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**Birkenstock Initial Public Offering: Starting Off on the Wrong Foot**

Investigating the Decision of Going Public: The case of Birkenstock

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## **Abstract**

The case describes CEO Oliver Reichart's reaction to the stock market performance of Birkenstock, upon its public debut in October 2023. A comprehensive financial and strategic analysis of the company's 249-year journey towards becoming publicly listed is provided, detailing the key events of the transition from a family-run business to an international brand.

The analysis explores the rationale behind this move, the investor sentiment, and broader market conditions, uncovering potential missteps in timing, and stakeholder alignment, drawing insights into Birkenstock's underwhelming debut.

## **Keywords**

Benefits vs Risks, Financial Analysis, Initial Public Offering, Investor Sentiment, Market Conditions, Partial Exit, Private Capital, Profitability

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## Abbreviations

**ABL** – Asset Based Lending

**APMA** – Asia, Pacific, Middle East and Africa

**ASP** – Average Selling Price

**B2B** – Business-to-Business

**CAGR** – Compounding Annual Growth Rate

**CAPEX** – Capital Expenditures

**CAPM** – Capital Asset Pricing Model

**CC** – Controlled Company

**DTC** – Direct-to-Consumer

**DTC** – Direct-to-Consumer

**EBITDA** – Earnings before Interest, Taxes, Depreciation, and Amortization

**EBT** – Earning Before Taxes

**EPS** – Earnings per Share

**ESG** – Environmental, Social and Governance

**FCF** – Free Cash Flow

**FDR** – First-day Return

**FWB** – Frankfurt Stock Exchange

**HKEX** – Hong Kong Stock Exchange

**IFRS** – International Financial Reporting Standards

**IPO** – Initial Public Offering

**LSE** – London Stock Exchange

**LVMH** – Moët Hennessy Louis Vuitton SE

**M&A** – Mergers and Acquisitions

**MRP** – Market Risk Premium

**NOPLAT** – Net Operating Profit/Loss After Tax

**NWC** – Net Working Capital

**NYSE** – New York Stock Exchange

**PE** – Private Equity

**P/E** – Price-to-Earnings

**ROA** – Return on Assets

**ROE** – Return on Equity

**SEC** – U.S. Securities and Exchange Commission

**SEO** – Secondary Equity Offering

**TLB** – Term Loan B

**TRA** – Tax Receivable Agreement

**TRBC** – Thomson Reuters Business Classification

**U.S.** – United States

**UK** – United Kingdom

**VC** – Venture Capital

**VIF** – Variance Inflation Factor

**WACC** – Weighted Average Cost of Capital

## **Introduction: Starting off on the wrong foot?**

On the morning of October 11th, 2023, Oliver Reichart, Birkenstock's CEO, woke up filled with excitement and anticipation. After months of intense preparation, the moment had finally arrived: Birkenstock had gone public the night before.

The IPO marked a major milestone in Birkenstock's shift from a family-owned business, with over two centuries of craftsmanship behind, to a global brand. The journey has so far been challenging yet rewarding. Though stepping into leadership with no previous experience, Oliver's strategic vision, along with L Catterton's - the fund that acquired a majority stake in 2021 - has been crucial in repositioning the company for future success.

The expectations were high. With Goldman Sachs, J.P. Morgan, and Morgan Stanley leading the underwriting, the offer involved 32.3 Mn shares, carefully priced at \$46. The goal was to balance the fund's desire to cash out part of its investment, while maintaining significant control and commitment to upcoming growth, and to support the company's deleveraging.

However, when Reichart checked the numbers that morning, his excitement quickly faded. Birkenstock's shares had dropped by 13%, closing at \$40.2 on the first day of trading, and newspapers were labeling this deal as "one of the worst debuts for a billion-dollar deal in a decade".

Reichart's mind was flooded with mixed feelings and unanswered questions. While he was proud of how far Birkenstock had come, he could not ignore the disappointing stock market debut. Why had the market reacted so negatively to Birkenstock's listing? Had they failed to drive investor confidence? Was the company financially robust to take such a huge step? Was the timing not the right one? Were there external factors on the market dampened enthusiasm? Was the price set too high because underwriters were overly cautious about "leaving money on the table"? Or were there conflicting interests materializing in this price drop?

As the realization sank in, Reichart found himself questioning whether going public had been the right decision for a company he had successfully managed for over a decade, and what would be the implications for the business' future success. In the back of his mind, he recognized that, while the first-day performance was disappointing, the company's long-term strategy remained intact. He was confident that Birkenstock's strong fundamentals - its history of quality and commitment to sustainability, its expanding footprint, and its partnerships with luxury brands - would continue to drive growth.

A debrief meeting has been scheduled for that morning, where Reichert's management team, key stakeholders from L Catterton and the underwriting firms would sit together to analyze the aftermath of the IPO's rocky debut, but also the underlying motives behind it. Oliver realized the tough discussions laying ahead – how would he address the “elephant in the room”? L Catterton had long been seen as a trusted partner with a shared vision, but in such a tense moment, he wondered whether their motivations truly aligned with Birkenstock's long-term goals. Oliver had built a strong, trusting relationship with the underwriting team, yet now, in the light of this situation, he couldn't help but question whether they had truly acted in Birkenstock's best interest. The answers, he knew, wouldn't come easily.

Oliver Reichert knew he couldn't afford to dwell solely on past mistakes. It was crucial to shift the conversation toward a forward-looking vision of Birkenstock's future. Would the public journey ultimately fulfil the long-term vision he had designed? With L Catterton still owning 81.1% of the firm, were secondary offerings down the road? Whatever the case, Reichart knew the next few steps were critical - stabilizing the stock price and ensuring Birkenstock's continued legacy and growth as a public company. The upcoming meeting would serve not only as an opportunity to identify any misstep, but also to emphasize the company's long-term vision and realign incentives between the stakeholders, ensuring a unified commitment to the company's long-term success.

Oliver was sure that the true value of Birkenstock wasn't defined by a single day's market performance. What mattered now was how the company would align internally, rebuild investor confidence and reaffirm its long-term potential.

### **Company Overview**

Birkenstock is a renowned global footwear company, whose history can be traced back 249 years from its IPO date (Exhibit 2). Rooted in craftsmanship, innovation, and committed to orthopaedical health, Birkenstock revolutionized the industry while evolving from a local family business to a fashion icon with a worldwide presence. The products' portfolio includes over 30 different styles of unisex sandals (Exhibit 3), known for both orthopaedical and fashion purposes. Besides, Birkenstock launched closed-toe shoes, accessories, socks, and a skincare line (Birkenstock 2023).

Along the journey towards the comfort footwear and fashion leading position, several pivotal strategic decisions and partnerships fuelled Birkenstock's growth and expansion and allowed the company to successfully navigate the ever-evolving industry landscape.

Transitioning to a professional leadership and infusing private capital, packed with knowledge and expertise, laid the foundation for a new chapter of the company's history. The brand's strong growth, solid position in the fashion industry, clear commitment to sustainability and financial transparency paved the way for its Initial Public Offering filing in 2023.

The IPO represented an important milestone in Birkenstock's journey. Democratizing the access to health and comfort has been a core part of the company's philosophy since its inception. This strategic move embodies this principle as it welcomes a broader group of investors, enabling customers and brand supporters to further participate in its journey and share in its success (Birkenstock 2023).

## Company History

Birkenstock is a sixth-generation family-run shoe company founded in 1774, by Johann Adam Birkenstock in Langen-Bergheim village, located on the trade route between Frankfurt and Leipzig. Since the business' inception, the shoemaker family's philosophy was to create products that would revolutionize the footwear industry, prioritizing health and comfort (Birkenstock 2023).

In the early 1900s, the Industrial Revolution shaped traditional industries like shoemaking, shifting Konrad Birkenstock's attention to orthopaedics and seizing a "shoe-reform". The ordinary shoe's flat inner sole was replaced by a flexible and anatomically shaped sole crafted from cork and latex, the "*footbed*", which is still the core of all the company's models nowadays (Exhibit 5) (Birkenstock 2023).

In 1963, Birkenstock released the *Original Birkenstock-Footbed Sandal*, which featured the footbed with a plain adjustable strap. Since then, Birkenstock was undeniably popular within the healthcare system, but also among counterculture groups, such as environmentalists and hippies, who valued the eco-friendly materials and the emphasis on comfort and minimalism.

In 1990, Kate Moss appearance in *The Face Magazine* wearing a pair of sandals marks the beginning of Birkenstock's journey as a fashion phenomenon. Through partnerships with renowned designers, such as Valentino and Rick Owens, the brand entered the mainstream realm and proved that high fashion can coexist with comfort. The products started to be seen as a fashion item, rather than "ugly orthopaedic shoes". Birkenstock was even perceived as a symbol of "anti-fashion", which ironically caught the attention of giant fashion symbols, such as Dior. Also, Birkenstock's commitment to sustainability aligned with society's growing environmental awareness at the time (Birkenstock 2023).

During the 21<sup>st</sup> century, the company's history showcases an impressive journey of innovation and adaptation. Through the launch of new styles such as clogs, further partnerships with high-profile fashion players (Exhibit 6), the enhancement of digital presence and the sustained commitment to sustainability practises, Birkenstock solidified its market leadership.

When the pandemic hit the world in 2019, causing supply chain and work-life-consumption disruptions, Birkenstock had to quickly adapt to the market conditions and accelerated the shift towards online channels. The company was capturing not only the growing demand for e-commerce, as consumers increasingly adopted online shopping, but also the pandemic-driven demand for comfort in home-based lifestyles, which was seamlessly aligned with the business vision (Birkenstock 2023). Birkenstock was able to successfully sustain the business during the pandemic and create momentum for a solid leadership positioning post-pandemics.

### **Mission and Vision**

Birkenstock's mission was embraced by every family generation and kept unchanged throughout its history: to make "walking as nature intended" accessible to everyone. The idea of providing healthy and comfortable shoes materialized initially into anatomically shaped shoe lasts in 1897, then into the "Footbed" in 1913, and finally into the Birkenstock sandal in 1964, which became a symbol of comfort and quality (Birkenstock 2023).

Birkenstock envisions a future where foot health, quality and sustainability are at the forefront of fashion, making products accessible to everyone and creating a positive impact on overall the health and environment, while balancing tradition and innovation (Birkenstock 2023).

### **Executive Leadership and Corporate Ownership**

Six generations of the Birkenstock family owned and run the business since its foundation. The first major turning point happened in the early 2000s, when Karl Birkenstock's three sons took over the leadership of the company after his retirement (Birkenstock 2023). Christian, Stephan

and Alex's different business perspectives, familiar disputes, lawsuits and the need to modernize and adapt to the current business environment justified the search for external expertise.

Oliver Reichert and Markus Bensberg were assigned as co-CEOs in 2013, by the Birkenstock brothers, who stepped back from leadership. The appointment of "external" managers launched a new era: shifting from a production-oriented business to a global professionally managed enterprise.

### The CEOs

Oliver Reichert entered the scene as a consultant to Birkenstock's founding family in 2009. The former war correspondent with experience in sports media, had no knowledge of the shoe and fashion industry, but stated he "had hardly ever worn any other shoes in his everyday life" (Birkenstock 2023) when joined the company. Reichert's disregard for fashion trends resonated with the brand's core identity of comfort and practicality. Nowadays, he runs the company as sole CEO, still balancing tradition with modernization.

Markus Bensberg joined Birkenstock in 1991 and took on diverse management roles, primarily focusing on product development, sales and logistics. He withdrew from the company management position in 2021 and, since then, Bensberg has been fully focused on his role as CEO of Alex Birkenstock's family office, taking responsibility for international projects (Birkenstock 2023).

### Strategic Restructuring

The new management team undertook a major restructuring process, which consisted of consolidating the 38 existent individual entities into the Birkenstock Group (Exhibit 8), with clear segments: Production, Distribution and Services. Reichert and Bensberg's focus was to create a global and efficient organization, capable of tackling the global supply chain challenges,

with improved manufacturing processes, while maintaining the brand's core values (Birkenstock 2023).

The bold move of appointing two external CEOs was definitely an important step to put the struggling shoemaker back on its feet. Sales have surged dramatically, rising from 11.3 million pairs in 2012 to 25 million pairs in 2013 (Forbes 2019).

### **Private Equity as a strategic move**

In 2021, the Private Equity (PE) firm L Catterton, along with Financière Agache, acquired a majority stake in Birkenstock, which had remained family-held until then. The change in corporate ownership provided Birkenstock with access to private capital, which helped to accelerate growth, as well as with industry expertise and network brought in by the investors.

L Catterton is the world's leading private equity firm with a focus on consumer-goods, currently managing over \$30 Bn in capital across six continents (L Catterton 2024). The American giant was founded in 2016 through the merge of Catterton's operations in America with LVMH (Moët Hennessy Louis Vuitton) and Agache (former Groupe Arnault) private capital operations across Europe and Asia.

The LVMH group, managed by Bernard Arnault, owns a portfolio of over 60 prestigious brands, with a focus on consumer-driven brands, such as Dior, Givenchy, and Bulgari (LVMH 2024). Being backed by the LVMH group provides the acquired companies with access to high-worth networks and collaborations. Acquiring Birkenstock reaffirmed the fund's strategy of investing in heritage brands, with global market reach and potential for further growth.

Financière Agache acts as a holding company of Bernard Arnault's family holding company Agache. It manages a portfolio of investments in diverse sectors, with a focus on luxury companies (Financière Agache 2023). Together with its affiliates, Financière Agache holds a

97.5% controlling stake in Christian Dior, which is the parent company of the luxury conglomerate LVMH, with a 42% stake (Financière Agache 2024).

Therefore, L Catterton and Financière Agache maintain a longstanding relationship, not only in terms of ownership, but also share the same strategic vision. The two companies often invest alongside each other, leveraging their combined resources, expertise and synergies.

This deal valued Birkenstock at around \$4.8 Bn, though the exact details of the transaction were not disclosed. L Catterton emerged as the new majority shareholder, while Financière Agache, Alex and Christian Birkenstock retained a minority stake in the company (PitchBook 2021).

Following the deal, Birkenstock tapped into new markets, such as China and India, expanded production, logistics and sales operations to reinforce its leadership, finetuned the e-commerce and direct-to-consumer distribution strategies and consolidated its position in the U.S. (Birkenstock 2023). The sponsors fully committed to the family's core values of craftsmanship, sustainability and quality, while opening doors for innovative partnerships with luxury fashion brands.

## **Business Model**

Birkenstock's business model has been evolving throughout the company's history, driven by the shifts imposed by the market and the macroeconomic environment. Although the changes in ownership and leadership refined the company's model, it remained true to its core values of quality, accessibility, sustainability, and craftsmanship.

## Production & Distribution

Most of the production (around 95%) is located in Germany, while the remainder is produced in Arouca, Portugal. The Group directly owns and controls the production and distribution facilities (Exhibit 9). The vertically integrated manufacturing operations and the "Made in Germany" approach ensure that the production complies with the highest quality standards and

lead-time is shortened (Birkenstock 2023). This constitutes a strong competitive and operational edge in an industry that has largely shifted production to countries such as China and Vietnam.

Circa 90% of the materials used, such as cork, latex and leather, are sourced from almost 2000 suppliers in Europe. Striving to build long-lasting relationships with European partners is rooted in the core values of function, quality and tradition. Furthermore, the materials go through chemical and physical testing in an owned laboratory facility (Birkenstock 2023).

The in-house logistics team conducts the warehousing, inventory management, and order fulfillment, allowing for greater operations oversight and decreased lead-time. Additionally, Birkenstock collaborates with third-party providers to ensure distribution without compromising quality (Birkenstock 2023).

Moreover, the company plans to double its production capacity by 2026. This ambitious expansion aims to solidify its market presence in Europe and the Americas, while also strengthening its focus on relatively underexplored regions in recent years (Birkenstock 2023).

### Market & Consumer Analysis

Birkenstock has established a strong presence in the global footwear market. Due to its product portfolio and brand positioning, the company appeals to a wide range of market segments, which vary in demographics, geographies, lifestyle and values (Exhibit 10) (Birkenstock 2023).

Although the core buyer has traditionally been young women, Birkenstock appeals to the broader market, including virtually any age range but skewing slightly towards millennials.

Birkenstock targets three market segments: Europe, the Americas and Asia Pacific, Middle East and Asia (APMA), corresponding to its operational hubs. While established markets like the U.S., Germany, the UK, and France are key, expanding into untapped markets has been crucial for driving growth and strengthening its global presence.

Consumers' lifestyle centers around comfort, practicality and, increasingly, fashion. They appreciate timeless and versatile designs, to be used in both casual and professional settings (Forbes 2024).

Many buyers value a thoughtful approach to consumption, aligning with Birkenstock's core values of sustainable manufacturing, responsible sourcing, durability and quality.

### Revenue & Seasonality

Revenues are mainly derived from product sales, such as sandals, closed-toe silhouettes and other products, namely skincare and accessories. Other revenue streams relate to non-product revenues, such as trademark fees on Birkenstock products, real estate rentals and the sale of recyclable scrap materials (Birkenstock 2023).

Birkenstock faces seasonality in product revenues, with higher demand for sandals and open-toed footwear in the warmer months of the year. Typically, inventory is built between October and January, upon a careful planning process to align supply with demand during the high season (Birkenstock 2023). By launching innovative products, such as close-toed silhouettes, Birkenstock aims to attract year-round demand and reduce the seasonal risk of the business.

### Multi-channel Distribution Strategy

Birkenstock operates a *Business-to-Business* (B2B) channel, including sales to established third-party stores around the world and a *Direct-to-consumer* (DTC) channel, comprising sales made on globally owned retail stores and online sales via the Birkenstock website (e-commerce). These channels are used synergistically, as B2B is used to promote brand accessibility while driving customers to the DTC channel, which provides customers with access to the complete product portfolio and improves the company's control over pricing and inventory (Birkenstock 2023).

A major challenge Birkenstock faces is counterfeit products that damage its reputation and customer satisfaction. In 2016, the company ceased its relationship with Amazon, as the marketplace created had become a source of unauthorized sellers and counterfeit goods, allowing Birkenstock to regain control over pricing, distribution and customer experience.

#### Direct-to-Consumer (DTC)

Since the mid-2010s, the company has been fostering direct relationships with customers, providing a more seamless and integrated shopping experience (Exhibit 11). The DTC channel enables to gather valuable real-time data on consumer behaviour, which can be used to finetune marketing efforts (Birkenstock 2023). Also, cutting out the middleman leads to increased profitability.

DTC sales penetration was 40% in the fiscal year 2023, recording a 2 pp growth compared to 2022 (Graph 1), mainly due to the investment in e-commerce platforms' development (especially since the COVID-19 outbreak) and global expansion of the owned retail stores network. Birkenstock online store serves 21 countries in 17 languages (Birkenstock 2023).

#### Business-to-Business (B2B)

The wholesale distribution strategy has been key for Birkenstock to reach a wide range of consumers in diverse countries across the world, in which the company has not yet established a strong DTC presence. Birkenstock carefully selects the department stores, specialty retailers, and online platforms with whom to partner and then segments the product availability into the specificities of each retailer. The demand for Birkenstock through wholesalers surpasses the levels of supply, thus the firm benefits from favorable economic terms through B2B (Birkenstock 2023).

### Branding and Marketing Strategy

Birkenstock's marketing strategy has shifted from a product-driven to a customer-centric approach in the past years. Historically, the company relied minimally on advertising, branding and consumer engagement. The company believed growth was driven by the quality of the product itself, which would attract its own market (limited to niche segments in the early beginnings). In recent years, the focus has been on delivering value and fostering lasting relationships with customers and adapting product offerings to their evolving needs (Birkenstock 2023).

A key part of this shift was the collaboration with high-end fashion brands, like Valentino and Dior, and the *Barbie* phenomenon. Margot Robbie wore a pair of Arizona sandals in the 2023 *Barbie* movie, spiking online searches for these shoes around the movie release date.

More than 90% of Birkenstock's sales come from unpaid channels, reflecting the company's ability to organically reach more customers, via word of mouth and customer advocacy rather than paid marketing (Birkenstock 2023). In 2022, the company launched its first paid marketing campaign, "Ugly for a Reason", leveraging the shoes' "ugly" aesthetics reputation to highlight the functionality of the products and reinforce its commitment to quality, comfort and sustainability.

### Sustainability

Sustainability is at the core of Birkenstock's business model, rooted in every phase, from sourcing to production, and in the way it encourages conscious consumer behaviour.

The company uses natural, sustainable and high-quality raw materials in production, sourced from European environmentally compliant partners. These not only grant durability to the product but are also biodegradable, contributing to the reduction of environmental footprint (Birkenstock 2023).

