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Presentation

Operator

Hello, and welcome to the Fourth Quarter Fiscal Year 2024 Vista Outdoor Earnings Conference Call. My name is Elliot, and I will be coordinating your call today. [Operator Instructions] I would now like to hand over to Tyler Lindwall, Vice President of Investor Relations. The floor is yours. Please go ahead.

Tyler Lindwall
Vice President of Corporate Development, IR and FP&A

Thank you, operator, and good morning to everyone joining us for our Fourth Quarter Fiscal Year 2024 Earnings Call. With me this morning are Eric Nyman, Co-CEO of Vista Outdoor and CEO, Revelyst; Jason Vanderbrink, Co-CEO, Vista Outdoor and CEO of the Kinetic Group; and Andy Keegan, Chief Financial Officer Vista Outdoor.

Before we begin, I'd like to remind everyone that during today's call, we'll be making several forward-looking statements reflecting future events and their potential effect on our operating and financial performance. We make these statements under the safe harbor provisions of the Private Securities Litigation Reform Act. These forward-looking statements reflect our best estimates and assumptions based on our understanding of information known to us today, and we are under no obligation to provide updates to these forward-looking statements.

These forward-looking statements are subject to the risks and uncertainties that face Vista Outdoor and the industries in which we operate, and actual results may differ materially from these forward-looking statements. We encourage you to review our quarterly earnings press release and Vista Outdoor's SEC filings for more information on these risk factors and uncertainties.

Please also note that we have posted presentation materials on our website at investors.vistaoutdoor.com, which supplement our comments this morning and include reconciliations of non-GAAP financial measures.

Eric, I'll turn it over to you.

Eric C. Nyman
CEO of Revelyst & Director

Thanks, Tyler. And thank you all for joining us this morning as we discuss our fourth quarter and fiscal year 2024 results. I'm excited to be speaking with you today on behalf of the Vista Outdoor leadership team to share our confident belief in the long-term strategy and strong foundation that we continue to build on at Vista Outdoor, Revelyst and The Kinetic Group.

The company is strong. And during the fourth quarter, we achieved financial results in line with our expectations for sales and above our expectations on profitability. Total sales for the fiscal year were $2.75 billion, with adjusted EBITDA margins of 16.1%. We generated $432 million of adjusted free cash flow during the fiscal year, allowing us to pay down $340 million of debt throughout the year.

In the fourth quarter, our cash flow remained strong, as we generated $161 million of adjusted free cash flow and decreased our net debt by $118 million, bringing our leverage ratio to 1.5x at year-end. These strong results are a testament to our long-term strategic vision and the hard work and dedication from all of our employees.

As an update on the proposed transaction with CSG, we continue to be confident in our ability to receive CFIUS clearance and that all other closing conditions will be satisfied at the closing of the CSG

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transaction for each Vista Outdoor share held, stockholders will receive $12.90 in cash consideration and 1 Revelyst share.

Following closing of the CSG transaction, we intend to capitalize the Revelyst balance sheet with $250 million of cash and all cash above that, including the significant amount of cash generated in Q4 fiscal year 2024, will be distributed to shareholders in the form of a special dividend or share repurchase.

Further, on April 22, we confirmed that we are engaging in alternative discussions with MNC Capital, related to its March 25, 2024 unsolicited indication of interest pursuant to which MNC expressed interest in acquiring Vista Outdoor in an all-cash transaction for $37.50 per Vista share. The Board does not consider MNC's revised proposal to be superior to the CSG transaction, and the significant decrease in net debt during the quarter, further reinforces the view that MNC's proposed offer price undervalues the Revelyst business.

That said, the Board has determined MNC's revised proposal meets the standard under the merger agreement with CSG, permitting engagement with MMC. Given these ongoing discussions, we will adjourn the special meeting of stockholders with respect to the CSG transaction to 9:00 a.m. Central Time on June 14, 2024. The Board continues to recommend Vista stockholders vote in favor of the proposal to adopt the existing merger agreement with CSG.

I am proud of the work our teams have accomplished in my time with the company and our results demonstrate the strategic direction of Vista Outdoor is the right one. Over the past year, we have made tremendous achievements across both Revelyst and The Kinetic Group, despite the ongoing macroeconomic uncertainties and challenges. I want to thank all our employees for their passion and commitment to Vista Outdoor and our stakeholders.

