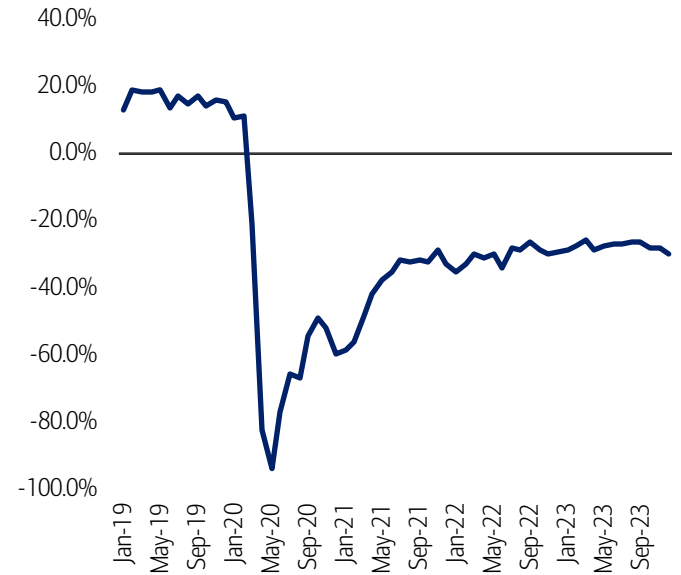


Source: BAC Internal Data

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**Exhibit 20: Monthly 4 yr % change in spending at Fitness Clubs (vs. 2019)**

Spending on 4 yr basis was down vs. 2019 through December

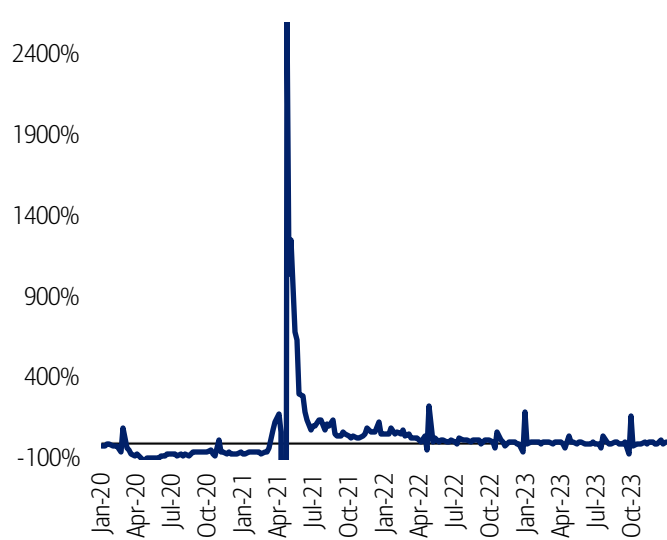


Source: BAC Internal Data

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**Exhibit 21: Weekly BAC card spending at Fitness Clubs y/y % change**

Spending was turned positive at the end of December

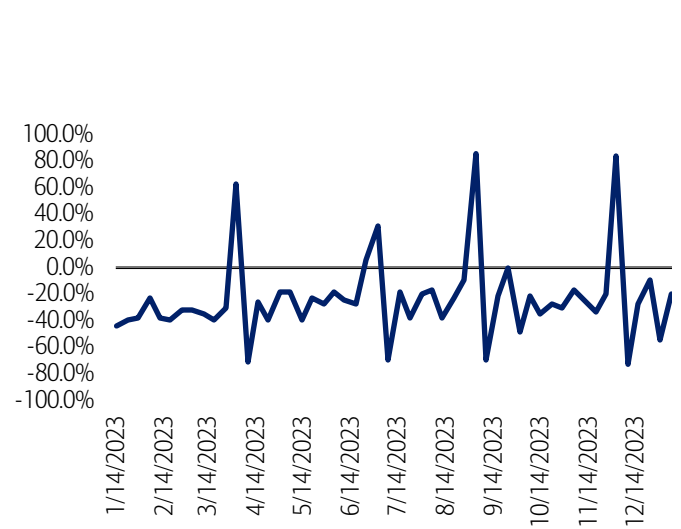


Source: BAC Internal Data

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**Exhibit 22: Weekly BAC card spending at Fitness Clubs 4 yr % change (vs. 2019)**