Also, Birkenstock uses renewable energy sources and water-saving technologies in its production facilities to ensure optimal resource consumption and minimise waste. A culture of conscious consumption is transmitted to the customer, as there is an emphasis on durability and longevity. Furthermore, recycling and refurbishment programs ensure proper disposal of materials or extended lifespan of the products, respectively (Birkenstock 2023).

### **Industry Analysis**

Birkenstock operates within the global footwear industry, a large and fragmented market valued at approximately \$439 Bn in 2023 (Grand View Research 2023a). This industry is marked by a significant level of innovation driven by shifting consumer preferences, that continuously shape the competitive landscape (Exhibit 12).

### Key Market Drivers

Companies should not only anticipate market changes, but also swiftly adapt to maintain competitiveness, i.e., by developing new materials and innovative designs.

With changes in consumer demand, regulations in the shoemaking industry have become more significant. Stricter safety, environmental and labour requirements are skewing companies towards more responsible and transparent business models.

Furthermore, the industry players are increasingly reliant on M&A as a means of strengthening market positions and expanding capabilities (Grand View Research 2023a). Through this approach, businesses can scale up more rapidly, gain access to new technologies, and enhance their competitive advantage in an increasingly regulated and dynamic market.

The global footwear industry has grown moderately over the past decade. Between 2010 and 2019, global production rose by 21%, reaching a record of 24.3 billion pairs (World Footwear 2020). Despite the pandemic's significant negative impact, the market has since rebounded. In

2022, global footwear consumption reached 20.6 billion pairs, a YoY increase of approximately 8% (World Footwear 2023). Looking ahead, the industry is estimated to continue growing at a 4.3% CAGR from 2024 to 2030 (Grand View Research 2023a).

### Market Segmentation and Emerging Consumer Trends

The industry is segmented into athletic and non-athletic footwear categories (Exhibit 13).

In 2023, the non-athletic segment accounted for circa 67% of the total industry (Grand View Research 2023a), with “factors, such as the launch of seasonal shoe collections, changing fashion trends, and increasing popularity of stylish and trendy footwear” driving the demand for casual sneakers, sandals and dress shoes (Grand View Research 2023a). The sustainable segment constituted 2% of the global footwear industry in 2023 (Grand View Research 2023b) and has been registering a growing trend over the past decade driven by the increasing concern over ethical and responsibly produced shoes. This segment is expected to continue its upward trajectory with revenue’s estimated CAGR of 6.7% from 2023 to 2030 (Grand View Research 2023b).

Additionally, there has been an increasing consumer demand for comfort and ergonomic footwear, driven by the growing awareness of foot health and well-being, especially during and after the pandemic. The transition to remote work significantly influenced footwear preferences, as people spent more time at home and prioritized functional, supportive shoes, leading to a surge in demand for orthopaedic and athletic footwear (Grand View Research 2023a).

The luxury footwear segment is also expanding rapidly. In 2023, it reported a market value of approximately \$35.7 Bn, accounting for over 40% of revenues in the broader footwear industry (Grand View Research 2024). Social media has largely contributed to the increased spending on fashion accessories, motivating consumers to spend more on designer and high-priced shoes.

As a result, this sector is projected to increase at 7% CAGR from 2024 to 2030, further contributing to the overall market growth (Grand View Research 2024).

The footwear industry has also undergone a considerable shift regarding distribution channels over the past decade, driven by internet penetration, the proliferation of smartphones and the growing adoption of digital payment methods (Grand View Research 2022). Product availability on e-commerce platforms expanded, enabling consumers to access a wide variety of styles and sizes in a 24/7 shopping environment. The pandemic accelerated this trend, with the global market for e-commerce footwear being appraised at \$104 Bn in 2022 and is predicted to grow at a CAGR of 6.8% between 2022 and 2028 (Grand View Research 2022). This has, in turn, accelerated another trend in the industry: DTC channel adoption. Players are bypassing traditional intermediaries such as wholesalers, distributors, or third-party retailers, and selling directly through firm's online platforms and retail stores.

### Regional Insights

Concerning regional distribution, Asia accounted for more than half of the global footwear consumption, with a share of 53% in 2022 (World Footwear 2023). Countries like China, India and Japan are major consumers in this region, because of the vast population base and rising disposable income (Exhibit 14).

North America accounted for 16% of the global footwear consumption in 2022, registering the highest per capita consumption globally, of 5.9 pairs per person, in 2022 (World Footwear 2023). The region's demand is heavily influenced by the popularity of athletic and casual footwear, with brands like Nike and Skechers dominating the market. The rise in outdoor activities during and after the pandemic also spurred the sales of athleisure and comfort-oriented footwear.

Europe, in turn, reached approximately 15% of global consumption in 2022 (World Footwear 2023). The European market hosts some of the world's leading luxury footwear brands which contribute to the high average spending per pair in this market. This region, particularly in countries like Germany, France, and Italy, is characterized by a strong preference for premium and durable footwear. Additionally, there is a growing trend toward sustainable and ethical production and shifting priorities in purchasing decisions (World Footwear 2023).

Finally, in terms of footwear production, the geographical distribution has remained rather unchanged over the last decade. Asia continues to dominate the world's shoe manufacturing with over 87% of the world's production, followed by South America at 4.8%, Africa at 4%, Europe at 3% and North America at 1%, with Oceania having virtually no significant production (Exhibit 15) (World Footwear 2023).

### **Competitive Analysis**

Recording €1.4 Bn revenue in 2023, Birkenstock is an established player in the global footwear market, competing within the casual, comfortable and sustainable segments. The industry is highly competitive, with few dominant companies capturing a significant share of the market (Graph 2).

### Key Industry Competitors and Market Leaders

Nike, is the clear industry leader, generating over \$29 Bn (Nike, Inc 2023) in footwear revenue in the fiscal year 2023, followed by Adidas whose shoe revenues were €12 Bn in the same year (Adidas 2023). Together, these two giants set global trends and control a significant share of the market, due to their global reach, innovative and extensive product portfolio, and efficient online distribution and marketing strategies.

Players like Puma, Asics Corp, Skechers, Deckers Brands, On Holding and VF Corp are also significant in the global footwear market. However, their market influence and revenue scale do not match those of the aforementioned industry giants.

### Direct Competitors

Birkenstock competes more directly with players such as Skechers, Crocs, Deckers Brands and Allbirds, which have seen strong growth in the comfort and casual footwear categories.

Skechers, one of the largest global footwear brands, is known for having vast product lines to meet various consumers' needs at affordable prices, including casual, performance, and work shoes. In 2023, the company achieved record annual sales of \$8 Bn (Skechers 2023). Skechers is focused on comfort rather than high fashion, with its memory foam shoes standing out as some of its key technologies. Moreover, it competes less directly within the premium segment in which Birkenstock operates, as its focus tends to lean more toward accessible, mass-market comfort rather than high-quality and craftsmanship.

Another main competitor, Crocs, recorded \$3.9 Bn revenue, in 2023 up 11.5% compared to 2022 (Crocs, Inc. 2023). It is particularly known for the foam clogs, though it has expanded over time into sandals, flip-flops and boots, strengthening its position in the comfortable footwear segment. Despite its playful style, Crocs has attracted a loyal fanbase by balancing practicality with comfort. The brand has resurged recently, positioning itself as a trendy and fashionable choice, through collaborations with celebrities and high-end fashion brands. The acquisition of Hey Dude in 2022, a casual footwear brand known for its lightweight and comfort-oriented styles, allowed Crocs to extend its market reach and reinforce its position.

Deckers Brands, owns several brands, including Teva and UGG, and reported \$3.6 Bn in revenue in 2023 (Deckers Outdoor Corporation 2023), with UGG accounting for over half of this figure. Initially renowned for its iconic sheepskin boots, UGG has expanded into a broader

range of casual footwear such as slippers, sandals and sneakers. It is perceived as a premium comfort and luxury brand, with an underlying laid-back feel. In contrast, Teva, a performance-driven outdoor brand, is best known for its eco-friendly, rugged sandals popular among outdoor enthusiasts. In the past few years, however, Teva has tried to diversify into more casual designs. Moreover, the brand uses more than 50% recycled materials in its operations, reflecting its strong commitment to sustainability (Teva n.d.).

Lastly, Allbirds is a direct competitor in the sustainable and casual footwear market. Founded in 2016, the brand has been strengthening its reputation in the market as an eco-conscious brand that merges comfort with environmental responsibility. Despite its relatively young presence in the market, Allbirds has achieved significant growth, though it currently faces challenges related to profitability and scaling its business. In 2023, the company reported revenues of \$254 Mn, down 14.7% from 2022 (Allbirds 2023). Its product portfolio includes sneakers, slip-ons, and running shoes. Notably, in 2021, it partnered with Adidas on a groundbreaking sustainability initiative aimed at reducing the footwear industry's carbon footprint, achieving the lowest shoe carbon footprint ever recorded (Allbirds 2021).

Nevertheless, while all these companies share some similarities with Birkenstock, particularly in terms of comfort and, to some extent, sustainability, it is difficult to identify a company that competes with Birkenstock on an equal footing. Hypothetically, a model combining the comfort of Skechers, the ease of Crocs, the sustainability of Allbirds, and the luxury and lifestyle appeal of UGG, could potentially compete directly with Birkenstock.

### **Financing Path**

The acquisition by the L Catterton fund marked a significant change in Birkenstock's capital structure, with the latter ultimately bearing much of the debt load post-transaction, a common

practice in a PE deal. In April 2021, approximately €1.8 Bn of debt, with different levels of seniority, was issued to finance the acquisition (Birkenstock 2023).

The various types of debt were structured into senior credit facilities, comprising a €375 Mn EUR Term Loan B (TLB) Facility and a \$850 Mn USD TLB Facility. Additionally, €430 Mn was raised through Notes issuance, complemented by a Vendor Loan amounting to €275 Mn (Exhibit 16). Furthermore, Birkenstock's Asset-Based Lending (ABL) facility allows the firm to borrow up to €200 Mn, to meet short-term needs. To date, it remains completely undrawn (Birkenstock 2023).

### **Macroeconomic Environment**

In October 2023, the global macroeconomic landscape was marked by significant challenges, including persistent inflation, particularly in the U.S. and Europe. Although inflation had been slowing since its peak in 2022 (a year of record-high levels), it remained high, with rates of 3.7% in the U.S. (Bureau of Labor Statistics 2023) and 4.3% in Europe (Eurostat 2023) in September. In response, the Federal Reserve (FED) and the European Central Bank maintained restrictive monetary policies and high interest rates to curb rising prices, with no expectation of rate cuts soon (Graph 3).

The inflationary pressure was driven by multiple factors, including the ongoing post-pandemic recovery and increasing geopolitical instability. The Russia-Ukraine war, that began in February 2022, strongly defined the global geopolitical landscape and drove the inflationary peak in 2022. The war led to a sharp rise in energy prices, particularly affecting European countries such as Germany, where 95% of Birkenstock's production is based. Furthermore, rising trade tensions between China and the U.S., as well as escalating tensions in the Middle East, were contributing to a higher global instability.

Regarding consumer spending across different markets, the U.S. remained relatively strong after a robust post-pandemic recovery (Mutikani 2023). In contrast, European consumers seemed more cautious, with weak consumer demand cited as one of the factors contributing to the sluggish European economic recovery, along with lower expectations for future spending growth (Moulton et al. 2023). Moreover, in 2023, amid challenging economic conditions, sectors such as luxury fashion and premium goods, in which Birkenstock is positioned, experienced a slowdown in economic activity (André et al. 2023).

### **Initial Public Offering**

Positioned as a purpose-driven brand within the industry, Oliver Reichert had long believed that it would be crucial to "give the brand back to people" through a public offering, although he believed that the ideal scenario for the brand would have been to remain family-owned. At the time of Birkenstock's acquisition by L Catterton in 2021, it was determined that the company would, in the near future, pursue the "second-best option" - going public - as a key strategic step in its ongoing development (CNBC Television 2023).

### **Capital Reorganization Pre-IPO**

Birkenstock undertook several significant capital organization steps before proceeding to its IPO. On October 4, 2023, the company changed its legal status to become a public limited company. As part of this transition, the company's share structure was consolidated into a single class of ordinary shares, and these shares were reclassified as no-par-value shares (Birkenstock 2023).

On October 10, 2023, Birkenstock completed a Tax Receivable Agreement (TRA) with L Catterton, involving the repurchase of 5.6 Mn ordinary shares from the fund. In exchange, 85% of the future tax deductions, resultant from the L Catterton acquisition of the company in 2021,

will be transferred to the fund. As a result of this capital reorganization, 177.1 Mn shares remained outstanding prior to the consummation of this IPO (Birkenstock 2023).

Furthermore, it was expected that approximately 2% of the company's ordinary shares would be transferred from L Catterton to Financière Agache at the time of the IPO. Financière Agache, which holds an indirect stake in Birkenstock through its investment in L Catterton, sought to convert this indirect stake into direct ownership of the company's ordinary shares (Birkenstock 2023).

### Offer Details

The offering consisted of approximately 21.5 Mn ordinary shares sold by L Catterton and 10.8 Mn ordinary shares sold by Birkenstock (including 5.6 Mn shares from the previously mentioned TRA), totalling roughly 32.3 Mn shares. Additionally, the underwriters were granted a 30-day option, starting on October 10th, to purchase up to 4.8 Mn additional shares from L Catterton to cover any overallotments. Following the IPO, the total number of common shares issued and outstanding amounted to 187.8 Mn, assuming the overallotment option is not exercised (Birkenstock 2023).

Furthermore, Financière Agache expressed interest in purchasing up to \$325 Mn worth of additional shares in the offering, positioning itself as an anchor investor. Similarly, Durable Capital Partners LP and Norges Bank Investment Management expressed their intention to acquire up to \$300 Mn in shares (Birkenstock 2023).

Following the IPO and the transfer of 2% of ordinary shares to Financière Agache, entities affiliated with L Catterton were expected to beneficially own approximately 81.1% of Birkenstock's shares (Graph 4), assuming that the over-allotment option would not be exercised by the underwriters. As a result, Birkenstock qualified as a "controlled company" under the

NYSE's corporate governance rules for listed companies, enabling it to waive certain corporate governance requirements (Birkenstock 2023).

The underwriters, jointly with the issuers, set a share price of \$46, resulting approximately in a valuation of \$8.64 Bn for Birkenstock. The IPO generated around \$1.5 Bn in gross proceeds, of which around \$446.3 Mn were left to Birkenstock's after deducting underwriting discounts, commissions, and estimated offering expenses (Exhibit 17). Similarly to many European companies in recent years, Birkenstock opted for the NYSE rather than the European stock exchanges (Birkenstock 2023).

### Post-IPO Expectations

Birkenstock intended to use the funds raised through the offering to partially amortize its debt, which stood at approximately €1.8 Bn as of September 30, 2023.

This debt primarily stemmed from its acquisition by the L Catterton fund. Since then, Birkenstock has aimed to deleverage its Balance Sheet and planned to use the IPO proceeds toward debt reduction. As Oliver Reichert stated: "It's as simple as this: We don't like to be in debt, and we don't need to because we run a profitable and cash-rich business. Taking this important step of early repayments emphasizes our commitment to debt reduction" (Birkenstock Group B.V. 2023). Indeed, since April 2021, Birkenstock has successfully reduced its leverage (Net Total Debt/Adjusted EBITDA) from over 6x to less than 2.5x (projected after the anticipated debt repayment) through a combination of debt reduction and EBITDA growth. Looking ahead, the company aims to further reduce its leverage ratio to below 2x within the next 2 to 3 years, with a long-term target ratio of less than 1x (Birkenstock Group B.V. 2023).

The funds from the IPO, along with cash on hand, were then intended to facilitate an early partial repayment of \$450 Mn on the USD TLB Facility and €100 Mn on the Vendor Loan. As

a result of debt amortization, Birkenstock's total indebtedness would decrease to approximately €1.3 Bn, with estimated incremental interest savings of over €40 Mn per year (Birkenstock Group B.V. 2023).

For L Catterton, the IPO would mark a significant achievement, with the potential to realize a 2.3x return on investment within just over two and a half years if executed at the anticipated valuation (Jain et al. 2023). Moreover, the fund would maintain its majority and controlling position, allowing it to continue implementing its vision for Birkenstock and potentially selling part of its ownership through secondary offerings in the near future.

### IPO Market

The IPO market had been nearly frozen since early 2022. In the first nine months of 2023, only 968 IPOs were recorded globally, raising a total of \$101.2 Bn (EY 2023). This represents a decline from 2022, which saw 992 IPOs raising \$146 Bn. The market's performance over the past two years has been notably subdued compared to 2021, with a 44% decrease in the number of IPOs and a 57% drop in total capital raised relative to 2022 (Graph 5) (EY 2022). Moreover, the macroeconomic environment of rising interest rates, along with investors' lack of confidence in the market following the Covid-19 pandemic, dampened investor's interest in riskier assets such as stocks of newly public companies.

Nevertheless, the IPO market appeared to be rebounding in September, particularly in the American market, with listings of big companies like Arm, Instacart, and Klaviyo. Despite positive performances on the first days of trading, prices of these three IPOs have since declined. The chip manufacturer Arm, which effectively reopened the market, saw its shares surge by 25% on the first day but later fell below the IPO price (Driebusch 2023). As for the tech companies Instacart and Klaviyo, despite promising debuts, their prices fell 17% below the IPO price (Clark 2023) and achieved only modest gains, respectively (Warner 2023).

Many investors believed that the relative inactivity in the IPO market would not pose a significant barrier and might even work in Birkenstock's favour. With substantial capital on the sidelines and the company's position as an established company in the U.S. footwear market could be seen as a key advantage (Fisher 2023). Indeed, the recent growth driven by a younger new consumer base, the rise in Birkenstock's popularity and the *Barbie Buzz* phenomenon were generating good market prospects, with some anticipating that Birkenstock's IPO could be a success and revive the market. It was not the case.

### **What now?**

Oliver Reichart, anticipating that morning's meeting, was trying to figure out the answers to the questions that flooded his mind. The poor stock market performance could be the result of a variety of factors which were left to be addressed.

### **Teaching Note**

#### Case synopsis

The case study examines the German footwear brand's transition from a family-owned business to a publicly traded firm. Acquired by the fund L Catterton in 2021, the company underwent a significant transformation, evolving into a globally recognized player in the premium and lifestyle market, while still respecting its core values of comfort, sustainability and craftsmanship. Birkenstock embarked on an ambitious growth trajectory, culminating in its highly anticipated IPO on October 11, 2023.

Despite the careful preparations and Birkenstock's strong brand equity, the IPO failed to live up to the expectations, as the share price fell 13% on the first trading day. This disappointing performance highlights critical issues regarding market conditions, valuation strategies, corporate governance, and investor confidence.

Oliver Reichert, the company's CEO, woke up in the morning after the IPO to find himself facing unexpected thoughts. Why had the market reacted negatively? Was the company financially robust to take such a huge step? Was the timing inappropriate? Was the pricing misaligned with market realities? Are the stakeholders' incentives aligned with his long-term vision? As Reichert heads to that morning's meeting, these questions are flooding his mind. How is he going to address the "elephant in the room"?

The case prompts the readers to analyse the root causes of the IPO's underwhelming debut and derive conclusions on the appropriateness of the deal's timing and pricing, and the potentially conflicting interests among all stakeholders. The overpricing phenomena is to be examined in the overall IPO context, encouraging a deeper understanding of market dynamics and structural aspects that can impact investor sentiment and first-day performance, and highlighting what could explain Birkenstock's poor first-day performance.

### Learning Objectives

This case encourages students to develop a deep understanding of Birkenstock's long journey toward its IPO. It comprehensively explores the company's financial performance, enriched with a peer analysis. Students are encouraged to critically assess the decision-making process, in terms of timing and location, drawing conclusions on the benefits and risks associated with this listing. Furthermore, a valuation assessment is to be conducted, using different methods with grounded assumptions. Students are expected to conclude on the appropriateness of the offer price, and on the embedded risks of setting such a price, in terms of market reaction and realized returns. Students will study IPO overpricing phenomena, leveraging a statistical approach to derive conclusions on the factors that drive it, and examine how these played a role in Birkenstock's case. Remarks on whether this deal was a complete failure for the involved parties will be derived, based on the above.

Essentially, this case study aims to unlock a thorough understanding of Birkenstock's IPO journey, divided into three key time periods: i) pre-IPO, focusing on strategic motivations behind the key decisions; ii) IPO setting, focusing on the pricing decision and inherent risks, and iii) post-IPO, focusing on its outcome and delving into what went wrong with this listing.