This has been a pivotal year in our company's rich history and your diligent efforts to separate the business, while continuing to deliver high-quality products and service to our consumers and our customers has been inspiring.

Now on to Revelyst. At Revelyst, we have made great progress over the last 9 months. In partnership with our leadership team, we have formulated and driven the company's strategy, and I continue to be motivated by this team's unwavering support and passion. We have undertaken a journey to transform our organization into the leading global integrated house of brands in the outdoor industry.

Our collective efforts during the fiscal year have enabled us to work through ongoing macroeconomic uncertainties and challenges, and we have emerged stronger at each step along the way, as we transform our business to unlock its full potential.

Revelyst finished the fourth quarter strong and delivered results in line with our expectations, with sales of $332 million and adjusted EBITDA of $29 million, translating to an adjusted EBITDA margin of 8.8%, tripling adjusted EBITDA versus the prior year period. Our teams across Revelyst continue to profitably transform the business to be brand-led, consumer-obsessed and maker fueled, which results in new products engaging content, exciting partnerships and other opportunities to enable exceptional experiences that exceed the requirements of our passionate consumers and customers.

I would like to quickly touch on some highlights across Revelyst during the fiscal year. At our Revelyst Precision Sports Technology platform, we announced the acquisition of PinSeeker, a leading off-course golf simulator and connectivity app that hosts real-time, virtual closest to the pin tournaments. We are excited to add PinSeeker to our collective of world-class maker brands and to bolster our digital and gaming ecosystem. Through the combination of PinSeeker's digital solutions

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and Foresight's hardware, exciting eSports opportunities will arise. So stay tuned for details in the coming months.

We believe we are poised to revolutionize off-course golf, a tremendous growth opportunity, where participation reached a new all-time high in 2023, expanding to 33 million participants. In addition, at Bushnell Golf, a leading industry survey reported that over 98% of THE PLAYERS Championship field used a Bushnell laser rangefinder in preparation for their on-course competition.

The trust that professional golfers have in our devices speaks volumes about our team's proven ability to provide market-leading innovations for the highest-performing athletes in golf. Within our Revelyst Adventure Sports platform, the teams continue to make progress on building our powerful brand infrastructure for Fox, Bell, Giro, CamelBak, QuietKat and Blackburn. In the quarter, Fox delivered the most advanced motocross helmet in the brand's 50-year history with the new V3 RS helmet. Fox has developed a compelling architecture of off-road helmets that address the needs of riders of all levels and abilities across the globe.

In addition, Fox launched collaborations with the streetwear juggernaut Supreme and high-end specialty apparel and sneaker boutique, Livestock, to elevate its lifestyle offering. The Giro brand expanded its reach by entering into an agreement to be the official sponsor and supplier of cycling helmets for Visma Lease-A-Bike, the #1 pro tour road cycling team in the world for both the men's and women's teams across cyclocross, road and cross-country disciplines.

Giro continues to increase or maintain its market share across all categories and these leading partnerships differentiate us in the marketplace. In addition, the Revelyst Outdoor Performance team continues to integrate and build out the platform led by Simms, Bushnell, Stone Glacier, Camp Chef, Primos, Blackhawk and Eagle.

At Simms, the team received 8 customer gear awards, more than any other brand at the 2024 Fly Fishing Show. Including best men's wader for the newly introduced top-end G4Z Stockingfoot wader. This is a key product for the brand that highlights its heritage and the craftsmanship precision and attention to detail, the Bozeman based team demonstrates day in and day out.

Additionally, Stone Glacier launched its new lifestyle apparel of everyday wear for the passionate hunter to a strong initial response. And our Eagle business was awarded a U.S. Air Force contract for its battle belt system. In addition to supporting the U.S. government in manufacturing the MOLLE 4K Rucksack that has strict adherence to delivery requirements.

I remain confident in the strategy and vision that we have developed at Revelyst. We are transforming our organization into the leading global integrated house of brands in the outdoor industry to deliver wildly human experiences for our consumers. Through our brand-led, consumer obsessed, maker fueled mission, we will drive growth through innovative product and technology offerings, an enhanced direct-to-consumer channel strategy and an expanded digital gaming ecosystem.

