



ATLANTIC CAPITAL MARKETS

# IPO



## BIRKENSTOCK IPO

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# **BIRKENSTOCK**

## **Introduction**

Birkenstock is a global footwear manufacturer based in Germany and is one of the top five footwear brands across the globe. The company's products are now sold in more than 90 countries worldwide.

Founded in 1774 by Johann Adam Birkenstock and headquartered in Neustadt (Wied), Rhineland-Palatinate, Germany.

The company's original purpose was to create shoes that support and contour the foot, compared to the flat soles of many shoes during that time.

In 1896 the Fussbett (footbed) was designed, and by 1925, Birkenstocks were sold all over Europe.

In 1966, Margot Fraser first brought Birkenstocks to America. In the US, they were sold in health stores, this move was the beginning of their association with hippies in the 1970s.

Birkenstock was originally positioned as an orthopaedic brand, but over the years the company has held collaborations with luxury names such as Dior and Valentino, ultimately lifting the brand from orthopaedics footwear and firmly placing them in the luxury shoe category.

## **Unique Business**

Unlike other global brands, Birkenstock doesn't outsource any of its manufacturing. The company still owns each step of its production line. This positions the firm well to respond to changes in demand and protect its heritage as a German company.

The firm has been investing heavily in its production sites in Germany, including a new €120mn factory in Pasewalk, a town north of Berlin.

Despite manufacturing being all based in Germany Birkenstock employs around 5,500 employees globally.

Most of its operations are still in Germany, with production facilities in Rhineland-Palatinate, North Rhine-Westphalia, Bavaria, Hesse and Saxony.

Birkenstock has sales operations in the US, Brazil, China, Singapore, Hong Kong, Japan, Denmark, Poland, Slovakia, Spain, France, Norway, Dubai, India and the United Kingdom.

Oliver Reichert is currently CEO of the Birkenstock Group. He took on the position at the end of 2012, alongside Markus Bensberg. But since May 2021 he has been the sole CEO.



### **Is the business profitable?**

Birkenstock makes money through the sale of the various styles of its trademark cork-based sandals. In 2019, it was estimated the brand sold over 23.8mn pairs of shoes and they've only grown in popularity over recent years.

Birkenstock reported a net profit of 40.2mn euros in the six months to the end of March 2023, when revenue rose 19% year-on-year to 644.2mn.

Notably, the business saw an uplift in sales in the summer of 2023 following the release of the Barbie movie, in which actress Margot Robbie was seen wearing a pair of Birkenstocks in one scene.

### **valuation**

Birkenstock's value is estimated to be around \$9bn after it lists.

The company was last valued in 2021 when L Catterton bought a majority stake for €4bn.

### **Who owns Birkenstock?**

Private equity firm L Catterton predominantly owns Birkenstock but relatives of the footwear brand's founder brothers Alex and Christian Birkenstock have kept a minority stake in the business.

French luxury fashion house LVMH backs L Catterton itself.

The equity firm was formed in 2016 when LVMH and Bernard Arnault's family holding company merged with the US private equity firm Catterton.

It's estimated that L Catterton manages over \$30bn in assets, including consumer brands like Scandinavian fashion company Ganni and fitness company ClassPass.

### What do we know about the Birkenstock IPO?

- The IPO is scheduled for October 2023 after filing plans to list its shares between \$44 and \$49 per share.
- At the top end of that range, the IPO will raise about \$1.6bn and give Birkenstock a valuation of around \$9.2bn.
- Birkenstock will receive about one-third of the proceeds and plans to use them to pay down debt.
- Goldman Sachs and JPMorgan are advising the company's current owner (private equity firm L Catterton) on the deal.
- Birkenstock's upcoming IPO would come just months after another L Catterton-backed brand's IPO, Oddity Tech.
- The initial public offering price is currently expected to see shares priced between \$44 and \$49 per ordinary share.
- Birkenstock has applied to list its ordinary shares on the New York Stock Exchange under the symbol "BIRK".

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