### Target Audience

This case study intends to be used in BSc, MSc, or MBA-level courses, such as Corporate Finance, Private Equity, Entrepreneurship, Empirical Methods for Finance, or equivalents.

### Teaching Plan

This case study is intended as a group take-home assessment. Students are expected to carefully read the context provided, and complement it with further individual research, before answering the assignment questions. One of the key periods of Birkenstock's IPO journey: pre-IPO, IPO setting, or post-IPO, will be assigned to each group. During the in-class session, the professor will promote presentation and debate among the groups assigned to the same topic, encouraging comparison of findings, insights, and conclusions.

### Assignment Questions

Put yourself in the (Birken) shoes of Oliver Reichert, who is trying to understand what could have explained the stock market debut performance of Birkenstock.

## **1. Investigating the Decision of Going Public: the case of Birkenstock**

**1.1.** Assess Birkenstock's financial performance in the years leading up to its IPO. Was the company in a favourable position to attract investors?

**1.2.** Should Birkenstock be listed? Assess the benefits, as well as the potential risks and costs of listing.

**1.3.** What were the strategic considerations behind Birkenstock's choice of the NYSE for its IPO, and why was October 2023 deemed an appropriate timing to go public?

## **2. A deep dive into an Initial Public Offering setting: the case of Birkenstock**

**2.1.** Perform a valuation of Birkenstock at the time of the IPO, using different methods and explaining all the assumptions your models are built on.

**2.2.** Was Birkenstock's offer fairly priced? How could the underwriters have derived and justified the proposed price range and offer price?

**2.3.** What are the associated risks of setting such an offer price, and how might investors react?

## **3. Initial Public Offering Overpricing phenomena: the case of Birkenstock**

**3.1.** Analyse the stock market's reaction to Birkenstock's IPO. What factors contribute to overall IPO overpricing and poor first-day performance? Draw insights on Birkenstock IPO.

**3.2.** How does Birkenstock's "controlled company" and a foreign private issuer status under NYSE governance rules affect its corporate governance structure and investor confidence?

**3.3.** What went wrong with Birkenstock's IPO? In the end, was it a truly failed deal? For whom?

**1.1.** A company's historical financial performance plays a crucial role in determining the success of its IPO, with approximately 60% of investor decisions related to IPO investments being driven by financial performance metrics (EY 2023). To present a thorough overview of Birkenstock's financial position pre-IPO, an analysis was conducted across profitability, activity, liquidity and solvency metrics, using the available data from 2020 to 2023. Additionally, the analysis includes a comparison with Birkenstock's three main direct competitors - Skechers, Crocs, and Deckers Brands - due to their shared focus on comfort and casual footwear categories.

**Profitability:** The firm's success in an IPO hinges on its ability to explain future potential profitability (PwC 2024). To this end, investors assess key indicators, including sales and EBITDA growth, and various profitability metrics such as Net Profit or ROE.

Since L Catterton's involvement in 2021, Birkenstock has achieved consistent revenue growth, with a CAGR of 27% (2020 to 2023), reaching €1.5 Bn in revenues in 2023 (Exhibit 22). This growth has been driven by increases in both units sold and average selling price (ASP). In the IPO year, the 20% revenue growth recorded resulted from a 14% rise in ASP, while units sold grew only 6%.

As outlined in the Business Model section, sales are split between B2B and DTC channels, both showing significant growth (Graph 6), driven by robust performance across all regions, an overall increase in unit sales, and a shift in the product mix toward higher ASP categories.

The DTC channel allows Birkenstock to offer a complete product range, including unique premium products, enabling higher ASPs and better gross profit margins. Its importance has grown considerably, with its share of total revenue increasing from 30.3% in 2020 to 40.1% in 2023 (Graph 1). This growth reflects the company's strategic focus on expanding the DTC channel in recent years, mainly driven by the rise in online sales and the ability to charge higher

ASP per product as well as by a targeted consolidation of retail stores in Europe, where older stores were closed to prioritize premium full-price locations (Birkenstock 2023).

All three regions - the Americas, Europe, and APMA - recorded significant growth during the period under analysis. Notably, the Americas segment stands as the key driver of revenue, with its share increasing from 46.9% in 2020 to 53.9% in 2023, with revenues reaching \$805 Mn in 2023 (Graph 7). However, with the planned expansion of production capabilities and targeted efforts to grow in underpenetrated regions, APMA is expected to gain a larger share of total revenues in the near future.

Regarding Cost of Sales, the figures for 2021 and 2022 were notably affected by the change to the accounting acquisition method, leading to significant inventory valuation adjustments of approximately €110.9 Mn in 2021 and €24.4 Mn in 2022<sup>1</sup>. Beyond these accounting-related effects, the Cost of Sales has followed a general upward trend (Exhibit 23), driven by higher unit sales, a greater proportion of premium products, rising material costs, and increased personnel expenses (Birkenstock 2023).

Moreover, since the fund's acquisition, Birkenstock's Adjusted Gross Profit has experienced significant growth, reaching €926 Mn in 2023. This increase was driven by a higher proportion of products sold at elevated ASPs and greater penetration of the DTC channel, contributing to a rise in gross margin from 54.9% in 2020 to 62.3% in 2022 (Exhibit 24). However, in 2023, the gross margin slightly declined to 62.1%, mainly due to salary increases for production staff following a mandated minimum wage hike in Germany (Graph 8). Notably, Birkenstock maintains relatively higher gross margins compared to its competitors, largely due to its positioning as a more luxury-oriented brand, enabling it to charge premium ASPs (Graph 10).

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<sup>1</sup> Evaluating costs and gross profit without this effect provides a more accurate understanding of the company's performance.

With regard to EBITDA and Net Profit, Birkenstock, similarly to Gross Profit, distinguishes between standard and adjusted values, along with their respective margins, excluding the impact of one-time or extraordinary expenses and income. From 2020 to 2023, Adjusted EBITDA grew significantly with a CAGR of 35%, driven by Birkenstock's top-line growth, reaching €483 Mn in 2023. Regarding its margin, a clear upward trend was evident throughout the period, except for 2023, when the margin declined to 32.4% (Exhibit 25), primarily due to significant increases in operating expenses, particularly in personnel, logistics, and costs associated with the expansion of the DTC channel.

In terms of the firm's Adjusted Net Profit, a significant annual increase was observed, reaching €207 Mn in 2023. However, profit margins have declined since 2020, falling to 13.9%, as expenses grew faster than revenue (Exhibit 26). This is likely due to the DTC channel's ability to maximize gross profit margins without fully optimizing overall profitability. Despite the favourable growth in Gross Profit Margin, profit margins have not followed the same upward trend (Graph 9), likely related to the business's scaling efforts. As Birkenstock continues to expand its operations, we anticipate that these improvements will eventually be reflected in higher profit margins.

When compared to its three main competitors, Birkenstock consistently demonstrates higher EBITDA margins overall (Graph 11). However, such a gap diminishes when assessing Net Profit margins (Graph 12), with Birkenstock outperforming only Skechers, aligning closely with Deckers, and trailing significantly behind Crocs.

In terms of ROE and ROA, Birkenstock's figures remain relatively low (Graph 13), especially compared to its competitors (Graphs 14 and 15). Both assets and equity experienced substantial increases following the company's acquisition by the PE fund. The asset increase was primarily driven by higher goodwill and the revaluation of intangible assets, such as brand trademarks

and customer relationships. Meanwhile, equity increased fivefold, largely due to a €1.9 Bn share premium, resulting from new shareholders paying above the shares' par value.

The company's lower ROE and ROA suggest that its financial returns are still modest and that its assets and capital are not yet generating optimal returns for investors. However, as Birkenstock continues executing its expansion plans and strengthening its market position, these returns are anticipated to improve in the near future.

**Activity:** The Asset Turnover Ratio is a critical efficiency metric used by investors and analysts when evaluating an IPO, measuring how much revenue is generated relative to the company's assets (Kenton 2020).

Since L Catterton's acquisition in 2021, Birkenstock's Asset Turnover Ratio has shown consistent improvement (Graph 16), driven primarily by substantial revenue growth. However, its ratio remains significantly lower than that of its competitors (Graph 17) mainly due to the considerable increase in goodwill and the revaluation of intangible assets, as mentioned before. While these intangibles have not yet generated significant new revenues, the consistent improvement in the ratio over recent years suggests that, as Birkenstock continues to expand and strengthen its brand, these assets are likely to contribute more effectively, driving further improvements in the ratio over time.

Moreover, the Inventory Turnover Ratio, which measures how efficiently a company manages its inventory (Kenton 2020), has experienced a declining trend (Graph 16), due to a substantial increase in inventory levels, mainly consisting of finished goods (84% of total inventory). This is explained by Birkenstock's capacity expansion plan over the next 2-3 years, its entry into and growth within underpenetrated markets (particularly in APMA), and a shift toward the DTC channel. Birkenstock's notably lower ratio, among its peers, may signal inefficiencies in

inventory management (Graph 18). As such, Birkenstock reports a lengthy Cash Conversion Cycle of 327 days, which is more than 3.5x those of its competitors (Graphs 19 and 20).

**Liquidity:** The liquidity of a company refers to its ability to cover short-term liabilities with current assets, serving as a key metric for investors, who generally prefer liquidity ratios above 1 (CFI 2020). In this analysis, Birkenstock's three main liquidity ratios - the Current Ratio, Quick Ratio, and Cash Ratio - were examined (Graph 22).

In 2021, following Birkenstock's acquisition, its liquidity ratios improved significantly, driven by increases in inventory levels and cash holdings. This strong liquidity position remained relatively stable in the subsequent years, with the Current Ratio consistently above 2. Looking specifically at liquidity, excluding the inventories, Birkenstock's Quick Ratio also remains above the critical threshold of 1. Moreover, the company's cash ratio highlights its capacity to nearly meet short-term liabilities almost entirely with cash. As a result, despite holding high inventory levels, Birkenstock is well-positioned to cover its short-term obligations with minimal reliance on inventory conversion.

Overall, Birkenstock exhibits a strong liquidity position. Compared to its competitors (Graphs 23, 24 and 25), it maintains a significantly higher liquidity position than Crocs and overall better than Skechers, which investors may view favourably. Nevertheless, these elevated ratios could also suggest potential inefficiencies in capital allocation (Hayes 2024).

**Solvency:** A company's solvency reflects its ability to meet long-term financial obligations and sustain operations over time (EY 2023). To evaluate this, key financial ratios such as Debt-to-EBITDA (D/EBITDA) and Debt-to-Equity (D/E) are often analyzed (EY 2023). For a more accurate analysis, Birkenstock's Adjusted EBITDA was considered, as previously discussed.

To finance Birkenstock's acquisition by L Catterton, the company raised a considerable amount of debt in 2021, which was carried in Birkenstock's balance sheet and reflected in the computed

solvency ratios (Graph 27). While high levels of debt – common in PE deals – can enhance returns for investors, it may also raise concerns, as it could signal potential future financial distress or increase the cost of debt.

In the Apparel, Footwear & Accessories industry, firms often maintain lower D/E ratios, with the industry average reported at 0.6 in 2023 (CSI Market 2023). Indeed, when compared to its competitors, the German footwear company reveals significantly higher D/E levels than Skechers and Deckers Brands (Graph 28), along with a higher D/EBITDA ratio relative to all three competitors (Graph 29). However, both ratios have followed a decreasing trend since 2021, driven by debt repayments as well as continuous growth in Adjusted EBITDA and Equity.

Overall, Birkenstock's current debt levels are relatively high for a company in the Consumer Discretionary sector. Although the proceeds from the IPO will be mainly used toward debt repayment and reducing the company's leverage, this could still raise investor concerns about excessive debt and its associated risks. Such concerns become particularly relevant given the company's expected changes with the anticipated growth in the near future.

**Discussion:** Although Birkenstock's profitability lags behind its peers, the company has shown significant growth since its acquisition in 2021. This upward trend is expected to continue as the brand consolidates its market presence, potentially narrowing the profitability gap with its peers. Moreover, Birkenstock's distinct business model and L Catterton backing provide a competitive edge, enhancing its growth potential. While its activity ratios appear less favourable compared to competitors, this is largely due to recent investments and strategic initiatives aimed at long-term expansion. Despite its debt levels, the company's post-IPO deleveraging commitment, together with high liquidity, will strengthen its credibility among investors and creditors.

Together, these factors suggest that Birkenstock is well-positioned to attract investor interest.

**1.2.** In October 2023, Birkenstock rang the bell on the stock exchange floor. Going public is an important milestone, involving several complexities that must be carefully considered.

**Benefits and Motivations of an IPO:** Entering the public market benefits Birkenstock in multiple aspects. It would enable the firm to access the public equity markets and raise capital. According to Lowry (2003), raising capital is the main reason why companies undertake an IPO, which could be used to fund growth opportunities, to repay debt or to fund acquisitions. Such inflow of capital could help Birkenstock expand into underpenetrated regions (including the UK, France, Southern Europe and Canada), and ramp up production to unlock growth in the APMA region. It could also allow the German shoemaker to create new product categories and optimize its distribution channels in the U.S. and Europe (DTC and B2B).

Moreover, upon listing, Birkenstock can use its stock as a form of currency to take part in M&A deals (Brau and Fawcett 2006), which can facilitate growth through acquisitions in the underpenetrated regions mentioned earlier, for instance.

Alongside the improved capital access, the IPO would provide immediate liquidity for existing shareholders, without fully divesting their holdings. Following Zingales (1995), an IPO allows major shareholders to sell cash flow rights while retaining the control rights of the firm. Similarly, by partially exiting its investment and realising returns, whilst retaining 81.1% of the firm, L Catterton maintains significant control over Birkenstock's strategic direction. Slovin (2023) noted that sponsors frequently retain significant ownership stakes in portfolio firms as a strategic approach to timing their exits, balancing immediate returns with future gains from the firm's growth and follow-on SEOs.

In addition to providing liquidity, IPOs diversify ownership, thereby reducing the bargaining power of concentrated shareholders (Chemmanur and Fulghieri 1999). Although the PE retains a controlling stake in Birkenstock after the IPO, the ownership structure will nevertheless

become less concentrated. Over time, L Catterton is expected to gradually reduce its stake as part of its cash-out strategy, further spreading ownership. Yet, the presence of large shareholders post-IPO, reveals strong governance and confidence, which positively influences investor sentiment (Burkart, Gromb, and Panunzi 1997). As such, the fund's large ownership in the company could signal to investors confidence in Birkenstocks' future growth prospects.

Furthermore, of the 32.3 Mn listed shares, 10.8 Mn shares were sold by Birkenstock itself, receiving \$446.3 Mn proceeds. The company intended to use the funds raised to repay part of its outstanding debt, which, as of September 30, stood at €1.8 Bn. Pagano, Panetta, and Zingales (1998) note how using IPO proceeds to repay debt, rebalances financial structures and provides liquidity. Moreover, the CEO, Oliver Reichert, pointed out that these early debt repayments are expected to generate "incremental interest savings of more than €40 Mn per year" (Birkenstock 2023). These savings could then be reinvested to support the company's expansion efforts.

Besides, by publicly listing, Birkenstock would benefit from increased visibility and global recognition, increasing its stature within the footwear market. An enhanced public profile could help the firm to attract more customers, and strengthen suppliers' relationships, thereby improving its market position (Stoughton, Wong, and Zechner 2001).

Finally, the IPO could strengthen the firm's capacity to attract and retain talented professionals. Holmström and Tirole (1993) argue public companies are better positioned to offer competitive compensation packages, e.g., stock options, aligning employees' interests with corporate long-term success and increasing loyalty and motivation, without incurring additional cash expenses.

**Risks and costs:** Birkenstock should evaluate the IPO process' direct and indirect costs. The firm anticipates total direct expenses (other than underwriting fees) of approximately \$27 Mn (2% of the capital raised), all of which will be borne by Birkenstock itself (Exhibit 28 and 29).

The IPO indirect costs are largely related to underpricing. According to Loughran and Ritter (2019), IPOs leave, on average, \$37 Mn “on the table”, reflecting the gap between the IPO price and the higher closing price on the first trading day. Ritter further explains this represents, on average, 5% of the post-IPO market capitalization of the firm. Nevertheless, firms are willing to set shares at a discount to ensure a full IPO subscription.

Another indirect cost, as noted by Kaserer and Schiereck (2008), comes from regulatory requirements and the potential loss of proprietary information. These obligations can be prejudicial to Birkenstock, as they require to share detailed financial and operational information that could be sensitive and detrimental to its competitive advantage. Campbell (1979) notes that such disclosures could enable competitors to replicate elements of the company’s strategies. Besides, the IPO preparation is time-consuming, diverting management focus’ away from the core business, representing an opportunity cost. Beyond these, Birkenstock will also face ongoing regulatory compliance expenses post-IPO, including the regular SEC filings, which will be costly and time-consuming as well. Moreover, the requirements, such as quarterly reporting, could introduce short-termism since public investors often prioritize immediate financial performance, as discussed in Graham, Harvey, and Rajgopal (2005). This shift could create pressures that challenge Birkenstock’s ability to pursue long-term strategies, which could take longer to realize value, in order to smooth earnings.

Furthermore, Leland and Pyle (1977) discuss the issue of adverse selection, where investors are not as informed as issuers regarding the company’s real value, potentially leading to valuation mismatches. Similarly, Beatty and Ritter (1986), add that investors may demand higher compensation in response to this perceived risk and unpredictability. Consequently, this could increase the gap between Birkenstock’s IPO price and the market’s valuation, as investors adjust for the uncertainty. However, as Fulghieri (1994) pointed out, this is a more

serious obstacle for younger companies with limited track records, compared to more established firms like Birkenstock, with 249 years of history.

Lastly, by retaining a controlling stake, this IPO will mitigate 3 common risks. Firstly, L Catterton maintains influence over all strategic decisions, mitigating the risk of misalignment between management's actions and shareholder interests, as highlighted in Jensen and Meckling (1976). However, this concentrated control could create tension between L Catterton's and minority shareholders as these will have no influence over decisions. Secondly, by avoiding a dispersed ownership structure, reduces the inefficiencies and potential conflicts that can arise with a large, fragmented shareholder base, as discussed in Chemmanur and Fulghieri (1999a). Thirdly, Birkenstock's controlled ownership and adoption of staggered boards mitigates the risk of takeovers raised in Gilson (1981).

### *Discussion*

Among other benefits, the IPO would provide Birkenstock with the resources needed to repay part of its outstanding debt, outweighing its costs, and supporting the idea the firm should go public. Nevertheless, this is a complex decision that requires the consideration of several other factors, such as the choice of listing venue and market timing.

**1.3.** Choosing the listing venue for an IPO is an important step in a company's journey to the public markets, which impacts everything, from investor reach to regulatory requirements. While historically 90% of companies choose to list in their home markets (Holmes et al. 2017), the increasing globalization of capital markets allowed firms to select exchanges that align best with their strategic objectives, regardless of geographic origin.

A listing on the NYSE offers Birkenstock unique advantages, but it is essential to weigh its costs and benefits to ensure it supports the company's broader business goals. Therefore, a comparative analysis of the main factors across other major global exchanges - namely the

FWB, LSE, Euronext, and HKEX (the latter as a potential gateway to the Asian market) - will be performed. Notably, Nasdaq won't be considered as it's not deemed an ideal fit for Birkenstock due to its association with high-growth, tech-focused companies.

**Comparative Cost Analysis of Listing Venues:** An IPO involves significant costs that weigh heavily on the decision to go public. These costs, both direct and indirect, vary depending on the stock exchange and include both initial expenses for listing and ongoing costs of maintaining a public status.

Admission fees, which are a one-time cost for listing shares, typically vary considerably based on a company's market capitalization and whether it is a domestic or international issuer, across the different stock exchanges. Considering Birkenstock's public debut is expected to raise about \$1.5 Bn, the LSE would be the most expensive exchange in terms of admission fees, followed by Euronext, while HKEX offers the most affordable initial listing costs (Graph 34). For ongoing fees, however, the HKEX is the most expensive, whereas Euronext and FWB are the most economical, offering the lowest annual fees (Graph 35).

In contrast, flotation costs<sup>2</sup> do not vary significantly across exchanges. Kaserer and Schiereck (2008) document that the mean of total flotation costs for large-cap listings generally ranges between 7% and 8.6%, among the considered stock exchanges, except for HKEX, which shows the highest mean flotation costs<sup>3</sup> (Graph 36). However, a key difference remains in the handling of stabilization gains<sup>4</sup>. In the US, for instance, it is not common practice to require underwriters to return any profit from stabilization activities to the issuing company, while most European IPOs include clauses that require banks to hand over these gains. Therefore,

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<sup>2</sup> These comprise underwriting fees and non-underwriting fees, i.e. auditing, accounting, legal fees, amongst others (Kaserer and Schiereck 2008).