Our direct-to-consumer sales across platforms continues to gain further traction, growing approximately 5% year-over-year during both Q4 and the entirety of the fiscal year. Revelyst Precision Sports Technology led the way in the quarter, improving DTC sales by 16%, while Revelyst Adventure Sports gained 15% for the full fiscal year. We are excited about these results, which show that demand for our brands is strong, absent the inventory noise within wholesale and retail channels.

Moving on, I want to touch on the ongoing GEAR Up transformation efforts, where we made

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tremendous progress during the quarter. As a reminder, GEAR Up is our transformation program to simplify our business model, increase efficiency and profitability and reinvest cost savings into our highest potential brands to accelerate top line growth and EBITDA expansion.

Our teams continue to drive progress across the GEAR Up initiative through work on supply chain consolidation. As a recent example of this effort, we closed our Reno, Nevada warehouse and distribution center to further consolidate our footprint. Additionally, we announced key leadership hires, including our most recent addition of Joe Beck as Chief Supply Chain Officer. Joe's previous experience executing a supply chain strategy during a business separation and his ability to design and deploy global supply chain operations for a stand-alone business, including hiring talent, building effective teams and developing processes, analytics and technology, make him the ideal hire as Revelyst's first Chief Supply Chain Officer.

Through the GEAR Up efforts outlined here and more, we remain confident our actions will realize $25 million to $30 million of run rate cost savings in fiscal year 2025, supporting the potential to double stand-alone adjusted EBITDA year-over-year, with a long-term goal of realizing $100 million of run rate cost savings by fiscal year 2027.

Financially and operationally, we are on track. While in the short term, we do not expect consumers to meaningfully change purchasing patterns due to ongoing macroeconomic uncertainties. We are confident that Revelyst’s operational and organizational improvements will continue to positively impact profitability in both the short and the long term. We reaffirm our ability to double our stand-alone adjusted EBITDA in fiscal year 2025.

And longer term, believe that Revelyst’s stand-alone adjusted EBITDA margins will be in the mid-teens. In closing, I am confident that our future is bright. We have established a strong foundation that will help us navigate the uncertain macroeconomic climate and exceed the demands of our passionate consumers and customers. I again want to express my sincere gratitude to the team for their incredible work support and commitment to Revelyst’s success. Our team is comprised of talented individuals with extraordinary skills, knowledge and experience, and I am excited about what we can achieve together.

I'll now hand it over to Jason to provide an update on the Kinetic Group for the quarter. Jason, over to you.

Jason R. Vanderbrink
CEO & Director

Good morning. The Kinetic Group finished the year strong, achieving our financial guidance we provided last quarter. Sales in the fourth quarter were $362 million with an adjusted EBITDA margin of 27.7% or $100.3 million, capping off a solid performance by our team in the face of a difficult market.

For the year, ammunition net sales finished at $1.45 billion with an adjusted EBITDA of $415.8 million, which equates to a margin of 28.6%. As we prepare for a potential ownership transition in 2024, we are encouraged by our quarterly and year-end results and recent sales trends. We have a strong order position and there are backlogs in several product categories that strengthen our confidence in delivering on our financial expectations.

We have some challenges ahead related to higher commodity input costs, including powder and copper, but pricing actions taken to offset the increased production costs have not impacted open orders. From a select group of retail partners, POS data indicates sell-through remained strong with double-digit increases in handgun, shotshell and rifle ammunition year-over-year by number of rounds in each of the highlighted categories.

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Along with the positive sell-through trends, we remain encouraged by overall inventory levels, which have remained stable over the last quarter. For the 57th straight month ending in April, adjusted NICS checks data surpassed more than 1 million firearms checks. This continued high monthly volume supports a healthy and higher baseline of shooting and hunting participants.

This past quarter, our leading ammunition brands launched several new products at the annual SHOT Show to great fanfare. Federal launched Fusion Tipped for the avid whitetail hunter, wanting better accuracy and extended ranges from a proven bullet design. Remington added Premier CuT to its lineup of effective big game bullets. This tough copper alloy bullet delivers on hunter's expectations of extreme accuracy and terminal performance from a tipped bullet.

CCI, the leader in rimfire ammunition released Uppercut, the first ever expanding self-defense offering in 22 Long Rifle. Our teams at all 4 manufacturing facilities remain focused on building the best ammunition in America and delivering on customer and consumer demand. There are 2 constants in our company history.

