

BIRKENSTOCK®

Birkenstock Holding plc
(BIRK US)

COMPANY DESCRIPTION

Tracking back its roots to 1774, **Birkenstock Group B.V. & Co. KG** is a distinguished footwear manufacturer headquartered in Neustadt (Wied), Germany. The current company structure was established in 2013, to transform the family-owned business to a global, professionally managed enterprise. **Birkenstock Holding plc**, domiciled in the British Crown Dependency of Jersey, serves as the new holding structure for the firm's IPO, owning 100% of all subsidiaries of the firm. 🚀

BUSINESS MODEL

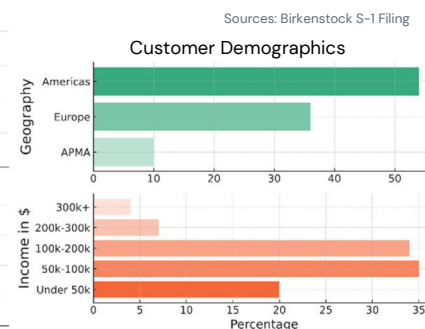
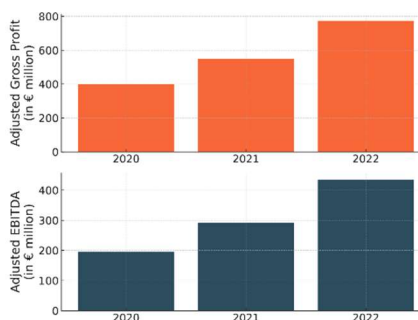
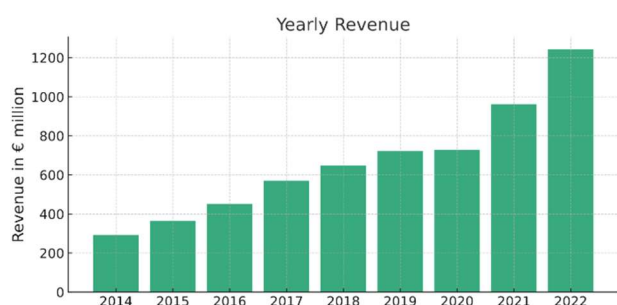
Birkenstock primarily generates revenue through the sale of its orthopedic sandals, shoes, and other footwear products directly to consumers through its e-commerce platform and retail stores (DTC channel), as well as through wholesale distribution to third party retailers (B2B channel). The company has vertically integrated manufacturing operations, producing all of its proprietary footbeds as well as assembling over 95% of its products in its owned factories in Germany.

In addition to its core footwear business, Birkenstock has started to leverage its brand equity and functional design expertise to generate revenue from non-footwear categories. Key examples include **Birkenstock Sleep Solutions**, launched in 2017, which includes beds, ergonomic slatted frames and adjustable mattresses. Another relatively new business segment is **Birkenstock Natural Skin Care**, which debuted in 2019 and focuses on moisturizing cream for hands, face and feet, containing cork extracts. Furthermore, **Birkenstock** generates revenue from licensing its brand to partners for use in select non-footwear categories such as apparel and accessories. 🚀

COMPETITIVE LANDSCAPE

Birkenstock operates in a highly competitive footwear industry, facing rivalry from a spectrum of competitors, including **Deckers Outdoor Corporation** (DECK US), with its diversified brand portfolio including UGG and Teva, iconic casual footwear maker **Crocs, Inc.** (CROX US) and British maker of durable leather boots **Dr. Martens plc** (DOCS LN), each possessing a unique brand identity and a loyal customer base. Furthermore, the competitive arena is also influenced by general apparel and fashion giants, some of which have extensive footwear offerings. Moreover, the competition is not confined to the traditional markets as global expansion strategies have opened new battlegrounds in emerging markets, where local players and international brands vie for consumer attention. 🚀

BUSINESS HISTORY & GROWTH OUTLOOK



INDUSTRY COMPARISON

COMPANY	STOCK SYMBOL	IPO DATE	INITIAL RETURN	OFFER TO DATE (TR)	2023 YTD (PR)	BETA TO BENCHMARK	REVENUE (Latest FY)	P/E Ratio
BIRKENSTOCK	BIRK US	10/11/2023	TBA	TBA	TBA	N/A	\$1.3 billion	~37x
deckers OUTDOOR CORPORATION	DECK US	Deckers went public in 1993			27.48%	0.93	\$3.6 billion	25.3x
crocs	CROX US	02/07/2006	35.95%	729.33%	-19.76%	1.42	\$3.6 billion	7.7x
Dr. Martens	DOCS LN	01/29/2021	21.62%	-67.89%	-28.65%	1.08	\$1.2 billion	10.6x

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TAKEOVER HISTORY AND IPO

In February 2021, **Birkenstock** entered into a partnership to be acquired by LVMH-associated private equity firm **L Catterton** and **Financière Agache**, the family investment company of Bernard Arnault, who owns labels including **Louis Vuitton**, **Dior**, **Tiffany** and **Bulgari**. **Birkenstock** was sold to these entities for \$4.3 billion to facilitate further global growth and expansion, particularly in emerging markets such as China and India, while continuing to enhance its operations in Europe and America.

On September 12, 2023, **Birkenstock** filed for an IPO on NYSE targeting a valuation of \$8.7 billion at the midpoint of the pricing range of \$44 to \$49 per share. Including debt, the enterprise value could exceed \$10 billion.

While Birkenstock Holding is offering 10,752,688 new shares, majority owner **L Catterton** is offering about 21,505,376 shares (with the option for 4,838,709 as a greenshoe), keeping a controlling stake of over 80% in the company after the offering. Birkenstock has applied to list its shares under the symbol BIRK. The joint bookrunners of this offer are **Goldman Sachs**, **JPMorgan**, **Bank of America**, **Morgan Stanley**, **Citigroup**, **Evercore ISI**, **Jefferies**, **UBS**, **BNP Paribas**, **Bernstein** and **HSBC**.

Durable Capital Partners LP and **Norges Bank Investment Management** act as cornerstone investors, after expressing interest to buy \$300 million of shares.

Birkenstock is set to start trading on NYSE on October 11, 2023. 🚀

USE OF PROCEEDS

In 2021, **Birkenstock** entered into a Vendor Loan for €275m, bearing an interest rate of 4.37%, maturing in October 2029. The company intends to use €100 million in net proceeds from the IPO to repay part of this loan. An additional €313 million of the proceeds are slated for the repayment of Senior Term Facilities borrowings. The paydown of debt will reduce Birkenstock's interest expense and improve its capital structure. Additionally, the IPO and associated proceeds will facilitate future access to public capital markets and provide financial flexibility to support the company's growth strategies. 🚀