<sup>3</sup> Birkenstock's IPO flotation costs as percentage of gross proceeds, were 6.7% with and 6.1% without the underwriters' option to purchase additional shares (Exhibit 30).

<sup>4</sup> These stem from bids ensuring the stock price remains at or above the IPO level. Underwriters often receive a greenshoe option to oversell up to 15% more shares, allowing them to buy back shares if demand weakens post-IPO, generating gains (Kenton 2022).

there would be no "*extra bonanza*" for the banks, ensuring profits from stabilization benefit the company, not the underwriters (Coben 2023).

Beyond these direct costs, indirect costs must also be considered, particularly IPO underpricing. Underpricing occurs when the initial offering price is set lower than the closing price on the first trading day (Beatty and Ritter 1986)<sup>5</sup>. Notably, first-day returns are the highest on average, on the HKEX, indicating a higher level of underpricing, whereas EURONEXT has typically registered the lowest first-day returns, suggesting a lower underpricing (Graph 37).

Finally, the regulatory requirements and the governance standards must be considered across the different exchanges. For a German company like Birkenstock, listing on FWB would be practicable from a regulatory standpoint, due to familiarity with local regulations and potentially increased investor confidence driven by home bias (Kilka and Weber 2000). The FWB, like the LSE and EURONEXT operate under a flexible "comply or explain" basis. This approach allows companies to deviate from certain corporate governance recommendations as long as they provide an explanation. For instance, the code recommends an "adequate" number of independent directors without setting a specific threshold (German Corporate Governance Code, 2015). In comparison, while the LSE maintains flexibility, it encourages alignment with investors, by advising companies to appoint independent board members and establish key committees (Deutscher Corporate Governance Kodex 2024; Hodge 2012).

Conversely, the NYSE and the HKEX, impose stricter governance requirements compared to the other exchanges. According to Wong, Wei, and Chau (2013), high-quality firms tend to list on exchanges with stricter regulatory standards, which signals credibility and transparency to the market. The HKEX, for instance, enforces a rigorous Corporate Governance Code, with structural standards similar to those of the NYSE, requiring at least three INEDs and one-third

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<sup>5</sup> Several theories explain IPO underpricing, and it often focus on institutional reasons, control considerations, asymmetric information, and behavioural factors, as highlighted in Ljungqvist and Wilhelm (2005).

board independence (Baker McKenzie 2024). However, the NYSE provides exemptions for foreign private issuers and controlled companies like Birkenstock. These exemptions allow flexibility around requirements such as fully independent compensation and nominating committees, majority board independence, and certain NYSE-specific governance guidelines (NYSE 2021), which is particularly advantageous for L Catterton, enabling greater influence over governance and strategic direction.

**Strategic Fit:** Evidence suggests that certain stock exchanges tend to attract companies from specific industries, though no exchange is exclusively limited to a single sector. Exchanges like the LSE and FWB are known for hosting firms in the financial, automotive, energy, and industrial sectors. Meanwhile, Euronext attracts companies from sectors such as technology, industrial manufacturing, and luxury goods (IG 2018). Pagano, Röell, and Zechner (2002) document companies often prefer to list on exchanges where there is a significant presence of comparable peers, as this can lead to higher valuations and lower underpricing. Given this, Birkenstock could benefit from listing on the NYSE, where there is a strong concentration of firms in, among others, the consumer goods sector.

At the same time, the NYSE stands as the world's most liquid stock exchange with a \$28 trillion market capitalization and daily trading of over a billion shares (Graph 38). This larger market could provide Birkenstock with a broader pool of investors, improving the stock's liquidity and demand potential. Such a level of liquidity is a key characteristic in a stock exchange, which can lead to a lower cost of capital, as investors value liquidity, influencing the market prices (Brennan and Subrahmanyam 1996; Amihud and Mendelson 1986). Moreover, by being listed in the world's largest stock exchange, Birkenstock would benefit from greater visibility and prestige, which Bancel and Mittoo (2001), report is the main reason for European companies listing on foreign stock exchanges.

In this context, listing on the NYSE aligns well with Birkenstock's growth strategy in the U.S.<sup>6</sup> market, where revenues have grown at a 32% CAGR from 2014 to 2022, and still have plenty of room to grow (Birkenstock 2023). Besides, the U.S., as part of the broader Americas region, holds more than half of the company's revenue and the highest Adjusted EBITDA margin among all segments, reinforcing the advantage of listing in the NYSE.

**IPO Timing: Why Now?** Having identified the NYSE as the optimal listing venue for Birkenstock, one must assess whether October 2023 was indeed the best time for the IPO, as such various factors, both market-driven and company-specific, come into play.

During the last quarter of 2023, the FED's indication that interest rates (Graph 3) would remain high for longer, unsettled investors, who were concerned about the potential impact on consumer spending. Research by Ritter and Welch (2002) points out that firms typically prefer to list publicly within periods of economic growth and favourable market conditions. Yet, as of October 2023, the U.S. household spending remained robust (Graph 39). Nonetheless, analysts held mixed opinions on the health of the U.S. and how it could influence Birkenstock's worth when it came to putting in orders for the IPO (Driebusch 2023), once such high interests naturally raised the opportunity cost of investing in Birkenstock. Moreover, the prevailing economic uncertainty made investors increasingly cautious, particularly toward companies like Birkenstock, with high exposure to discretionary spending.

Adding to this sentiment, the performance of recent IPOs from other footwear companies, namely Dr. Martens, Allbirds, and On, weighed on investor sentiment. These companies, which became public in 2021, were trading significantly below their IPO prices, with Allbirds down 96%, Dr. Martens by 75%, and On Holding by 37%. Meanwhile, the IPO activity was nearly frozen since early 2022 (Graph 40), leaving "a lot of money on the sidelines," according to

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<sup>6</sup> Note that this is not an exhaustive analysis, as there are additional factors that could further influence the listing venue's choice.

analysts who saw this as a potential advantage for Birkenstock (Fisher 2023). At the same time, a less predictable market environment spooked some traders, with stock prices fluctuating in recent weeks, and major IPOs - such as Arm, Instacart, and Klaviyo - registering post-IPO declines below the offer price. Brau and Fawcett (2006) identify the stock market conditions as the most significant factor in timing an IPO, with many companies seeking to launch in stable or bullish markets as evidenced in Pagano, Panetta, and Zingales (1998).

Given these conditions, the investment bankers, who had seen fees fall to their lowest levels in over a decade (Graph 41), hoped that Birkenstock's high-profile IPO would revitalize activity in the IPO market. Following Choe, Masulis, and Nanda (1993) framework, a successful listing by a high-quality company, like Birkenstock, could encourage other firms to go public.

From a broader perspective, Birkenstock was well-positioned to benefit from the rising post-pandemic trends toward comfort-focused footwear, and the timing of the anticipated IPO coincided with a unique opportunity of brand momentum, strengthened by the *Barbie Buzz*. This event created a rare "window of opportunity" for the brand's IPO, as described by Ritter (1991), allowing Birkenstock to capitalize on increased visibility and cultural relevance. Additionally, the presence of private equity firm L Catterton added a sense of urgency. As it was approaching the low end of the 3-5-year investment horizon for PE firms, L Catterton aimed to maximize returns without missing this surge in consumer interest.

In conclusion, while externally the macroeconomic conditions were poorer than ideal - marked by bumpy markets and uncertainty around the U.S. consumer medium-term strength - internally, it was an opportune moment for Birkenstock to enter the market riding a wave of good publicity, along with its strong growth and increased profit margins in recent years. That said, it was the ideal time to test the waters by offering 17% of the company.

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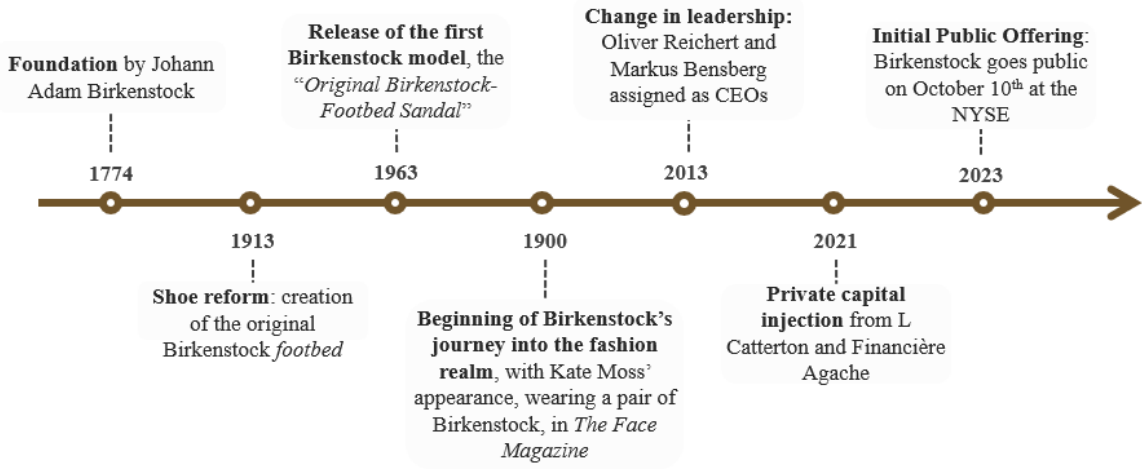
**Appendix**

**Group part**

**Exhibit 1: Birkenstock’s logo**



**Exhibit 2: The 249-year shoemaker journey**



**Exhibit 3: Birkenstock product portfolio overview**

<u>Classic</u>	<u>Orthopaedics &amp; Professional</u>	<u>Shoes, Active EVA, Outdoor, Home and Kids</u>	<u>1774 &amp; Collabs</u>
Backbone	Functional DNA	Expansionary	Premium

Exhibit 4: Birkenstock's core silhouettes

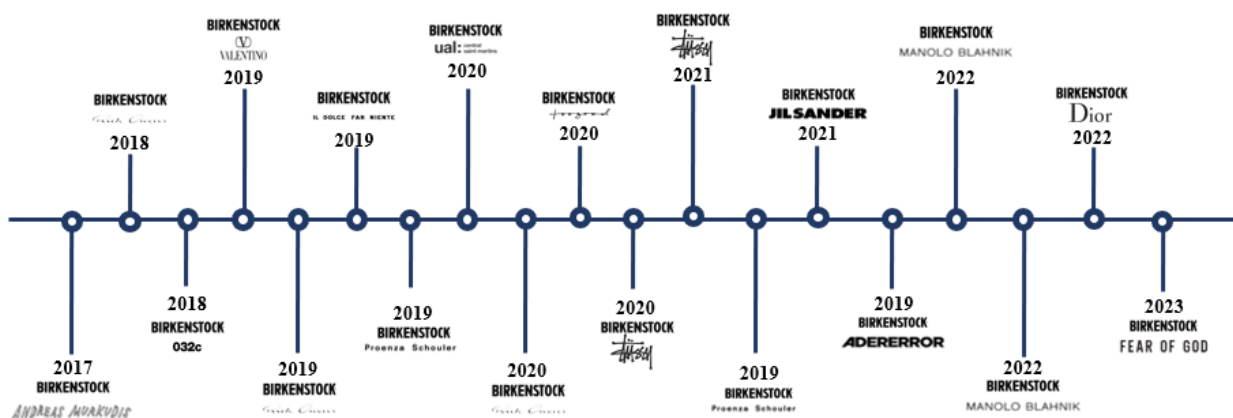


Exhibit 5: Birkenstock's footbed

THE ORIGINAL BIRKENSTOCK FOOTBED



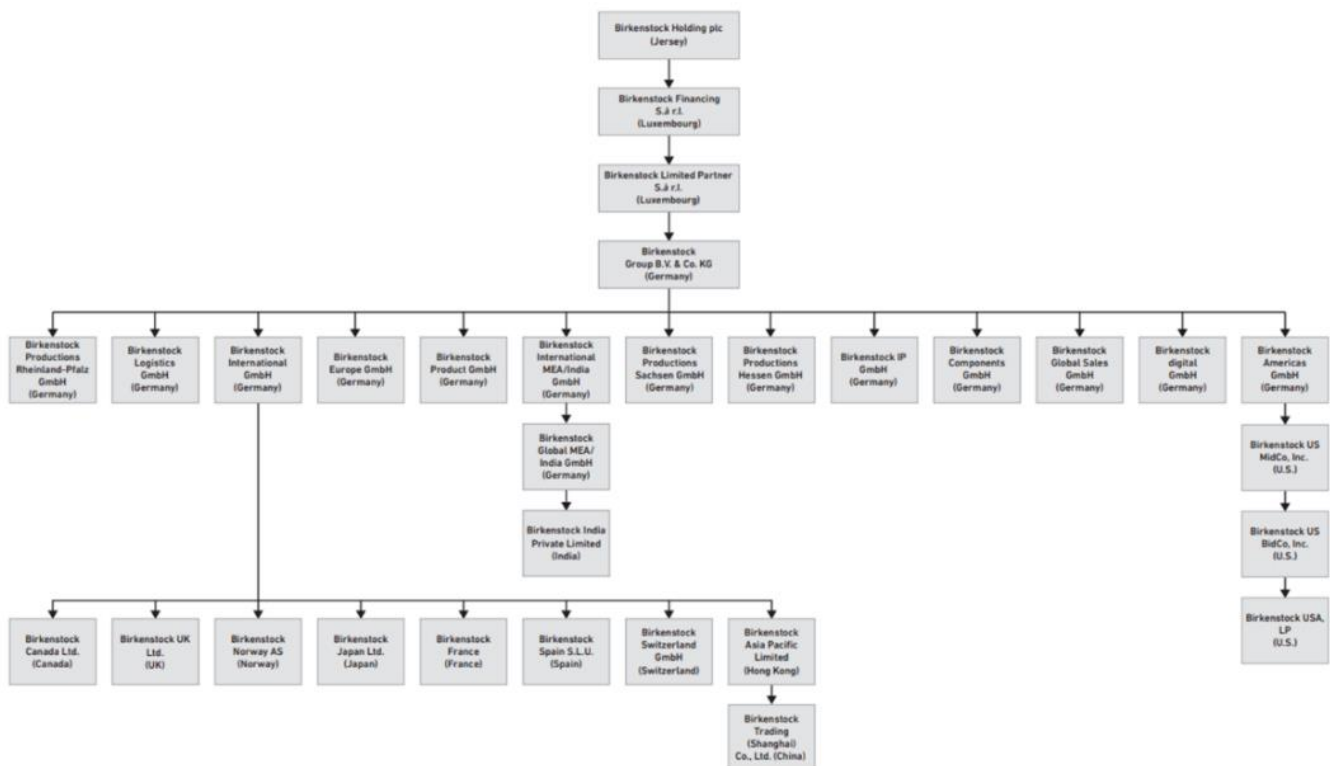
Exhibit 6: Birkenstock's fashion collaborations with high-end partners



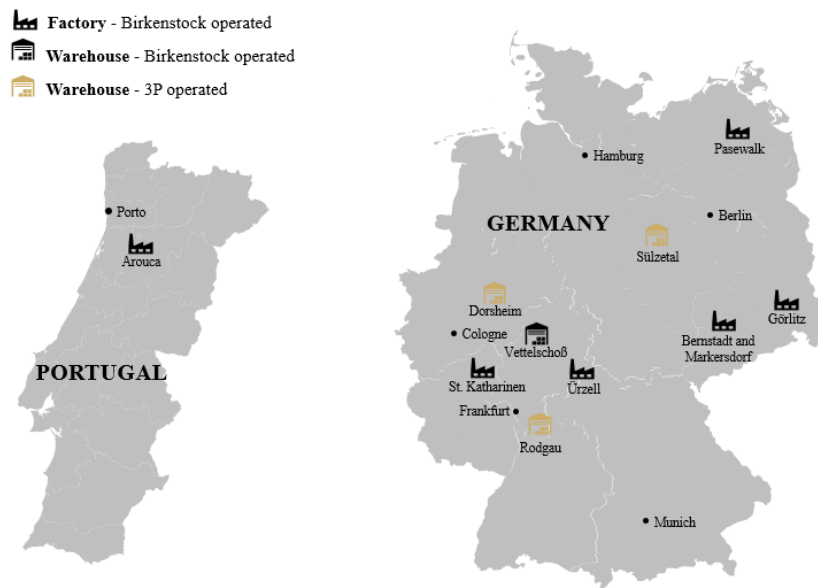
**Exhibit 7: Birkenstock's Management Summary**

Name	Management Position	Age	Tenure at Birkenstock	Previous Experience
<b>Oliver Reichert</b>	Chief Executive Officer	52	c. 14 Years	- BIRK CEO (since 2013) - BIRK General Manager (2009 - 2013) - Deutsches Sportfernsehen (2006 - 2009)
<b>Dr. Erik Massmann</b>	Chief Financial Officer	58	c. 1 Year	- BIRK CFO (since 2023) - Oceans Apart (2020 -2022) - Sportradar (2024 -2020)
<b>Markus Baum</b>	Chief Product Officer	49	c. 6 Years	- BIRK CPO (since 2019) - BIRK Global Director for Product Creation (2017 - 2019) - Jack Wolfskin Director Footwear Division (2013 - 2017)
<b>Klaus Baumann</b>	Chief Sales Officer	54	c. 8 Years	- BIRK CSO (since 2025) - Camper Country Manager, various roles (1998 - 2015)
<b>David Kahan</b>	President Americas	63	c. 10 Years	- BIRK President Americas (since 2013) - Various positions at Reebok / Macy's
<b>Mehdi Nico Bouyakhf</b>	President Europe	63	c. 2 Years	- BIRK President Europe (since 2021) - Various positions at Nike

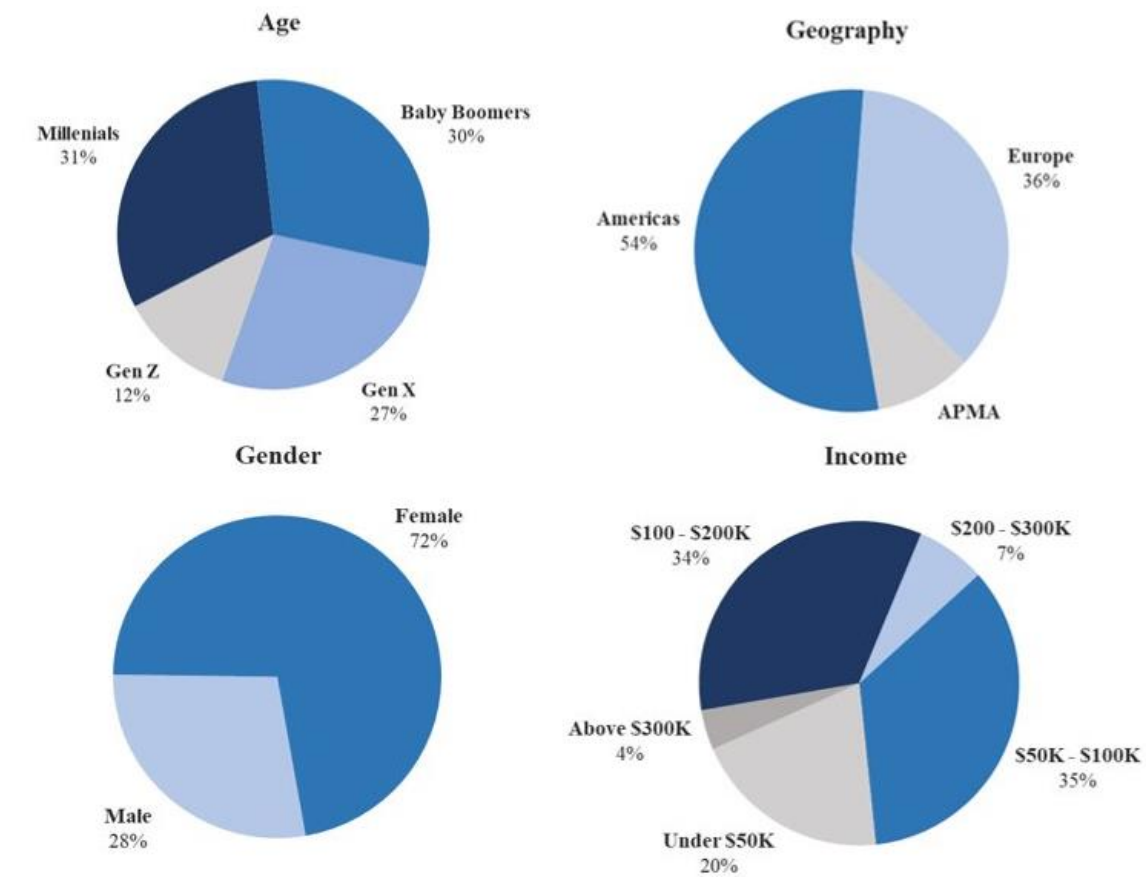
**Exhibit 8: Birkenstock's Organizational Structure**