Spending at Fitness Clubs was negative through December on a 4 year stack

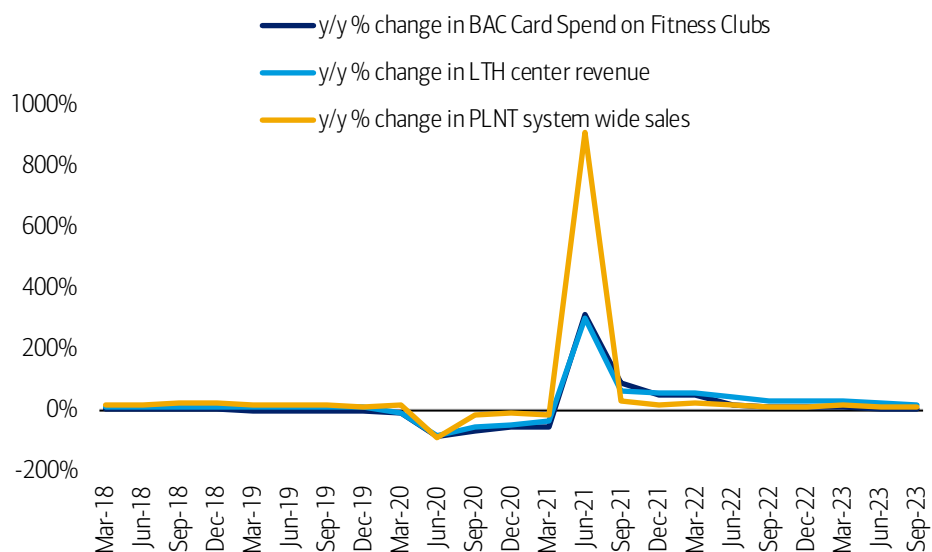


Source: BAC Internal Data

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**Exhibit 23: Quarterly Y/Y % change in BAC card spending at Fitness Clubs vs. PLNT / LTH**

Strong historical correlation of 99% for LTH, and 91% for PLNT since Mar. 2018

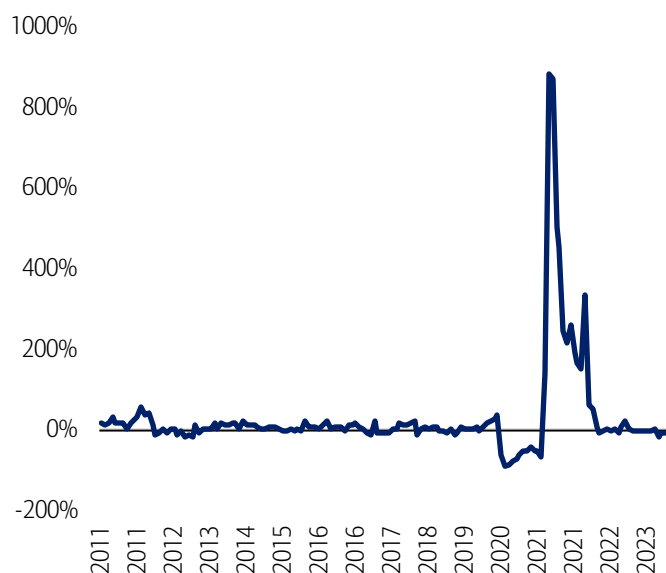


Source: BAC Internal Data, Company Filings

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**Exhibit 24: y/y % change in Monthly spending at regional theme parks**

Spending accelerated slightly in December

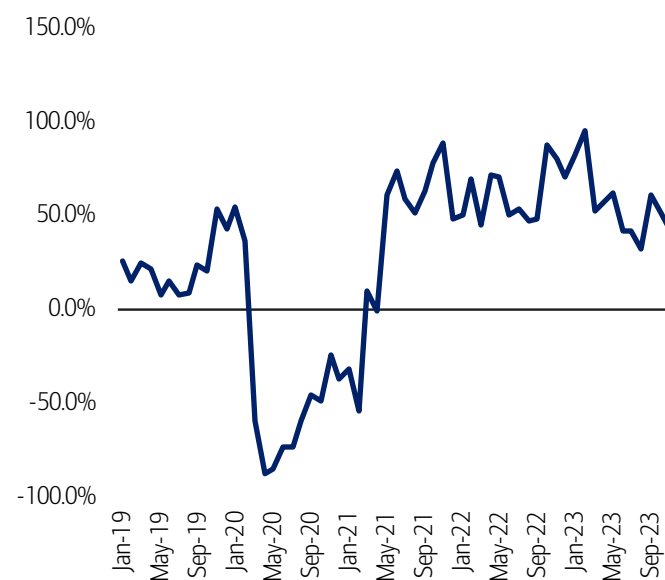


Source: BAC Internal Data

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**Exhibit 25: Monthly 4 yr % change in spending at regional Theme Parks (vs. 2019)**