We are unapologetic defenders of the Second Amendment, as a constitutional right and will always support the men and women in law enforcement and the military who protect our homes and freedoms. We will continue to work with all of them on research and development for new products to help them in their missions. I have full confidence that with the best team in the ammunition business, we will continue to perform at the highest level and our future is filled with great opportunities.

Thank you. Andy?

Andrew Keegan
Chief Financial Officer

Thank you, Jason, and hello, everyone. My comments today will focus on adjusted results compared to the prior year period, unless otherwise noted, which are presented using non-GAAP financial measures. In the appendix to the slide presentation, we've included reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures.

For additional information regarding forward-looking statements and non-GAAP financial measures, please refer to Page 4 of the slide presentation. I would also like to note that during the quarter, we updated our reporting segments to include The Kinetic Group and the 3 Revelyst segments, Revelyst Adventure Sports, Revelyst Outdoor Performance and Revelyst's Precision Sports Technology.

I will reference the 3 Revelyst segments in a combined manner as Revelyst in my remarks that follow. Overall, we had a solid fourth quarter. We met our expectations for revenue in both businesses with Kinetic sales meeting the lower end of our guidance range and Revelyst sales growing organically in the fourth quarter for the first time in 9 quarters.

On the EBITDA front, Kinetic was above our expectations, and Revelyst met our fourth quarter expectations of margins in the high single digits, which was an over 400 basis point improvement over the third quarter. Additionally, adjusted free cash flow significantly outperformed our expectations in the fourth quarter, delivering $161 million, allowing us to reduce our net debt position by $118 million in the quarter.

For the fourth quarter, total sales decreased 6.4% to $693.7 million, due to lower volumes at The Kinetic Group, partially offset by an increase in the Revelyst business. For the fiscal year, total sales decreased 10.8% to $2.7 billion and organic sales were $2.6 billion, down 14.5%.

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Gross profit in Q4 decreased 7% to $220.5 million, due to lower gross profit at the Kinetic Group, partially offset by higher gross profit at Revelyst. Q4 gross margin was relatively flat at 31.8%. Fiscal year gross profit decreased 17.4% to $859 million and gross margin contracted 250 basis points to 31.3%.

EBITDA in Q4 decreased 7.5% to $109.2 million, equating to an EBITDA margin of 15.7%, due to lower gross profit at Kinetic Group, partially offset by higher gross profit at Revelyst and lower SG&A costs at both The Kinetic Group and Revelyst. For FY '24, EBITDA dropped 27.8% to $442.5 million, and EBITDA margin contracted 378 basis points to 16.1%, while organic EBITDA for the year was $430 million, a decline of 17.7%. And organic margin was 16.3%.

Q4 EPS declined 2.9% to $1.02 and full year EPS declined 38.3% to $3.86. Turning to Slide 22. Our balance sheet continues to improve, and we are optimizing our portfolio. We remain committed to prioritizing the health of our balance sheet and implementing sound financial policies. These efforts continue to improve our business fundamentals through the team's hard work to lower debt levels and further optimize our inventory, which decreased approximately 14% year-over-year and about 7% sequentially during the quarter, primarily driven by Revelyst’s year-over-year inventory reduction of 27% and sequential decrease of 9%,

These efforts drove strong adjusted free cash flow of $161 million in the quarter, and as mentioned, allowed us to decrease our net debt by $118 million during Q4. Our net debt leverage ratio is now at 1.5x. In fiscal year 2025, we've already gotten off to a great start, continuing to improve the health of our balance sheet and executing on our plan to optimize our portfolio. We are pleased to report that on May 1, we completed the divestiture of the RCBS brand to Hodgdon Powder, providing the brand and its dedicated employees with the right home long term, as well as a highly attractive valuation for us to transact.

This divestiture will allow us to concentrate our focus on core assets that provide significant value and growth potential. The capital from this transaction will be included in the excess cash that will be returned to shareholders upon the completion of the CSG transaction.

Our strategic review is ongoing and is a critical step that allows us to redefine our focus and position ourselves for long-term success to deliver synergies and leverage our expertise to accelerate growth, improve efficiencies and drive value.