**Exhibit 9: Birkenstock's German-centric production and distribution facilities**

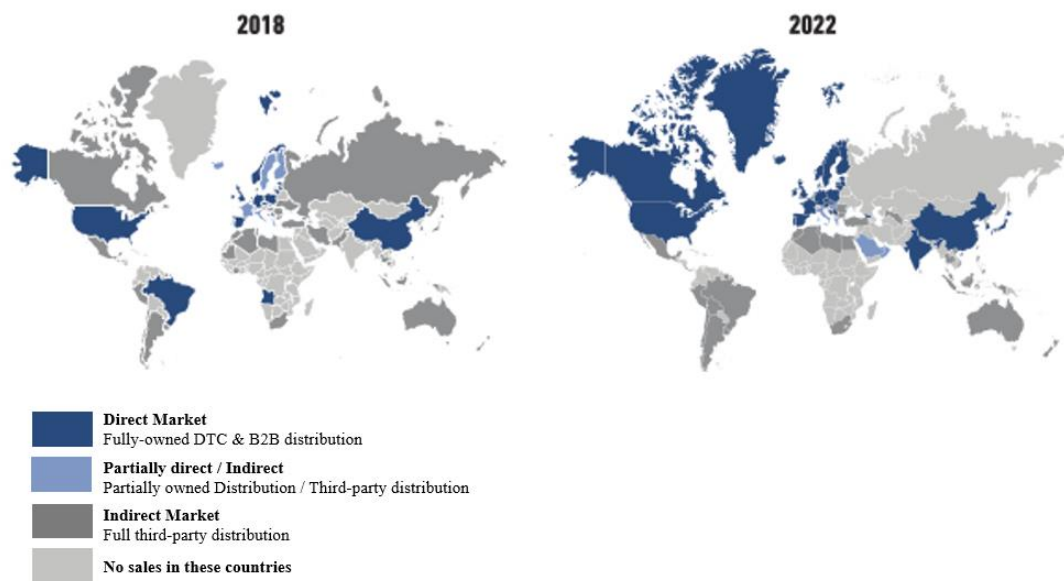


**Exhibit 10: Demographics of Birkenstock's customers**

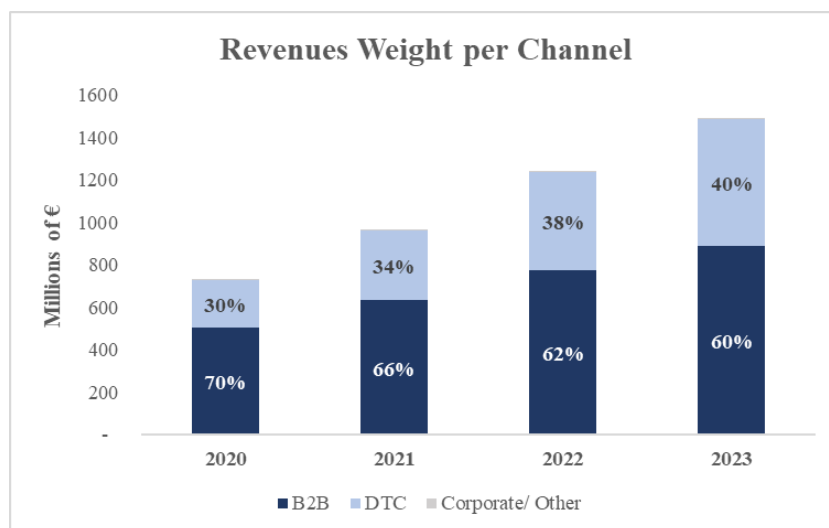


**Source:** Internal Consumer Survey; regional split based on share of FY23 revenues (Annual Report 2023)

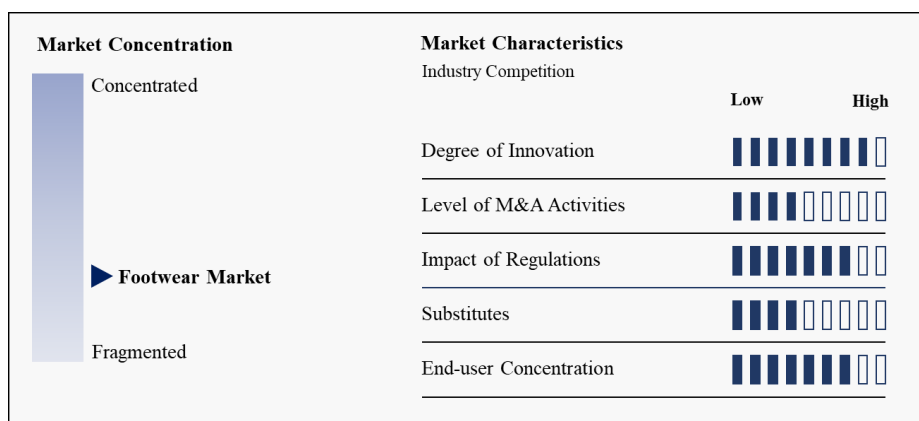
**Exhibit 11:** Expansion of direct distribution via strategic market conversions (2018 to 2022)



**Graph 1:** Revenue weight per Distribution Channel (2020 to 2023)



**Exhibit 12:** Footwear Industry: A Visual Analysis of Market Structure and Competition



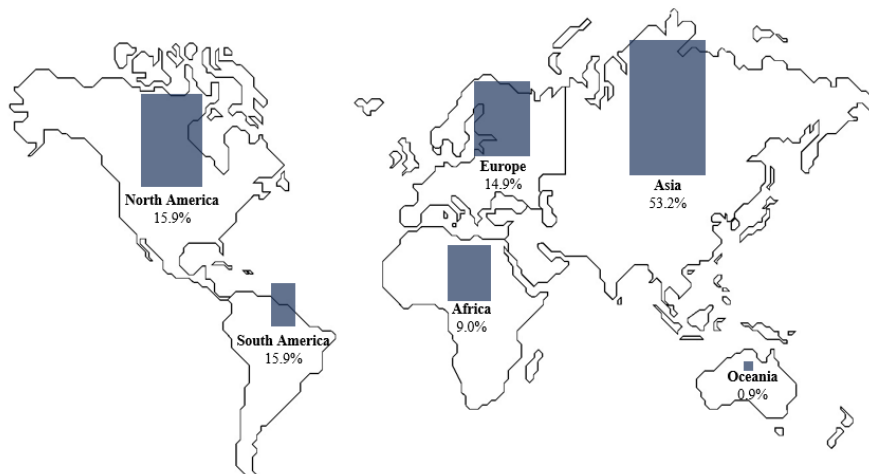
Source: Grand View Research: "Footwear Market Analysis" Market Analysis Report

**Exhibit 13:** Footwear Industry categories' products

Footwear Categories	
Athletic Footwear	Non-Athletic Footwear
Aerobic Shoes	Flip-Flops
Running Shoes	Tactical
Treking Hiking Shoes	Loafers
Sports Shoes	Diabetic Footwear
Walking Shoes	Medical Footwear
	Others

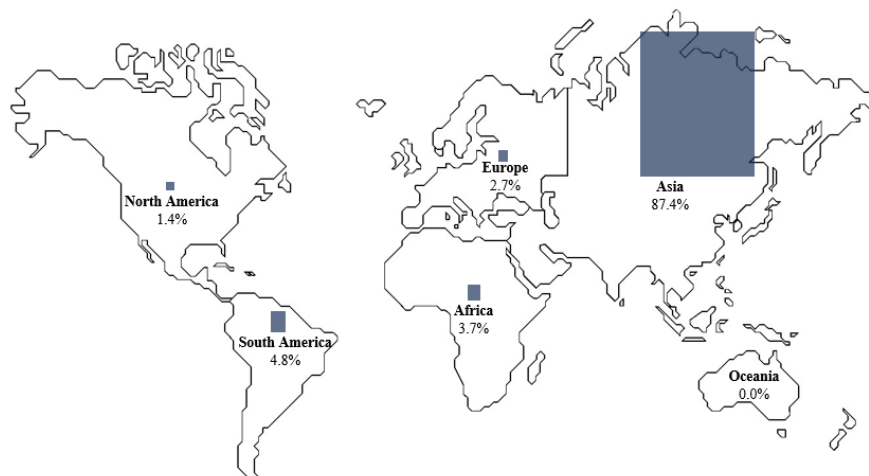
Source: Grand View Research: "Footwear Market Analysis" Market Analysis Report

**Exhibit 14:** Distribution of Footwear Consumption by Continent (Quantity) 2022



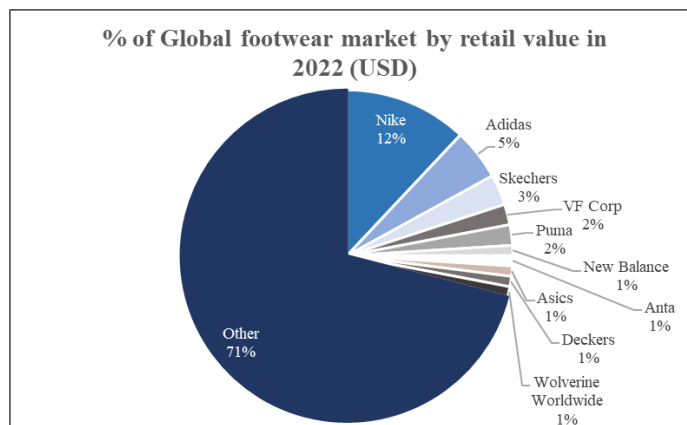
Source: World Footwear Book 2023

**Exhibit 15:** Distribution of Footwear Production by Continent (Quantity) 2022



Source: World Footwear Book 2023

**Graph 2:** % of Global footwear market by company’s retail value in 2022 (USD)

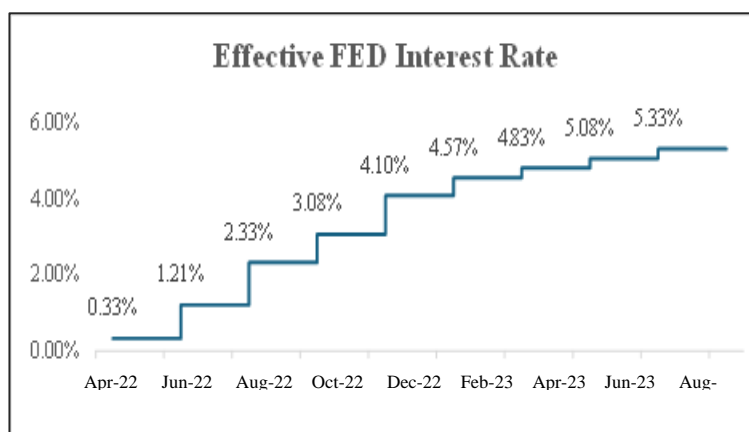


Source: Euromonitor

**Exhibit 16:** Birkenstock’s indebtedness (2021 to 2023)

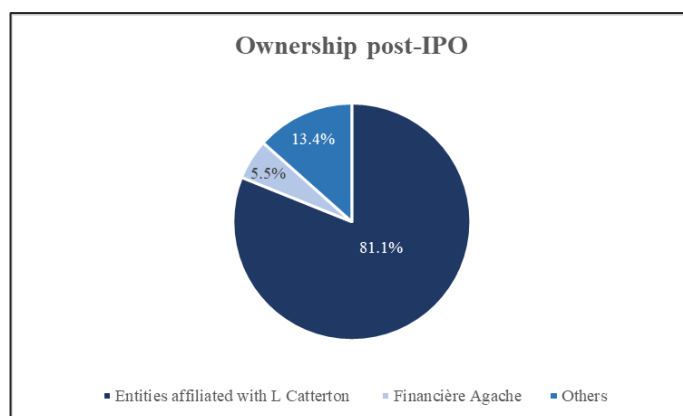
Indebtedness				
In Thousands of €	Repayment	2021	2022	2023
Term Loan (EUR)	2028	375,000	375,000	375,000
Term Loan (USD)	2028	732,252	852,354	730,159
Vendor Loan	2029	275,000	287,018	299,560
Notes	2029	430,000	428,500	428,500
<b>Total Indebtedness</b>		<b>1,812,252</b>	<b>1,942,872</b>	<b>1,833,219</b>

**Graph 3:** Effective FED Interest Rate



Source: Federal Reserve Economic Data

**Graph 4: Ownership Post-IPO**



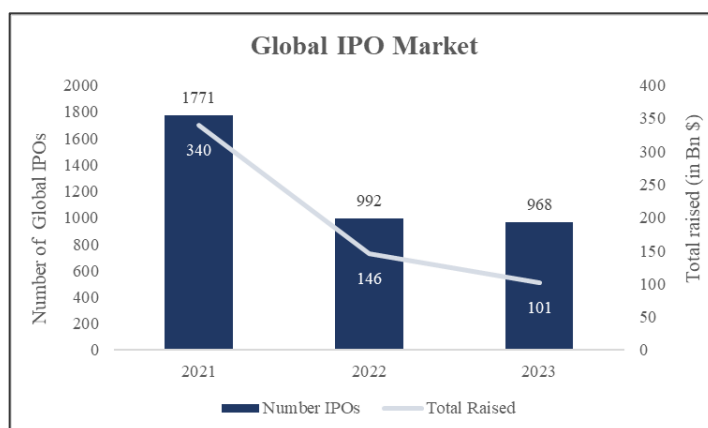
Source: Birkenstock’s IPO Prospectus

**Exhibit 17: IPO’s Gross and Net proceeds**

	<b>Total</b>
Initial Public Offering Price .....	\$46
Ordinary Shares Offered by Birkenstock .....	10,752,688
Ordinary Shares Offered by Selling Shareholder .....	21,505,376
<b>Gross Proceeds .....</b>	<b>\$ 1,483,870,944</b>
<b>Net of Underwriters' Proceeds.....</b>	<b>\$ 446.3</b>

Source: Birkenstock’s IPO Prospectus

**Graph 5: Global IPO Market**



Source: “Global IPO Market 2022 and 2023” EY

## Part 1 – Appendix

## Exhibit 18: Birkenstock's Income Statement

Income Statement				
In Thousands of € (except EPS per share)	2020	2021	2022	2023
Revenue	727,932	962,011	1,242,833	1,491,911
Cost of Sales	328,298	524,890	493,031	566,117
<b>Gross Profit</b>	<b>399,634</b>	<b>437,121</b>	<b>749,802</b>	<b>925,794</b>
<b>Operating Expenses</b>				
Selling and distribution expenses	187,615	235,471	347,371	455,851
General administration expenses	66,896	83,667	86,589	171,388
Foreign exchange gain (loss)	(15,984)	19,062	45,516	(36,056)
Other income (expense), net	245	(393)	1,669	(1,810)
<b>Profit from operations</b>	<b>129,384</b>	<b>136,652</b>	<b>363,027</b>	<b>260,689</b>
Finance cost, net	(3,950)	(30,711)	(112,503)	(107,036)
<b>Profit (loss) before tax</b>	<b>125,434</b>	<b>105,941</b>	<b>250,524</b>	<b>153,653</b>
Income tax expense	(24,116)	(24,122)	(63,413)	(78,630)
<b>Net profit (loss)</b>	<b>101,318</b>	<b>81,819</b>	<b>187,111</b>	<b>75,023</b>
Items that may be reclassified to profit (loss) in subsequent periods (net of tax):				
Cumulative translation adjustment gain (loss)	2,932	31,773	106,276	(97,301)
Net position of fair value changes of the cash flow hedge	-	-	-	(345)
Items that will not be reclassified to profit in subsequent periods:	76	22	-	-
Remeasurement of defined benefit plans				
<b>Other comprehensive income (loss)</b>	<b>3,008</b>	<b>31,795</b>	<b>106,276</b>	<b>(97,646)</b>
<b>Total comprehensive income (loss)</b>	<b>104,326</b>	<b>113,614</b>	<b>293,387</b>	<b>(22,623)</b>
Weighted-average shares				
Basic	n.a.	182,721	182,721	182,721
Diluted	n.a.	182,721	182,721	182,721
<b>Earnings (Loss) Per Share</b>				
Basic	-	0.45	1.02	0.41
Diluted	-	0.45	1.02	0.41

## Exhibit 19: Birkenstock's Adjusted Income Statement's metrics

Adjusted Income Statement's Metrics				
In Thousands of €	2020	2021	2022	2023
Net Profit	101,318	81,819	187,111	75,023
Add:				
Income Tax Expense	24,116	24,122	63,413	78,630
Finance Cost, net	3,950	30,711	112,503	107,036
Depreciation and amortization	46,052	54,893	81,261	83,413
<b>EBITDA</b>	<b>175,436</b>	<b>191,545</b>	<b>444,288</b>	<b>344,102</b>
Add (Less) Adjustments:				
Effect of applying the acquisition method of accounting for the Transaction under IFRS	-	110,900	24,367	-
Transaction-related costs	-	5,488	2,598	-
Realized and unrealized FX gains / losses	15,984	(19,062)	(45,516)	36,056
IPO-related costs	-	-	7,300	30,603
Share-based compensation expenses	-	-	-	65,394
Other	3,364	3,469	1,518	6,552
<b>Adjusted EBITDA</b>	<b>194,784</b>	<b>292,340</b>	<b>434,555</b>	<b>482,707</b>
Gross Profit	399,634	437,121	749,802	925,794
Add:				
Effect of applying the acquisition method of accounting for the Transaction under IFRS	-	110,900	24,367	-
<b>Adjusted Gross Profit</b>	<b>399,634</b>	<b>548,021</b>	<b>774,169</b>	<b>925,794</b>
Cost of Sales	328,298	524,890	493,031	566,117
Add:				
Effect of applying the acquisition method of accounting for the Transaction under IFRS	-	110,900	24,367	-
<b>Adjusted Cost of Sales</b>	<b>328,298</b>	<b>413,990</b>	<b>468,664</b>	<b>566,117</b>
Net Profit	101,318	81,819	187,111	75,023
Add (Less) Adjustments:				
Effect of applying the acquisition method of accounting for the Transaction under IFRS	-	110,900	24,367	-
Transaction-related costs	-	5,488	2,598	-
Realized and unrealized FX gains / losses	15,984	(19,062)	(45,516)	36,056
IPO-related costs	-	-	7,300	30,603
Share-based compensation expenses	-	-	-	65,394
Other	3,364	3,469	1,518	6,552
Tax adjustment	(3,167)	(26,115)	(2,696)	(6,475)
<b>Adjusted Net Profit</b>	<b>117,499</b>	<b>156,499</b>	<b>174,682</b>	<b>207,153</b>
Weighted-average shares				
Basic	n.a.	182,721	182,721	182,721
Diluted	n.a.	182,721	182,721	182,721
<b>Earnings (Loss) Per Share</b>				
Basic	-	0.86	0.96	1.13
Diluted	-	0.86	0.96	1.13

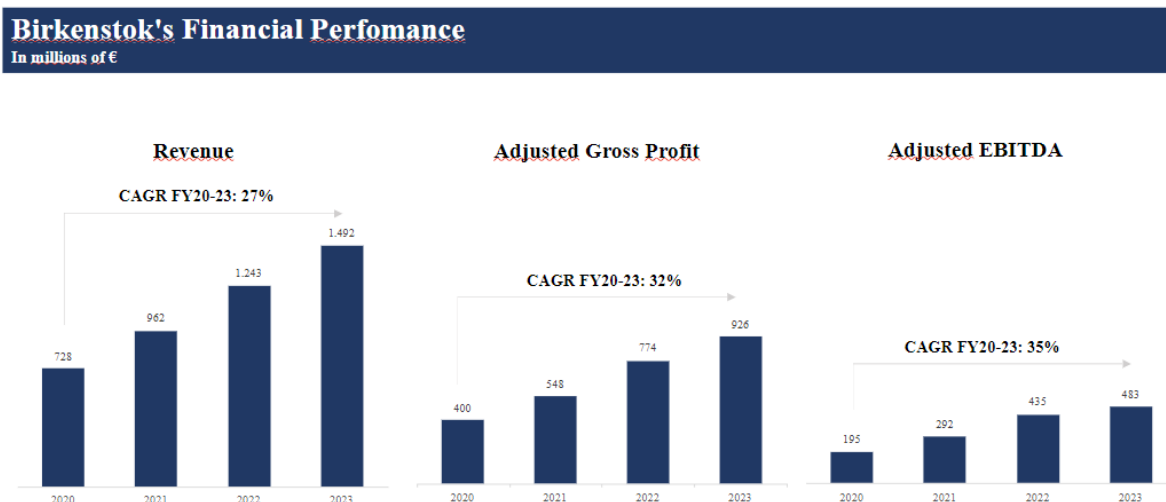
## Exhibit 20: Birkenstock's Balance Sheet