Spending accelerated vs. 2019 in December



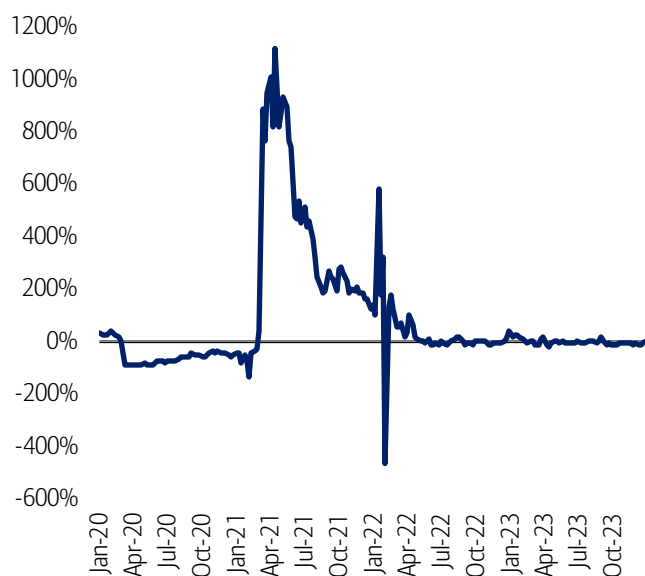
Source: BAC Internal Data

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**Exhibit 26: Weekly BAC card spending on Regional Theme Parks y/y % change**

Spending was negative through December

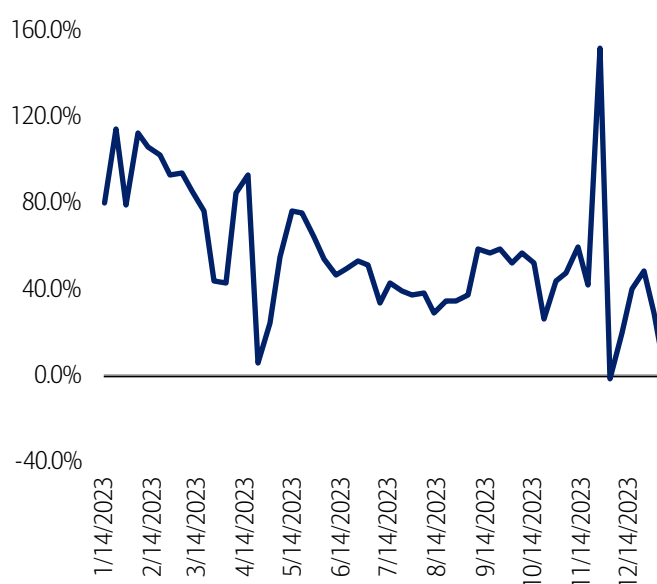


Source: BAC Internal Data

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**Exhibit 27: Weekly BAC card spending on Regional Theme Parks 4 yr % change (vs. 2019)**

Regional Theme Park spending was up slightly vs. 2019 in December



Source: BAC Internal Data

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Selected Bank of America ("BAC") transaction data are used to inform the macroeconomic views expressed in this report and should be considered in the context of other economic indicators and publicly available information. In certain instances, the data may provide directional and/or predictive value. The data used are not comprehensive; they are based on aggregated and anonymized selections of BAC data and may reflect a degree of selection bias and limitations on the data available.

**Methodology explained**

Readers should be aware that although the BAC datasets utilized in our analysis represent a significant number of data points, they nevertheless present a degree of selection bias, including but not limited to income levels and geographies. In addition, the data is limited to debit and credit cards and does not include other payment methods such as cash or checks.

Data regarding merchants who receive payments are identified and classified by the Merchant Categorization Code (MCC) defined by financial services companies. The data are mapped using proprietary methods from the MCCs to the North American Industry Classification System (NAICS), which is also used by the Census Bureau, in order to classify spending data by subsector. Spending data may also be classified by other proprietary methods not using MCCs.

Please note we calculate % change (both y/y & 4 yr.) by matching the corresponding day of the week.

The monthly subsector data are adjusted to control for seasonality and other factors.

Additional information about the methodology used to aggregate the data is available upon request.



## Price objective basis & risk

### Fox Factory Holding Corp (FOXF: C-1-9: \$65.01)

Our \$95 price objective is based on 18-19x our 2025E EPS estimate of \$5.10. We believe a multiple at high end of range for other comparable bicycle, powersports and active lifestyle companies (trading at 15-20x) is warranted given FOXF's premium brand positioning, consistent history of product development, market share leadership position in the growing mountain bike suspension market, high return on invested capital (ROIC), supporting solid free cash flow generation, and highly defensible customer-focused business model.

Upside risks are accretive M&A, acceleration in end markets and better-than-expected share gains.

Downside risks are a slowdown in cycling or recreational vehicles demand could hurt demand for new components including suspension, key customer risk, and investments in R&D will likely mute SGA leverage, foreign currency translation risks, competition could pressure sales and margins, execution risks associated with manufacturing transition to Taiwan, integration of M&A could take longer than expected, acquisition opportunities might not materialize, and entry into new geographies or categories could be challenging.