Turning to our business results on Slide 23 and 24. Within Revelyst, sales increased 1.4% in Q4 to $332.1 million, driven by an increase of 18.8% in Revelyst Precision Sports Technology due to new product introductions. This was partially offset by lower volume in Revelyst Outdoor Performance. FY '24 sales were $1.29 billion, a decrease of 2.2% and 10.7% on an organic basis.

Gross profit increased 17.3% in Q4 to $100 million, and Q4 gross margin increased 408 basis points to 30.1%, due to increased efficiencies, volume and price, partially offset by increased discounting. FY '24 gross profit decreased 3.5% to $373.2 million and FY '24 gross margin decreased to 28.9%.

Q4 EBITDA was $29.1 million, up 209.5%, and EBITDA margin for the quarter was 8.8%, up 413 basis points sequentially and up 590 basis points year-over-year, due to increased gross profit and lower SG&A costs. FY '24 EBITDA decreased 21.5% to $98.3 million and EBITDA margin contracted to 7.6%.

Organic EBITDA for the year declined to $85.8 million and organic EBITDA margin was 7.3%. For The Kinetic Group, sales decreased 12.5% in Q4 to $361.6 million, due to lower volumes across nearly all categories and lower pricing. FY '24 sales decreased 17.4% to $1.45 billion.

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Gross profit decreased 20.7% in Q4 to $120.5 million, and Q4 gross margin decreased to 33.3%, due to lower volume and price, unfavorable mix and increased input costs due to inflation. FY '24 gross profit decreased 25.7% to $485.8 million and FY '24 gross margin decreased to 33.4%.

Q4 EBITDA was $100.3 million, down 23.3% and EBITDA margin for the quarter was 27.7%, due to lower gross profit, partially offset by lower SG&A costs. FY '24 EBITDA decreased 28% to $415.8 million and EBITDA margin contracted to 28.6%.

Moving on to Page 25. As we look to fiscal year 2025 at The Kinetic Group, a global powder shortage, limiting production and increasing input costs, including for copper and powder are factors expected to pressure both the top and bottom line in the upcoming year. Both net sales and EBITDA are expected to be evenly distributed from a seasonality standpoint throughout fiscal year 2025.

In our Revelyst business, our fiscal year 2025 sales guidance excludes RCBS, which has been divested and sales related to our Fiber Energy Products. On February 6, 2024, a fire occurred at Fiber Energy Products main production facility in Seymour, Missouri. There were no injuries or environmental issues from the fire. However, as a result of the fire, we do not expect material revenue contribution from the business in our fiscal year 2025.

RCBS and Fiber Energy Products contributed approximately $30 million of total combined sales in fiscal year 2024. As Eric mentioned in his prepared remarks, we do not expect consumers to meaningfully change purchasing patterns in our fiscal year 2025, due to the ongoing macroeconomic uncertainties and challenges.

In addition, we have observed retail and wholesale channels becoming healthier in recent months in many of the categories we sell. However, inventory levels at certain channels, including the specialty channels at Revelyst Adventure Sports continue to work through inventory burden. Across most retailers, inventory levels have come down but the retailers are managing their inventory tightly, as we see more just in time and smaller quantity orders.

We expect this dynamic to continue as we head into fiscal year 2025 and have included it as a factor in our guidance. As we look at Revelyst's EBITDA guidance, we expect meaningful improvement primarily driven by the following: one, $25 million to $30 million of cost savings related to our GEAR Up transformation program; two, Contributions from our previously announced April 2023 cost restructuring program, of which $25 million is related to Revelyst, which has begun to fully run rate by the end of our fiscal year 2024; three, Improvements in supply chain and freight as our inventory with higher priced freight has turned through our inventory balance. And four; Lower expected promotions as compared to our fiscal year 2024 in which we had higher than usual promotional levels to drive inventory levels down.

Based on this, for the full fiscal year 2025, we expect sales of $2.665 billion to $2.775 billion, The Kinetic Group sales of $1.425 billion to $1.475 billion and Revelyst sales of $1.24 billion to $1.3 billion. EBITDA between $410 million and $490 million, The Kinetic Group EBITDA range of $350 million to $400 million and Revelyst EBITDA range of $130 million to $160 million.