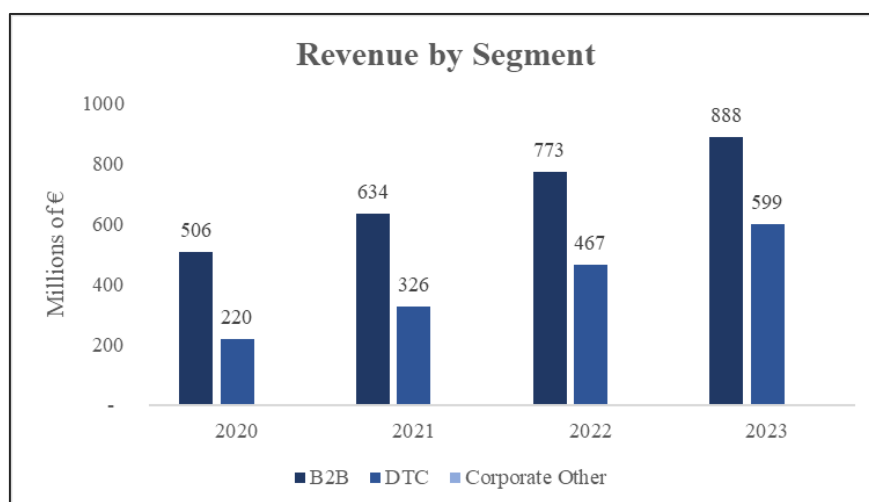
Balance Sheet				
In Thousands of €	2020	2021	2022	2023
<b>Assets</b>				
<b>Non-current assets</b>				
Goodwill	13,024	1,556,681	1,674,293	1,593,917
Intangible assets (other than goodwill)	182,848	1,685,791	1,815,201	1,705,736
Property, plant and equipment	91,210	153,001	205,008	286,053
Right-of-use assets	117,682	99,167	113,522	122,984
Deferred tax assets	16,401	-	4,590	-
Other assets	2,333	41,708	16,107	38,234
<b>Total non-current assets</b>	<b>423,498</b>	<b>3,536,348</b>	<b>3,828,721</b>	<b>3,746,924</b>
<b>Current assets</b>				
Inventories	211,653	359,215	535,605	595,092
Right to return assets	1,109	1,702	2,605	1,132
Trade and other receivables	60,032	59,388	66,146	91,764
Current tax assets	1,273	16,674	21,743	10,361
Other current assets	9,815	58,868	26,729	37,789
Cash and cash equivalents	96,177	235,343	307,078	344,408
<b>Total current assets</b>	<b>380,059</b>	<b>731,190</b>	<b>959,906</b>	<b>1,080,546</b>
<b>Total assets</b>	<b>803,557</b>	<b>4,267,538</b>	<b>4,788,627</b>	<b>4,827,470</b>
<b>Shareholders' equity and liabilities</b>				
<b>Shareholders' equity</b>				
Partnership units	10,000	-	-	-
Ordinary shares	-	182,721	182,721	182,721
Share premium	-	1,894,384.00	1,894,384	1,894,384
Capital reserve	152,508	-	-	-
Other reserves	147,500	-	-	65,394
Retained earnings (accumulated deficit)	95,148	(36,157)	150,954	225,976
Accumulated other comprehensive income	3,008	23,483	129,759	32,114
<b>Total shareholders' equity</b>	<b>408,164</b>	<b>2,064,431</b>	<b>2,357,818</b>	<b>2,400,589</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Loans and borrowings	100,000	1,781,729	1,919,635	1,815,695
Lease liabilities	99,383	76,960	89,911	103,049
Provisions for employee benefits	5,575	2,480	2,374	2,716
Other provisions	1,095	852	2,037	2,074
Deferred tax liabilities	16,208	79,047	92,851	109,794
Deferred income	-	-	-	10,634
Other liabilities	3,586	383	35	4,338
<b>Total non-current liabilities</b>	<b>225,847</b>	<b>1,941,451</b>	<b>2,106,843</b>	<b>2,048,300</b>
<b>Current liabilities</b>				
Loans and borrowings	-	40,749	46,606	37,343
Lease liabilities	21,051	23,273	26,571	27,010
Trade and other payables	39,572	96,389	113,224	123,012
Accrued liabilities	15,742	17,225	20,066	38,645
Other financial liabilities	50,645	42,110	10,860	7,085
Other provisions	12,839	20,602	34,401	36,495
Contract liabilities	1,829	2,325	1,924	7,018
Tax liabilities	16,609	1,236	50,660	83,332
Deferred income	1,398	1,487	2,080	2,680
Other current liabilities	9,861	16,260	17,574	15,961
<b>Total current liabilities</b>	<b>169,546</b>	<b>261,656</b>	<b>323,966</b>	<b>378,581</b>
<b>Total liabilities</b>	<b>395,393</b>	<b>2,203,107</b>	<b>2,430,809</b>	<b>2,426,881</b>
<b>Total shareholders' equity and liabilities</b>	<b>803,557</b>	<b>4,267,538</b>	<b>4,788,627</b>	<b>4,827,470</b>

## Exhibit 21: Birkenstock's Statement of Cashflows

Statement of Cash-Flows				
In Thousands of €	2020	2021	2022	2023
<b>Cash flows from operating activities</b>				
Net profit (loss)	101,318	81,819	187,111	75,022
Adjustments to reconcile net profit (loss) to net cash flows from operating activities:				
Depreciation	17,361	18,592	20,294	54,841
Amortization	28,691	36,301	60,967	28,572
Loss on disposal of property, plant and equipment	847	405	97	-
Change in expected credit loss	(187)	869	207	-
Finance cost, net	3,950	30,711	112,503	107,036
Net exchange differences	11,717	(6,201)	(46,363)	36,056
Non-cash operating items	(40)	(116)	(669)	65,726
Income tax expense	24,116	55,288	63,413	78,630
Income tax paid	(24,981)	(33,879)	(18,408)	(6,698)
Changes in working capital:				
- Inventories	39,636	8,000	(159,105)	(95,620)
- Right to return assets	(615)	(572)	(641)	1,327
- Trade and other receivables	(13,119)	(10,705)	(5,286)	(26,663)
- Trade and other payables	1,828	20,112	11,201	10,648
- Accrued liabilities	594	(179)	1,677	18,870
- Other current financial liabilities	837	11,697	(31,401)	(3,775)
- Other current provision	(3,335)	8,850	13,149	2,427
- Contract liabilities	1,456	28,570	(401)	5,085
- Other	7,186	(13,623)	25,791	7,249
<b>Net cash flows provided by operating activities</b>	<b>193,604</b>	<b>176,773</b>	<b>234,136</b>	<b>358,733</b>
<b>Cash flows from investing activities</b>				
Interest received	-	-	-	1,846
Purchases of property, plant and equipment	(19,785)	(16,287)	(70,777)	(102,152)
Proceeds from sale of property, plant and equipment	468	1,975	1,977	339
Purchases of intangible assets	(2,563)	(4,806)	(1,814)	(795)
Proceeds from sale of intangible assets	-	1,485	5	29
Business combination, net of cash acquired	(3,900)	-	(1,037)	-
<b>Net cash flows (used in) investing activities</b>	<b>(3,499)</b>	<b>(17,634)</b>	<b>(71,646)</b>	<b>(100,732)</b>
<b>Cash flows from financing activities</b>				
Proceeds from loans and borrowings	75,000	97,649	-	-
Repayment of loans and borrowings	(79,581)	3,935	9,516	(52,782)
Interest paid	(1,409)	(979)	(67,978)	(111,986)
Distributions to shareholders	(100,390)	(151,673)	-	-
Payments of lease liabilities	(22,540)	(22,918)	(25,406)	(28,796)
Interest portion of lease liabilities	(1,064)	(1,455)	(2,417)	(5,721)
<b>Net cash flows (used in) financing activities</b>	<b>(130,254)</b>	<b>(83,311)</b>	<b>(105,317)</b>	<b>(199,285)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>59,851</b>	<b>75,829</b>	<b>57,173</b>	<b>58,716</b>
Cash and cash equivalents at beginning of period	38,960	241,555	235,343	307,078
Net foreign exchange difference	(2,634)	4,829	14,562	(21,386)
<b>Cash and cash equivalents at end of period</b>	<b>96,177</b>	<b>322,213</b>	<b>307,078</b>	<b>344,408</b>

## Exhibit 22: Birkenstock's Financial Performance Summary (2020 to 2023)



**Graph 6:** Revenue by Segment (2020 to 2023)**Graph 7:** Revenue by Region (2020 to 2023)**Exhibit 23:** Birkenstock's Cost of Sales (2020 to 2023)

Thousands € (except EPS)	2020	2021	2022	2023
<b>Adjusted Cost of Sales</b>	<b>328,298</b>	<b>413,990</b>	<b>468,664</b>	<b>566,117</b>
% change	-	26.10%	13.21%	20.79%
% revenues	45.10%	43.03%	37.71%	37.95%
CAGR (2020-2023)				19.92%

**Exhibit 24:** Birkenstock's Gross Profit and Margin (2020 to 2023)

Thousands € (except EPS)	2020	2021	2022	2023
<b>Adjusted Gross Profit</b>	<b>399,634</b>	<b>548,021</b>	<b>774,169</b>	<b>925,794</b>
% change	-	37.13%	41.27%	19.59%
% Adjusted Gross Profit Margin	54.90%	56.97%	62.29%	62.05%
CAGR (2020-2023)				32.32%

**Graph 8:** Germany Manufacturing hourly wage rate growth (2015 to 2023)



Source: OCDE

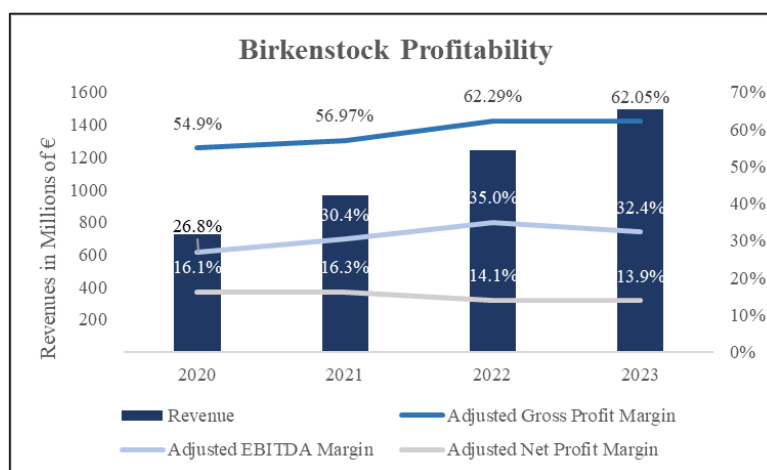
**Exhibit 25:** Birkenstock's Adjusted EBITDA and Margin (2020 to 2023)

Thousands € (except EPS)	2020	2021	2022	2023
<b>Adjusted EBITDA</b>	<b>194,784</b>	<b>292,340</b>	<b>434,555</b>	<b>482,707</b>
% change	-	50.08%	48.65%	11.08%
% Adjusted EBITDA Margin	26.76%	30.39%	34.96%	32.35%
CAGR (2020-2023)				35.32%

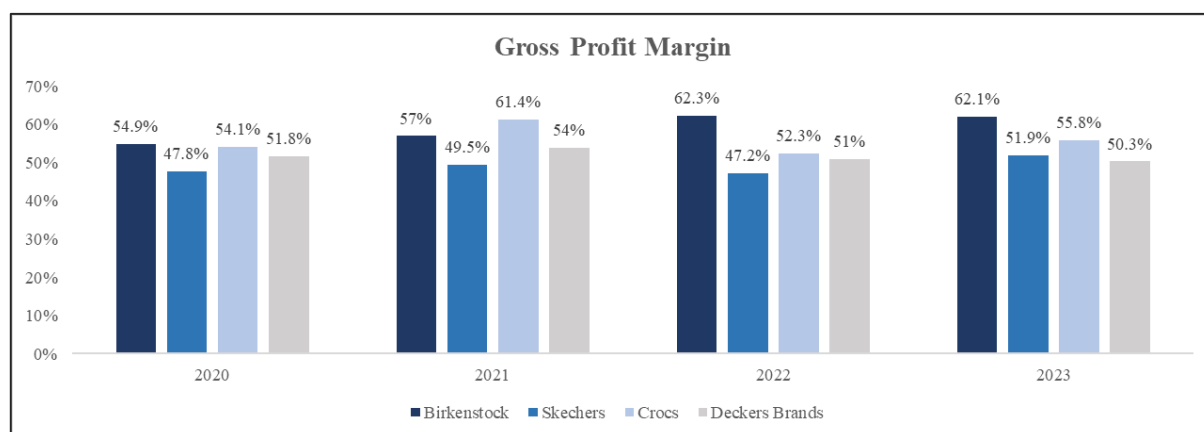
**Exhibit 26:** Birkenstock's Adjusted Net Profit and Margin (2020 to 2023)

Thousands € (except EPS)	2020	2021	2022	2023
<b>Adjusted Net Profit</b>	<b>117,499</b>	<b>156,499</b>	<b>174,682</b>	<b>207,153</b>
% change	-	33.19%	11.62%	18.59%
% Adjusted Net Profit Margin	16.14%	16.27%	14.06%	13.89%
CAGR (2020-2023)				20.81%

**Graph 9:** Birkenstock's Revenue and Margin Analysis (2020 to 2023)

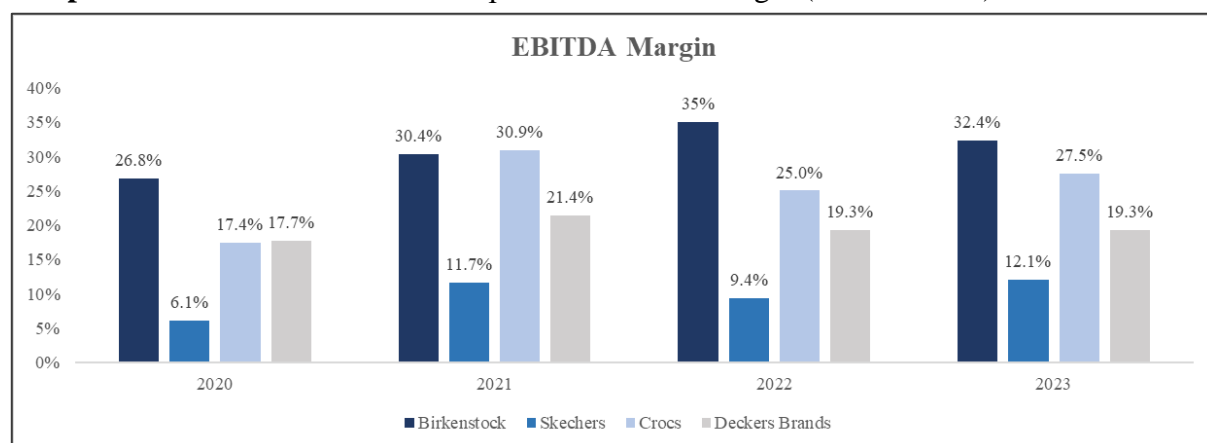


**Graph 10:** Birkenstock and selected peers' Gross Profit Margin (2020 to 2023)



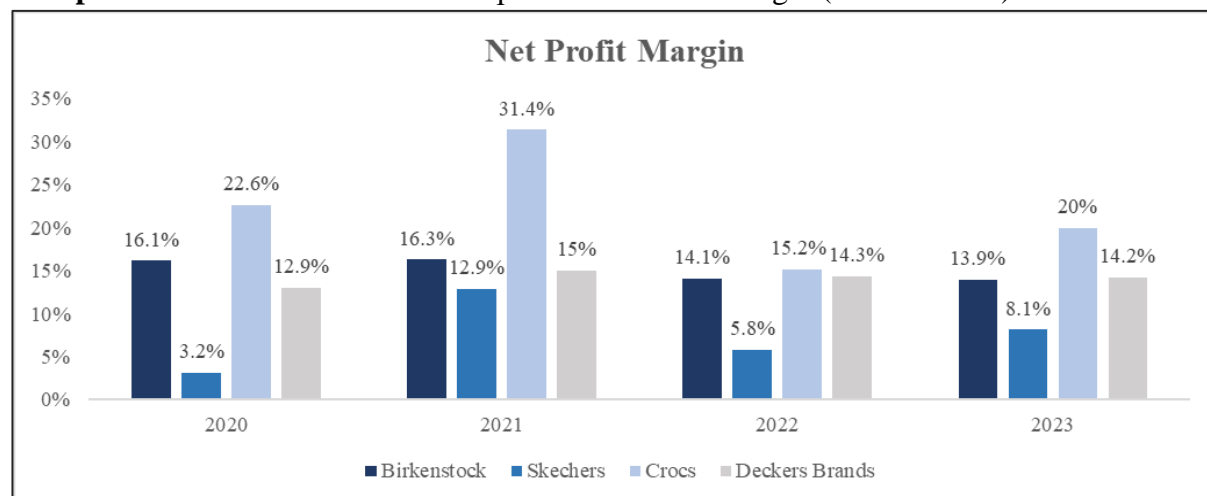
Note: The Adjusted Gross Profit metric was used for Birkenstock

**Graph 11:** Birkenstock and selected peers' EBITDA Margin (2020 to 2023)



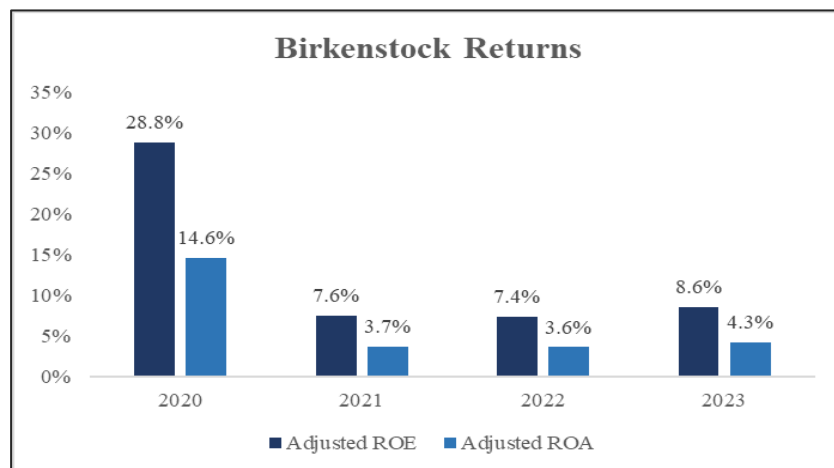
Note: The Adjusted EBITDA metric was used for Birkenstock