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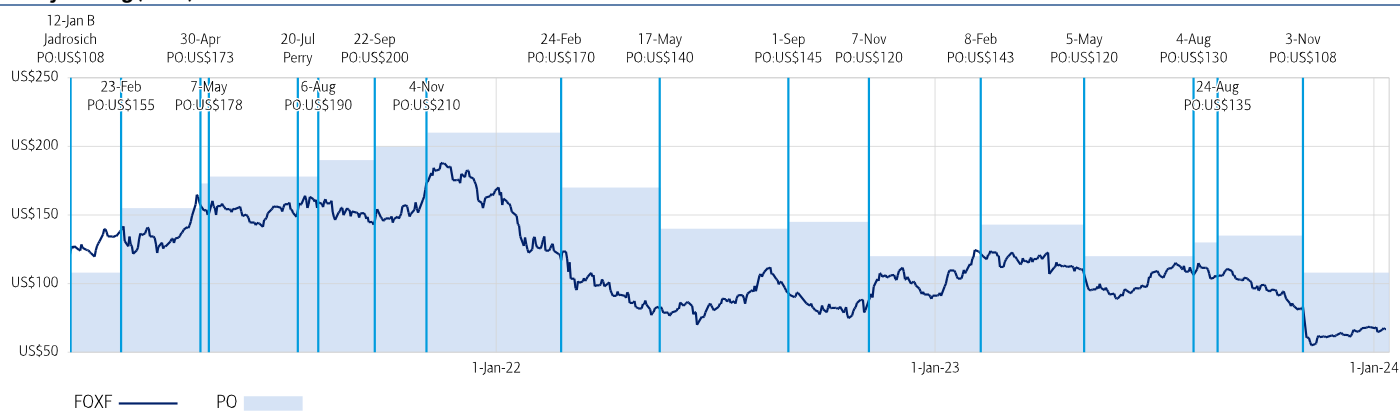
## US - Broadlines, Hardlines, Food Retailers &amp; Leisure Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Academy Sports + Outdoors	ASO	ASO US	Robert F. Ohmes, CFA
	BJ's Wholesale Club Holdings	BJ	BJ US	Robert F. Ohmes, CFA
	Costco Wholesale Corporation	COST	COST US	Robert F. Ohmes, CFA
	Fox Factory Holding Corp	FOXF	FOXF US	Alexander Perry
	Grocery Outlet Holding Corp.	GO	GO US	Robert F. Ohmes, CFA
	Harley-Davidson	HOG	HOG US	Alexander Perry
	Life Time	LTH	LTH US	Alexander Perry
	Planet Fitness, Inc.	PLNT	PLNT US	Alexander Perry
	Sysco Corporation	SY	SY US	Kendall Toscano
	Target Corp.	TGT	TGT US	Robert F. Ohmes, CFA
	The Kroger Co.	KR	KR US	Robert F. Ohmes, CFA
	Topgolf Callaway Brands Corp	MODG	MODG US	Alexander Perry
	Walmart Inc	WMT	WMT US	Robert F. Ohmes, CFA
<b>NEUTRAL</b>				
	Dick's Sporting Goods	DKS	DKS US	Robert F. Ohmes, CFA
	Xponential Fitness	XPOF	XPOF US	Alexander Perry
	YETI Holdings, Inc.	YETI	YETI US	Robert F. Ohmes, CFA
<b>UNDERPERFORM</b>				
	Canada Goose Holdings Inc	YGOOS	GOOS CN	Alexander Perry
	Canada Goose Holdings Inc	GOOS	GOOS US	Alexander Perry
	Columbia Sportswear	COLM	COLM US	Alexander Perry
	Dollar General Corporation	DG	DG US	Robert F. Ohmes, CFA
	Dollar Tree, Inc.	DLTR	DLTR US	Robert F. Ohmes, CFA
	Hibbett Sports, Inc.	HIBB	HIBB US	Alexander Perry
	National Vision	EYE	EYE US	Robert F. Ohmes, CFA
	Sprouts Farmers Market, Inc.	SFM	SFM US	Robert F. Ohmes, CFA

## Disclosures

## Important Disclosures

## Fox Factory Holding (FOXF) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

**Equity Investment Rating Distribution: Leisure Group (as of 31 Dec 2023)**

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	16	55.17%	Buy	9	56.25%
Hold	7	24.14%	Hold	5	71.43%
Sell	6	20.69%	Sell	4	66.67%

**Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)**

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

<sup>R1</sup> Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <sup>R2</sup>
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

<sup>R2</sup> Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

**INCOME RATINGS**, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. **Coverage Cluster** is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofA Global Research report referencing the stock.

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