EPS in the range of $3.60 to $4.50 and free cash flow between $240 million and $320 million. As we look to Q1 at Revelyst, we expect sales to be down low single digits year-over-year driven by the loss of the sales from RCBS and Fiber Energy. We expect EBITDA margins to be in the mid- to high single digits to start the fiscal year and grow to low teens in the back half as GEAR Up savings take full effect

Thank you, everyone. Operator, please open the line for questions.

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Question and Answer

Operator

[Operator Instructions] Our first question comes from Anna Glaessgen with B. Riley.

Anna Glaessgen
B. Riley Securities, Inc., Research Division

I was going to start by I'd like to start by impacting the fiscal '25 revenue outlook for Revelyst. What's being assumed by segment? And any color on how you expect sales to progress through the year would be great.

Jason R. Vanderbrink
CEO & Director

Yes. I appreciate the question, Anna. So as we look at -- we haven't guided by segment, we start. I think as we look at the opportunities within the businesses, the Precision Sports, as we've discussed in the past, continues to be a strong business and sees the opportunities as we've introduced new products even this past quarter with a 18 -- north of 18% growth rate. We see that as the strongest potential growth.

Other businesses are still facing some challenges. The Adventure Sports, as we mentioned, has some inventory hangover in the specialty channel that will progress through the year. So you'll start out a little bit slower on that, and then it will progress throughout that year as we continue on.

Anna Glaessgen
B. Riley Securities, Inc., Research Division

Got it. And understanding that there's some inventory hangover in the Adventure Sports segment likely -- mostly within the Bike Specialty channel. Could you update us on -- that said, where the POS stands within those categories to give some perspective on what that underlying demand looks like taking out that inventory issue?

Jason R. Vanderbrink
CEO & Director

Yes. On the POS, it's still down year-over-year to be fair. But what I'd say is we are still gaining market share in those categories is a key as we are looking at, and evaluating the business, though POS has been down. The inventory is clearing. It's not that -- we're not saying it's not clearing. It is going through that. It's just going to take probably through this spring season to really be able to push the rest of that through.

Once that's cleared, given the market share that we're gaining, we are excited by the future of the Adventures Sports in all of our platforms, but that is going to take a little time, which is why we see the trajectory happening throughout the rest of the year.

Anna Glaessgen
B. Riley Securities, Inc., Research Division

Got it. And just one more for me. I want to think through the margin outlook for fiscal '25, are the upside and downside cases in guidance, mostly related to just where sales kind of fall in the associated leverage or deleverage? Or is there a sliding scale the underlying margin assumption as well as we think about the opportunities for margin improvement year-over-year?

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Jason R. Vanderbrink
CEO & Director

I want to clarify, is that specific to Revelyst or for the total business?

Anna Glaessgen
B. Riley Securities, Inc., Research Division

Sorry, yes, specific to Revelyst.

Jason R. Vanderbrink
CEO & Director

So specific to Revelyst, it is going to be mostly a sales-related item. We do have flow-through on the sales from a guidance perspective that you're going to have a little bit more. So you'll see the rate come down a little bit. We are confident in the GEAR Up savings and the other pieces that we've talked about. So it's less focused on that.

Operator

We now turn to Matt Koranda with Roth MKM.

Matthew Butler Koranda
ROTH MKM Partners, LLC, Research Division

Just one other, maybe focus -- just wanted to focus my questions maybe on Revelyst. I'm guessing we probably can't really cover too much of the deal update. But the sales outlook for Revelyst, I guess the right way to think about it, in your mind, is it basically flat if we just strip out the $30 million from fiber and RCBS. And then it inflected positive in the fourth quarter. Was that just product launch related? Like why shouldn't that sustain through the rest of the fiscal year in '25 just given that the channel likely needs some restock in certain pockets, and you just highlighted DTC growth?

Andrew Keegan
Chief Financial Officer

Sure. Matt. It's good to hear from you. So I'll start with the first comment. We continue to plan the business conservatively for this year based on a lot of the uncertain macroeconomic trends that everyone is seeing right now. We feel confident, I guess, your question about being flat to midpoint, we provide a range I think we feel good about where we are in that range. And I think you'd be correct that the midpoint would be fairly flat. And that's -- we've built most of our assumptions on that. there obviously could be variability.