**Graph 12:** Birkenstock and selected peers' Net Profit Margin (2020 to 2023)

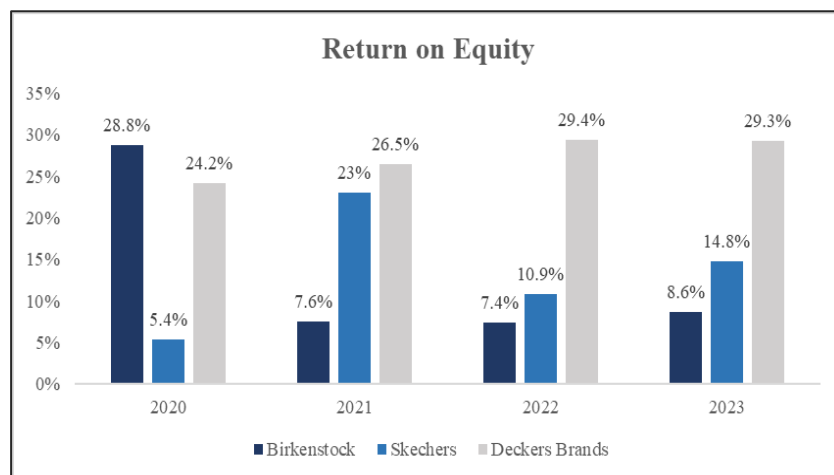


Note: The Adjusted Net Profit metric was used for Birkenstock

**Graph 13: Birkenstock's Returns (2020 to 2023)**

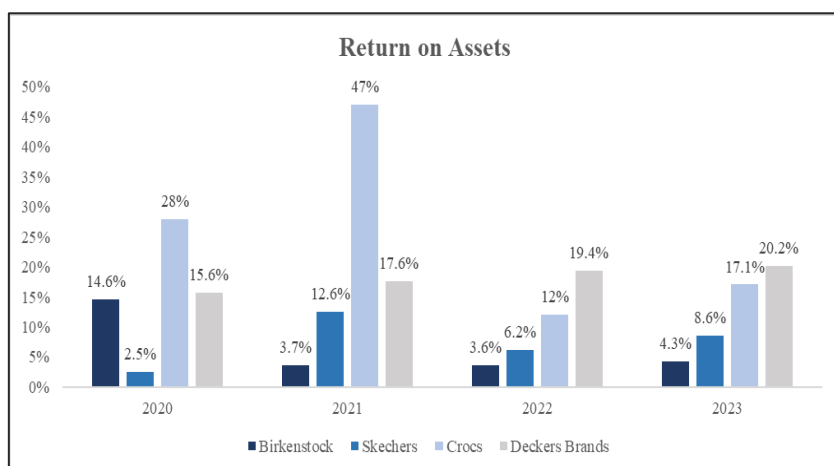


**Graph 14: Birkenstock and selected peers' Return on Equity (2020 to 2023)**

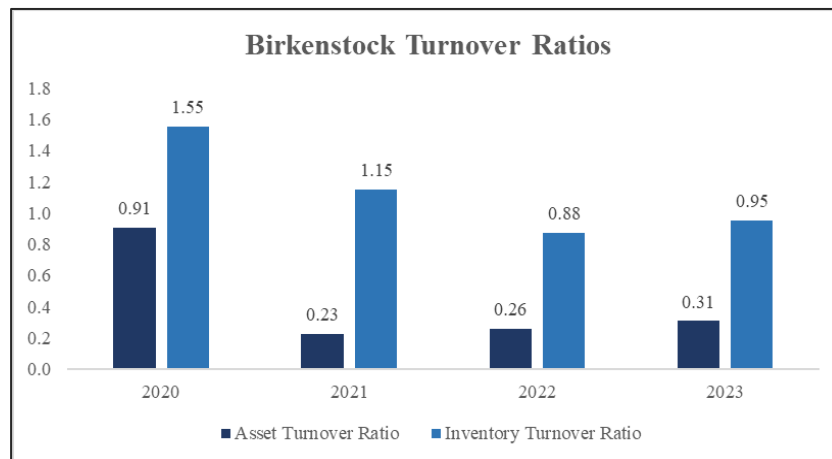


Note: Crocs was excluded from the analysis, due to its disproportionately small equity, which distorted the graph

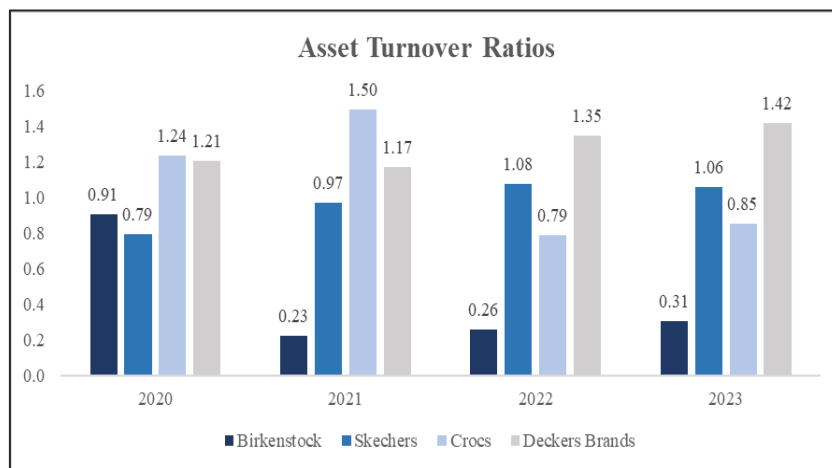
**Graph 15: Birkenstock and selected peers' Return on Assets (2020 to 2023)**



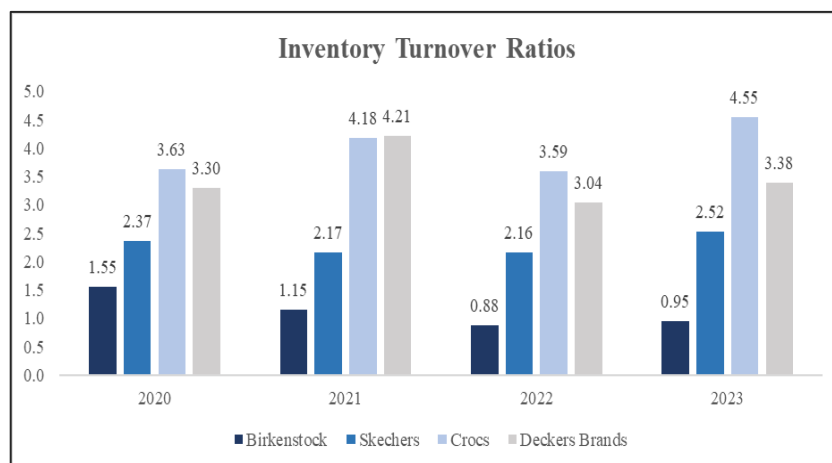
**Graph 16: Birkenstock's Turnover Ratios (2020 to 2023)**

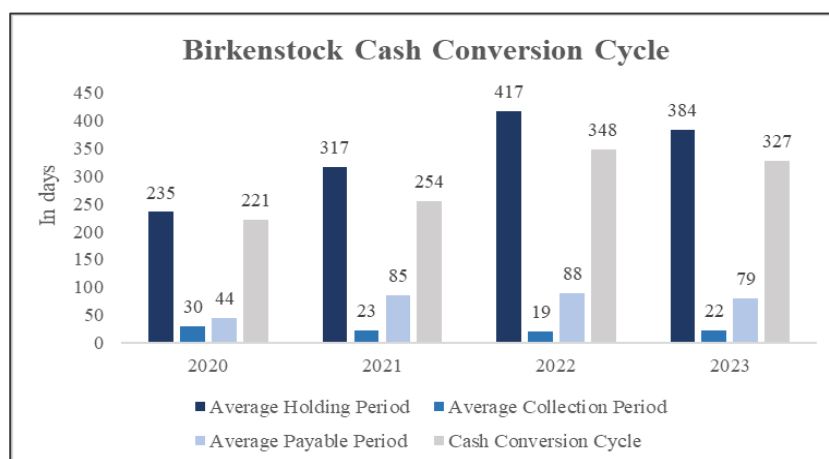
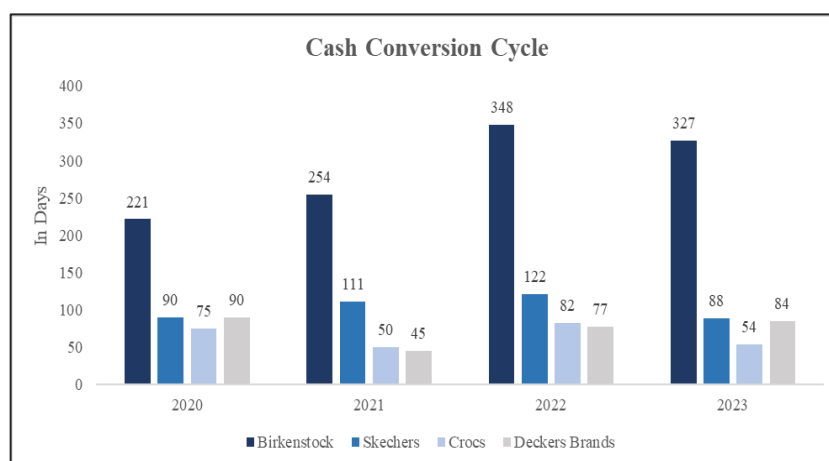


**Graph 17: Birkenstock's and selected peers' Asset Turnover Ratios (2020 to 2023)**



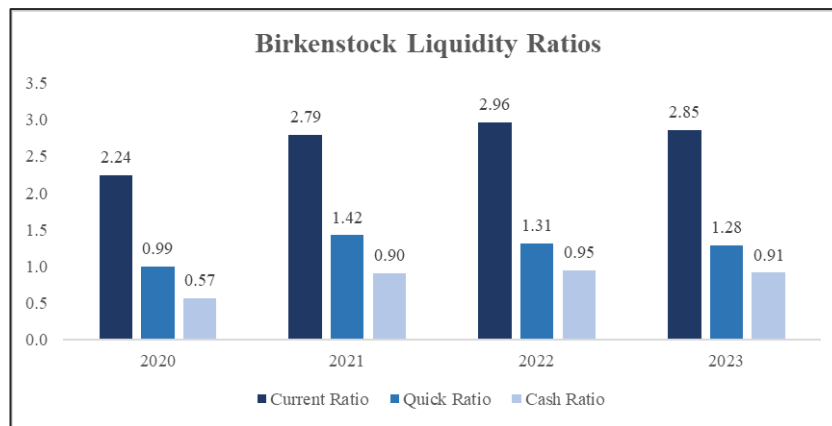
**Graph 18: Birkenstock's and selected peers' Inventory Turnover Ratios (2020 to 2023)**



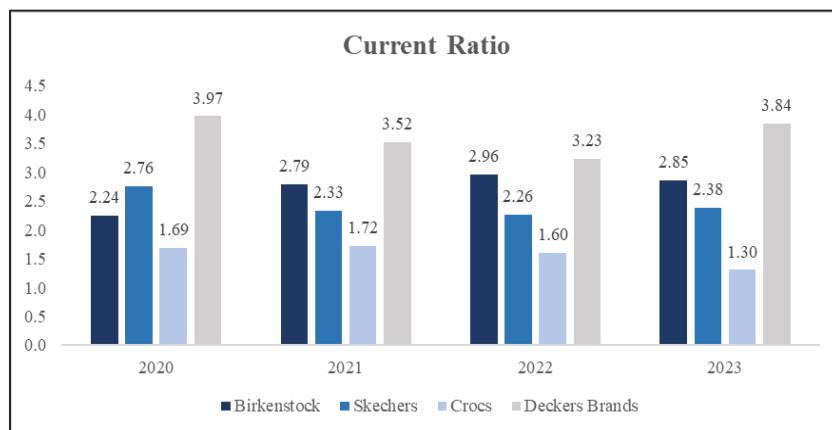
**Graph 19: Birkenstock's Cash Conversion Cycle (2020 to 2023)****Graph 20: Birkenstock and selected peers' Cash Conversion Cycle (2020 to 2023)****Graph 21: Activity Metrics Summary (2020 to 2023)**

Activity Metrics				
Thousands €	2020	2021	2022	2023
Revenue	727,932	962,011	1,242,833	1,491,911
% change	-	32.16%	29.19%	20.04%
Adjusted Cost of Sales	328,298	413,990	468,664	566,117
% change	-	26.10%	13.21%	20.79%
Inventories	211,653	359,215	535,605	595,092
% change	-	69.72%	49.10%	11.11%
Total Assets	803,557	4,267,538	4,788,627	4,827,470
% change	-	431.08%	12.21%	0.81%
Trade and Other Receivables	60,032	59,388	66,146	91,764
% change	-	-1.07%	11.38%	38.73%
Trade and Other Payables	39,572	96,389	113,224	123,012
% change	-	143.58%	17.47%	8.64%
Asset Turnover Ratio	0.91	0.23	0.26	0.31
Inventory Turnover Ratio	1.55	1.15	0.88	0.95
Average Holding Period	235.3	316.7	417.1	383.7
Average Collection Period	30.1	22.5	19.4	22.5
Average Payable Period	44.0	85.0	88.2	79.3
Cash Conversion Cycle	221.4	254.3	348.4	326.8

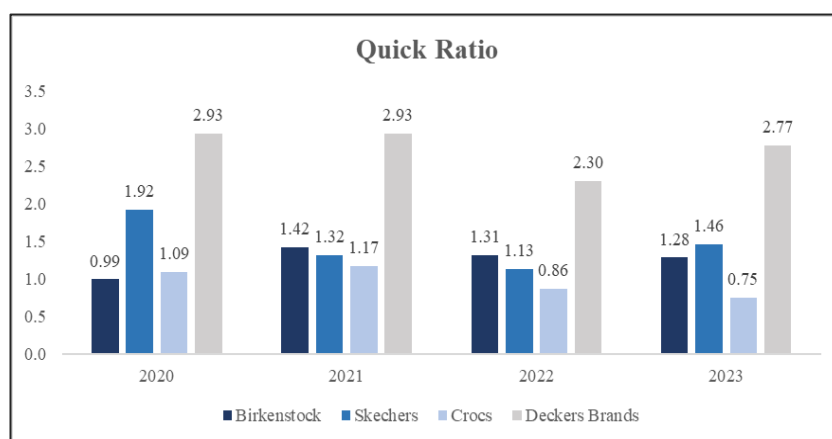
**Graph 22: Birkenstock's Liquidity ratios (2020 to 2023)**

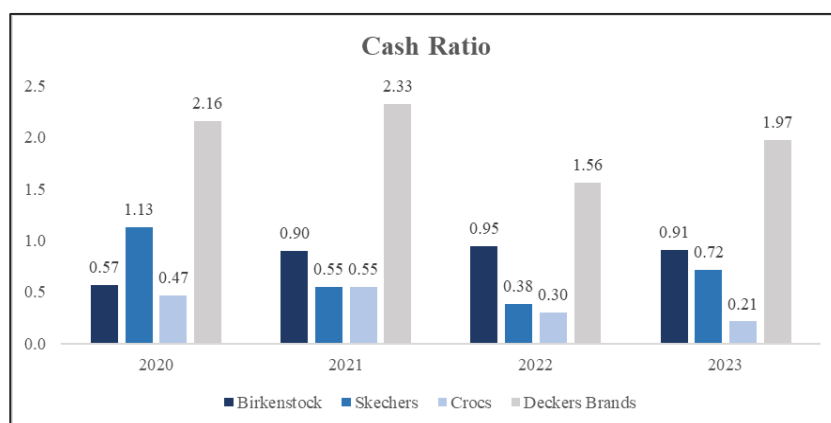


**Graph 23: Birkenstock and selected peers' Current Ratio (2020 to 2023)**

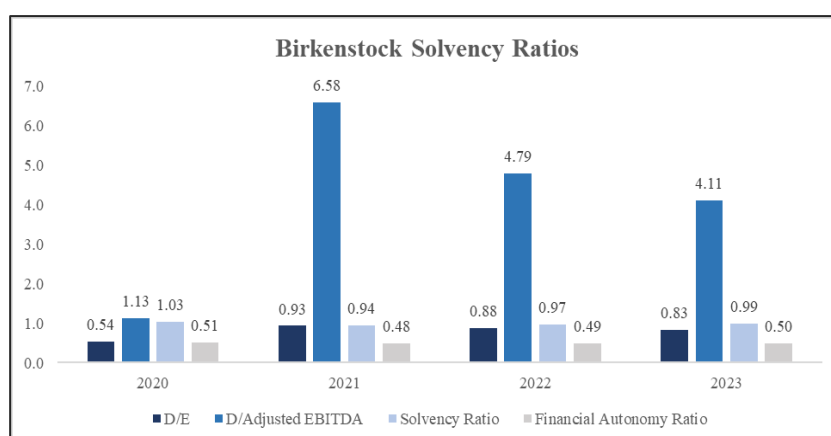


**Graph 24: Birkenstock and selected peers' Quick Ratio (2020 to 2023)**

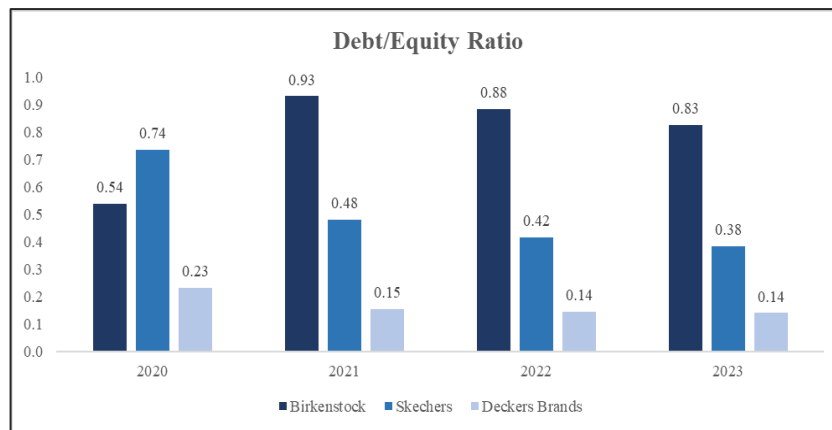


**Graph 25: Birkenstock and selected peers' Cash Ratio (2020 to 2023)****Graph 26: Liquidity Metrics Summary (2020 to 2023)**

Liquidity Metrics				
Thousands €	2020	2021	2022	2023
Current Assets	380,059	731,190	959,906	1,080,546
% change	-	92.39%	31.28%	12.57%
Current Liabilities	169,546	261,656	323,966	378,581
% change	-	54.33%	23.81%	16.86%
Inventories	211,653	359,215	535,605	595,092
% change	-	69.72%	49.10%	11.11%
Cash & Cash Equivalents	96,177	235,343	307,078	344,408
% change	-	144.70%	30.48%	12.16%
<b>Current Ratio</b>	2.24	2.79	2.96	2.85
<b>Quick Ratio</b>	0.99	1.42	1.31	1.28
<b>Cash Ratio</b>	0.57	0.90	0.95	0.91

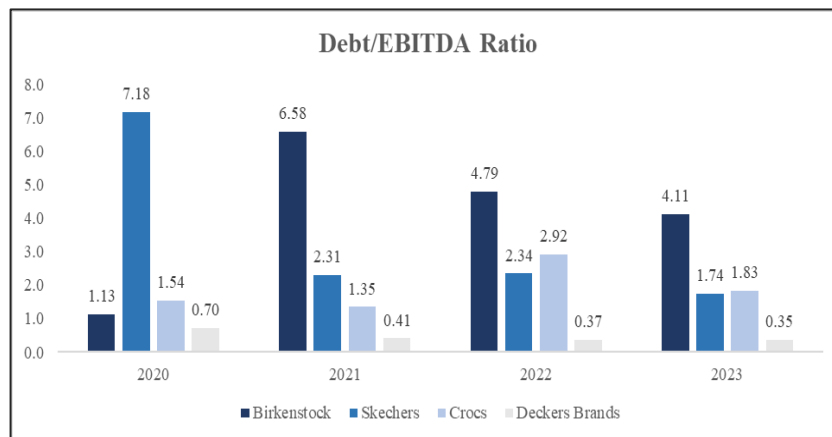
**Graph 27: Birkenstock's Solvency Ratios (2020 to 2023)**

**Graph 28:** Birkenstock and selected peers' Debt/Equity Ratio (2020 to 2023)

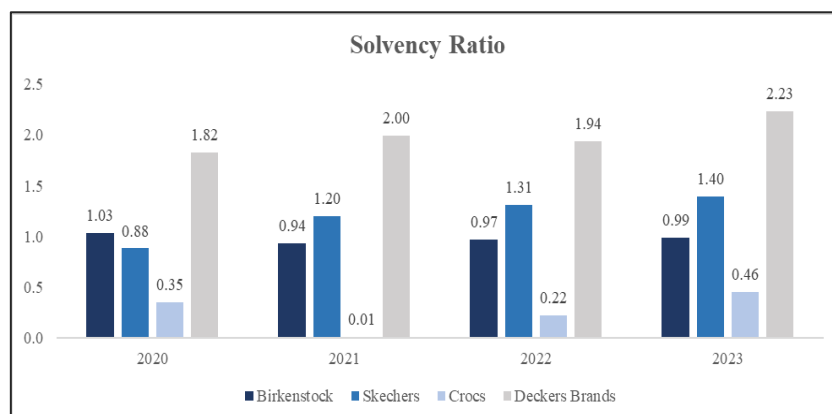


Note: Crocs was excluded due to its disproportionately low equity, which distorted the graph