So we want to make sure that we provide a range around that. On the margin side and all the things that we're doing we feel really confident that the team is doing the right things to make sure that we improve margin against that. So that's our focus. And I think you'd be right that flat x divestitures is how we've thought about things.

Matthew Butler Koranda
ROTH MKM Partners, LLC, Research Division

Okay. Got it. And then just in terms of the margin improvement plan for this year, I know you have $25 million in run rate savings that you called out in '24, maybe Andy, just how does that wrap into '25? And then the $25 million to $30 million in run rate, how much of that actually, I guess, gets realized in '25? Or are we

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counting on all of that to sort of hit the midpoint of the EBITDA guide for Revelyst specifically?

Andrew Keegan
Chief Financial Officer

Yes. So thanks, Matt. The $25 million to $30 million is the expected amount that's going to be contributed to the FY '25 guidance number. That will then increase because some of that will, as you said, be effective throughout the year. It won't all hit all at once, which is part of why you'll see margins improve throughout the year is that those cost savings will start hitting as we go forward.

I mean we've -- we've announced several things on changes that we've made to offices. Those will take effect here in the spring and the summer, the announcement of the Reno facility that Eric mentioned to come to effect here in the quarter here. So that will wrap as we go forward to. And we'll have a couple of other items that happen throughout this year.

So -- so there will be $25 million to $30 million that actually hit in the current year, and then that will annualize in '26 to more than the $25 million to $30 million.

Matthew Butler Koranda
ROTH MKM Partners, LLC, Research Division

Okay. Got you. And then just in terms of the implied corporate expense in the guide for this year looks, I guess, a little bit lower than the combined level that you put out before. Where is that improvement coming from? And does that mean that we could see some reduction in maybe Revelyst stand-alone corporate costs? Maybe just update us on that, if you could.

Andrew Keegan
Chief Financial Officer

For the, you mean the end of the year, how corporate cost came through?

Matthew Butler Koranda
ROTH MKM Partners, LLC, Research Division

Well, so I guess I'm just backing into an implied level of guidance based on the consolidated EBITDA guide versus the segment level EBITDA guide. So it just looks a little bit lower implied. So that's what I'm alluding to.

Andrew Keegan
Chief Financial Officer

Yes, yes. I got you. We -- for the Revelyst stand-alone costs, we're still in the ballpark of what we had expected previously. The -- what we're looking for for the current year is we have made some some cuts that we're taking from what the current run rate for total Vista is. But as we build up the Revelyst plan, we are still expecting it to be in that kind of $55-ish million kind of range.

Matthew Butler Koranda
ROTH MKM Partners, LLC, Research Division

Okay. Got you. And then maybe just last one in terms of how we should be thinking about the pro forma balance sheet at Revelyst, that had like a 2-parter here. Any thoughts, Andy, on just the seasonality of the free cash flow that you expect in fiscal '25. I noticed the midpoint is still pretty healthy.

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Just wondering if we should expect like a relatively normal seasonal year from a cash flow perspective. And then from a divestiture standpoint, just curious, RCBS, I guess, being the best near-term example of monetization. Are there other items in the pipeline that could go off, I guess, in the next short bit here, but that will improve the balance sheet, stand-alone Revelyst even further?

Andrew Keegan
Chief Financial Officer

Sure. Matt, we'll take the 2-part question with 2 people. I think -- so I'll take the divestiture part, Matt. strategically, we've talked a lot about creating a great portfolio of brands. And we do feel like there's still more room to explore the right divestitures and frankly, the right acquisitions that could create bolt-on momentum and sales growth in the right areas.

So I think we're really proud of what the team was able to do in our CPS, not just for selling the company and returning some good momentum to the balance sheet, but also finding the right company for our team to connect with that over Hodgkin. And I'd say we are continuing discussions around a few other brands that we think could be really strong opportunities for other companies. And you'll hear from that in the months ahead.

Jason R. Vanderbrink
CEO & Director

And to your question on seasonality of cash, I would look at it similar to what we did kind of this year, it will grow throughout the year. It's kind of how we've trended. I think we'll expect similar kind of outlook.

Operator

Our next question comes from Jim Chartier with Monness, Crespi & Hardt.

James Andrew Chartier
Monness, Crespi, Hardt & Co., Inc., Research Division

Jason, how are you kind of thinking about price increases for the year? And what level of price increases are you kind of assuming in the guidance? And they'd be increase you've taken so far, do you assume that all of those are fully implemented? Or is there some conservatism there?

Jason R. Vanderbrink
CEO & Director

Yes, Jim, in the guide, we didn't assume any price increases. Having said that, we have just implemented one on May 1, a pretty targeted price increase. And we're confident that the market is going to accept that. And given the the momentum, if you will, of the copper pricing, I think it's safe to assume we're going to have to take another price increase, a broader price increase in the coming months to help cover that copper.

So I think we like what we see in the pricing side of the business, and I think we're going to be challenged all year with powder and copper, and we're going to offset as much as we can to come in at the high range of that EBITDA margin that we've guided to. We're going to still be solely focused on the bottom line. I mean to deliver 27.7% in the quarter, we would love to continue that momentum that we have in fiscal year '24 into '25.

James Andrew Chartier

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Monness, Crespi, Hardt & Co., Inc., Research Division

Great. And then Eric or Andy, what is kind of the POS trend that's assumed in the guidance for FY '25?

Eric Nyman

Sure.Jim, -- good to hear from you. So for POS and shipments, we're feeling like this year, again, we're being modest and planning modestly and conservatively as we talked about with both Matt and Dylan. Right now, we feel like the trend will probably be slightly down in Q1 and then we'll build momentum throughout the rest of the year.

Again, we are seeing good market share gains across the business, that's clearly really important to us. We're really seeing positive momentum, particularly on brands like Fox and Bell and Giro on the market share front. And regardless of what the consumer does when the market share is really significant when the market starts to turn. So we feel like we're at that inflection point, and I think we'll see some good back half momentum for some of our businesses, which will allow us to achieve our range.

Operator

[Operator Instructions] We now turn to Mark Smith with Lake Street.

Mark Eric Smith
Lake Street Capital Markets, LLC, Research Division

First, I just want to follow up on something, Jason, that you just said. The price increase, it sounds like that you guys took in May -- it sounds like that's not enough to kind of cover the inflationary pressures that you're seeing right now?

Jason R. Vanderbrink
CEO & Director

Yes, it wouldn't be enough to cover everything, Mark. So -- and it was a very targeted price increase in a particular category. So we will be here shortly coming out with a broader price increase to more categories to help cover the copper cost increase that we're seeing right now.

Mark Eric Smith
Lake Street Capital Markets, LLC, Research Division

Okay. And then I'm curious, primarily on Revelyst, but if there is anything on the kinetics side, kind of what you guys are seeing in the promotional environment, what competitors are doing if there's anything that just gives you a little bit of pause or maybe leads to some of the conservatives primarily on the Revelyst side?

Eric Nyman

Sure. Mark, on the Revelyst side, we're seeing promotion activity, certainly, in our business, decrease. We had a lot of activity in our fiscal Q3, and that was purposeful. I think the teams did an excellent job working through some of the inventory in our business. You saw a significant decline year-over-year over $100 million in inventory. So we feel like we're in a pretty good position at this point.

We can always do better, but we feel pretty good about where we are. And I think you'll see that promotional activity decrease year-over-year when you think about the Revelyst side of the business. I'll leave -- I'll turn it over to Jason on Kinetic.

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Jason R. Vanderbrink
CEO & Director

Yes. Mark, on Kinetic, we're not seeing much promotion at all on the [indiscernible] side of the business, and we kind of expect that for the remainder of the calendar year to be status quo.

Mark Eric Smith
Lake Street Capital Markets, LLC, Research Division

Okay. And last one for me, it's a small one. But on the -- following that fire fiber energy plant, is there a plan to rebuild? Is that a business that you want to continue to stay in? Any plans on that side?

Andrew Keegan
Chief Financial Officer

Yes, Mark, I mean it certainly was tough to see that happen to the team down there. We're evaluating right now. It's a little bit early for us to be able to say what the exact outcome is going to be. We're working through the insurance claim, as it's covered by our insurance group. So we have a few things that we're working through. We'll certainly have more updates in the months ahead, as we come up with the solution down there.

Operator
Ladies and gentlemen, this concludes our Q&A and today's conference call. We'd like to thank you for your participation. You may now disconnect your lines.

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