**Graph 29:** Birkenstock and selected peers' Debt/EBITDA Ratio (2020 to 2023)



**Graph 30:** Birkenstock and selected peers' Solvency Ratio (2020 to 2023)



**Graph 31: Solvency Metrics Summary (2020 to 2023)**

Solvency Metrics				
Thousands €	2020	2021	2022	2023
<b>Total Debt*</b>	220,434	1,922,711	2,082,723	1,983,097
% change	-	772.24%	8.32%	-4.78%
<b>Total Assets</b>	803,557	4,267,538	4,788,627	4,827,470
% change	-	431.08%	12.21%	0.81%
<b>Total Liabilities</b>	395,393	2,203,107	2,430,809	2,426,881
% change	-	457.19%	10.34%	-0.16%
<b>Equity</b>	408,164	2,064,431	2,357,818	2,400,589
% change	-	405.78%	14.21%	1.81%
<b>EBITDA</b>	175,436	191,545	444,288	344,102
% change	-	9.18%	131.95%	-22.55%
<b>Adjusted EBITDA</b>	194,784	292,340	434,555	482,707
% change	-	50.08%	48.65%	11.08%
<b>D/E Ratio</b>	0.54	0.93	0.88	0.83
<b>D/E EBITDA Ratio</b>	1.26	10.04	4.69	5.76
<b>D/Adjusted EBITDA Ratio</b>	1.13	6.58	4.79	4.11
<b>Solvency Ratio</b>	1.03	0.94	0.97	0.99
<b>Financial Autonomy Ratio</b>	0.51	0.48	0.49	0.50

**Exhibit 27: Birkenstock's Non-Adjusted Profitability Metrics (2020 to 2023)**

Thousands € (except EPS)	2020	2021	2022	2023
<b>Total Revenue</b>	727,932	962,011	1,242,833	1,491,911
% change	-	32.16%	29.19%	20.04%
CAGR (2020-2023)				27.02%
<b>Cost of Sales</b>	328,298	524,890	493,031	566,117
% change	-	59.88%	-6.07%	14.82%
% revenues	45.10%	54.56%	39.67%	37.95%
CAGR (2020-2023)				19.92%
<b>Gross Profit</b>	399,634	437,121	749,802	925,794
% change	-	9.38%	71.53%	23.47%
% Gross Profit Margin	54.90%	45.44%	60.33%	62.05%
CAGR (2020-2023)				32.32%
<b>EBITDA</b>	175,436	191,545	444,288	344,102
% change	-	9.18%	131.95%	-22.55%
% EBITDA margin	24.10%	19.91%	35.75%	23.06%
CAGR (2020-2023)				25.18%
<b>Net Profit</b>	101,318	81,819	187,111	75,023
% change	-	-19.25%	128.69%	-59.90%
% Net Profit Margin	13.92%	8.50%	15.06%	5.03%
CAGR (2020-2023)				-9.53%
<b>EPS</b>	-	0.45	1.02	0.41
<b>ROE</b>	24.82%	3.96%	7.94%	3.13%
<b>ROA</b>	12.61%	1.92%	3.91%	1.55%

**Graph 32: Skechers Financial Statements (2020 to 2023)**

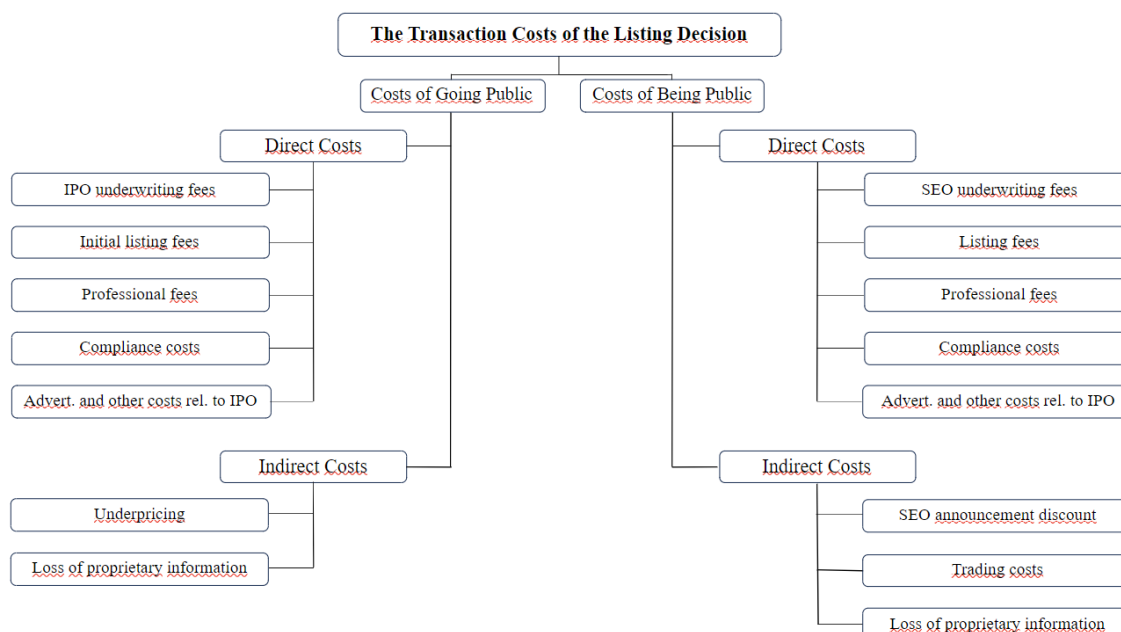
Skechers				
Balance Sheet				
Thousands €	2020	2021	2022	2023
<b>Assets</b>				
Non-Current Assets	2,468,018	3,119,040	3,247,214	3,594,747
Current Assets	3,344,351	3,372,240	3,646,273	3,952,604
Inventory	1,016,774	1,470,994	1,818,016	1,525,409
Accounts Receivable	619,800	732,793	848,287	860,300
Cash and Cash Equivalents	1,370,826	796,283	615,733	1,189,910
<b>Total Assets</b>	<b>5,812,369</b>	<b>6,491,280</b>	<b>6,893,487</b>	<b>7,547,351</b>
<b>Liabilities and Equity</b>				
Non-Current Liabilities	1,874,000	1,503,626	1,408,861	1,486,442
Long-Term Debt	1,744,484	1,358,193	1,280,160	1,351,054
Current Liabilities	1,212,706	1,445,582	1,613,040	1,660,867
Loans and short-term debt	264,259	343,582	361,513	332,761
Accounts Payable	744,077	876,342	957,384	1,008,001
<b>Total Liabilities</b>	<b>3,086,706</b>	<b>2,949,208</b>	<b>3,021,901</b>	<b>3,147,309</b>
<b>Equity</b>	<b>2,725,663</b>	<b>3,542,072</b>	<b>3,950,688</b>	<b>4,400,042</b>
<b>Total Liabilities and Equity</b>	<b>5,812,369</b>	<b>6,491,280</b>	<b>6,972,589</b>	<b>7,547,351</b>
Income Statement				
Thousands €	2020	2021	2022	2023
Revenue	4,613,430	6,310,187	7,444,550	8,000,342
Cost of Goods Sold	2,407,632	3,185,816	3,929,193	3,847,938
Gross Profit	2,205,798	3,124,371	3,515,357	4,152,404
Depreciation and Amortization	146,227	139,577	153,716	181,925
EBITDA	279,911	737,764	700,386	966,711
Earnings Before Tax	154,729	569,757	522,257	800,872
<b>Net Income</b>	<b>146,227</b>	<b>815,632</b>	<b>429,162</b>	<b>649,923</b>

**Graph 32: Crocs Financial Statements (2020 to 2023)**

Crocs				
Balance Sheet				
Thousands €	2020	2021	2022	2023
<b>Assets</b>				
Non-Current Assets	625,882	878,499	3,475,822	3,733,130
Current Assets	492,841	666,569	1,025,975	910,704
Inventory	175,121	213,520	471,551	385,054
Accounts Receivable	149,847	182,629	295,594	305,747
Cash and Cash Equivalents	135,802	213,197	191,629	149,288
<b>Total Assets</b>	<b>1,118,723</b>	<b>1,545,068</b>	<b>4,501,797</b>	<b>4,643,834</b>
<b>Liabilities and Equity</b>				
Non-Current Liabilities	536,506	1,142,743	3,042,592	2,491,615
Long-Term Debt	326,401	920,627	2,513,146	1,910,765
Current Liabilities	291,584	388,243	641,274	698,296
Loans and short-term debt	47,064	42,932	81,818	85,595
Accounts Payable	112,778	162,145	230,821	260,978
<b>Total Liabilities</b>	<b>828,090</b>	<b>1,530,986</b>	<b>3,683,866</b>	<b>3,189,911</b>
<b>Equity</b>	<b>290,633</b>	<b>14,082</b>	<b>817,931</b>	<b>1,453,923</b>
<b>Total Liabilities and Equity</b>	<b>1,118,723</b>	<b>1,545,068</b>	<b>4,501,797</b>	<b>4,643,834</b>
Income Statement				
Thousands €	2020	2021	2022	2023
Revenue	1,385,951	2,313,416	3,554,985	3,962,347
Cost of Goods Sold	636,003	893,196	1,694,703	1,752,337
Gross Profit	749,948	1,420,220	1,860,282	2,210,010
Depreciation and Amortization	27,619	31,976	39,229	54,304
EBITDA	241,743	715,040	889,985	1,091,087
Earnings Before Tax	206,979	663,849	718,508	876,272
<b>Net Income</b>	<b>312,861</b>	<b>725,694</b>	<b>540,159</b>	<b>792,566</b>

**Graph 33:** Deckers Brands Financial Statements (2020 to 2023)

Deckers Brands				
Balance Sheet				
Thousands €	2020	2021	2022	2023
<b>Assets</b>				
Non-Current Assets	571,007	516,906	580,122	645,950
Current Assets	1,194,111	1,650,799	1,752,128	1,910,253
Inventory	311,620	278,242	506,796	532,852
Accounts Receivable	185,596	215,718	302,688	301,511
Cash and Cash Equivalents	649,436	1,089,361	843,527	981,795
<b>Total Assets</b>	<b>1,765,118</b>	<b>2,167,705</b>	<b>2,332,250</b>	<b>2,556,203</b>
<b>Liabilities and Equity</b>				
Non-Current Liabilities	324,052	255,112	251,741	293,090
Long-Term Debt	215,724	176,274	171,972	195,723
Current Liabilities	300,946	468,368	541,684	497,380
Loans and short-term debt	49,729	46,768	50,098	50,765
Accounts Payable	147,892	231,632	327,487	265,605
<b>Total Liabilities</b>	<b>624,998</b>	<b>723,480</b>	<b>793,425</b>	<b>790,470</b>
<b>Equity</b>	<b>1,140,120</b>	<b>1,444,225</b>	<b>1,538,825</b>	<b>1,765,733</b>
<b>Total Liabilities and Equity</b>	<b>1,765,118</b>	<b>2,167,705</b>	<b>2,332,250</b>	<b>2,556,203</b>
<b>Income Statement</b>				
Thousands €	2020	2021	2022	2023
Revenue	2,132,689	2,545,641	3,150,339	3,627,286
Cost of Goods Sold	1,029,016	1,171,551	1,542,788	1,801,916
Gross Profit	1,103,673	1,374,090	1,607,551	1,825,370
Depreciation and Amortization	38,912	40,530	42,878	47,858
EBITDA	377,047	544,735	607,585	700,609
Earnings Before Tax	340,866	501,514	564,638	666,082
<b>Net Income</b>	<b>276,142</b>	<b>382,575</b>	<b>451,949</b>	<b>516,822</b>

**Exhibit 28:** Direct and Indirect transaction costs associated with the Listing decision

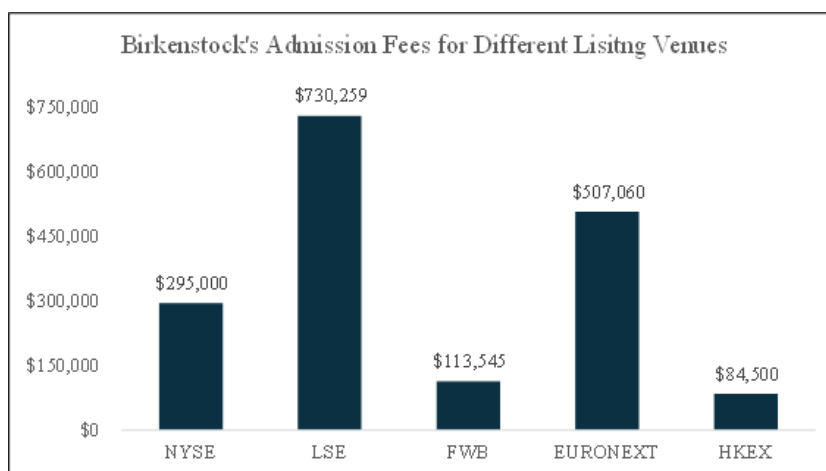
Source: "Primary Market Activity and the Cost of Going and Being Public." 2008

**Exhibit 29:** Offering expenses, other than underwriting discounts and commissions

<u>Expenses</u>	<u>\$ Amount</u>
U.S. Securities and Exchange Commission registration fee.....	268,299
NYSE listing fee.....	295,000
FINRA filing fee .....	225,500
Transfer agent fee* .....	30,000
Printing and engraving expenses* .....	900,000
Legal fees and expenses* .....	10,500,000
Accounting fees and expenses* .....	10,000,000
Miscellaneous costs* .....	5,050,000
<b>Total</b> .....	<b>\$ 27,268,799</b>

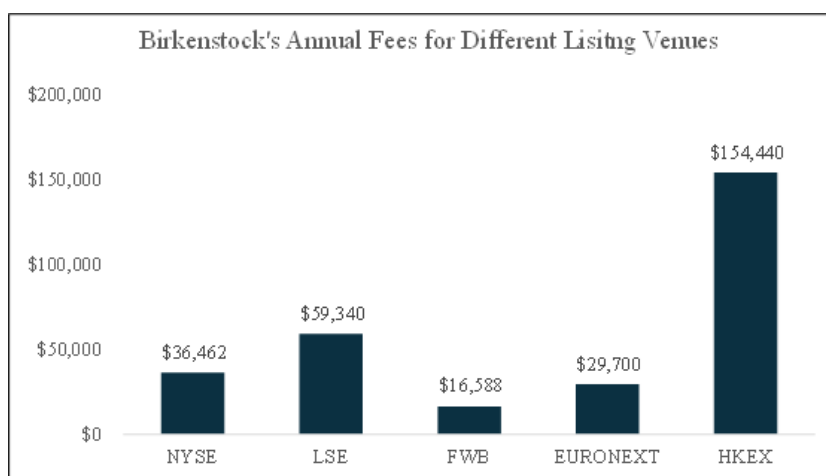
Note: These amounts correspond to Birkenstock’s estimates

**Graph 34:** Birkenstock’s Admission Fees for Different Listing Venues



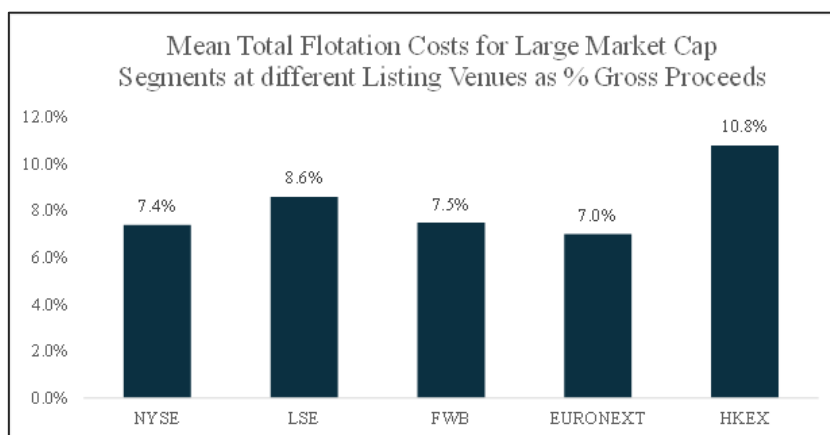
Source: London Stock Exchange, Euronext, Backer Mckenzie, Ipo Hub,

**Graph 35:** Birkenstock’s Annual Fees for Different Listing Venues



Source: London Stock Exchange, Euronext, Backer Mckenzie, Ipo Hub

**Graph 36:** Mean Flotation Costs for Large Market Cap segments at different listing venues, in percent of gross offering proceeds (from 01/01/1999 to 03/31/2008)

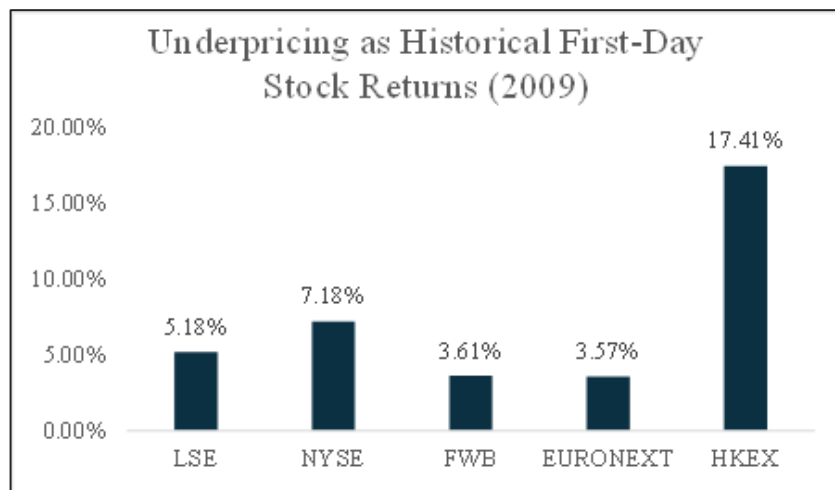


Source: Primary Market Activity and the Cost of Going and Being Public (2008)

**Exhibit 30:** Birkenstock’s IPO flotation costs

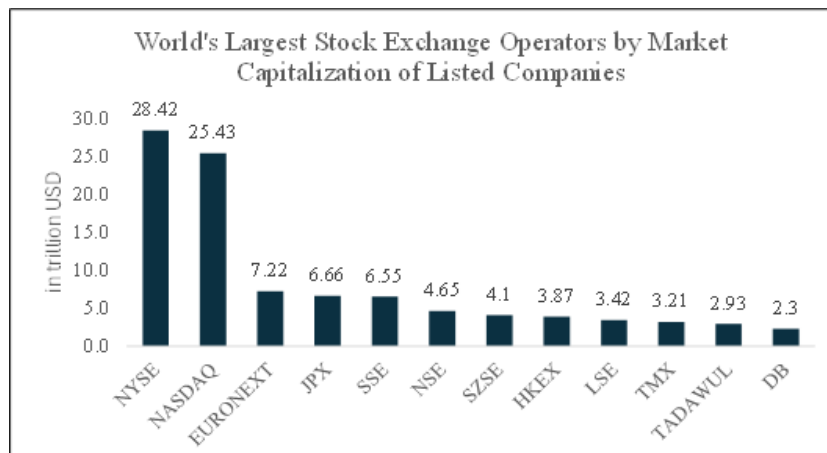
	Flotation costs	As % of Gross Proceeds
Without underwriters’ option to purchase additional shares	90,333,314	6.1%
With underwriters’ option to purchase additional shares	99,792,990	6.7%

**Graph 37:** Underpricing as Historical First-day Stock Returns (2009)



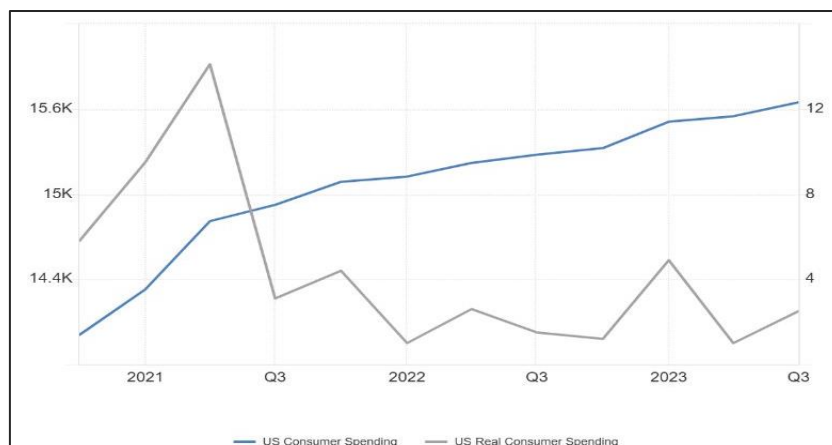
Source: Primary Market Activity and the Cost of Going and Being Public (2008)

**Graph 38:** World's Largest Stock Exchange Operators by Market Capitalization of Listed Companies (in trillion USD) - Data as of March 2024



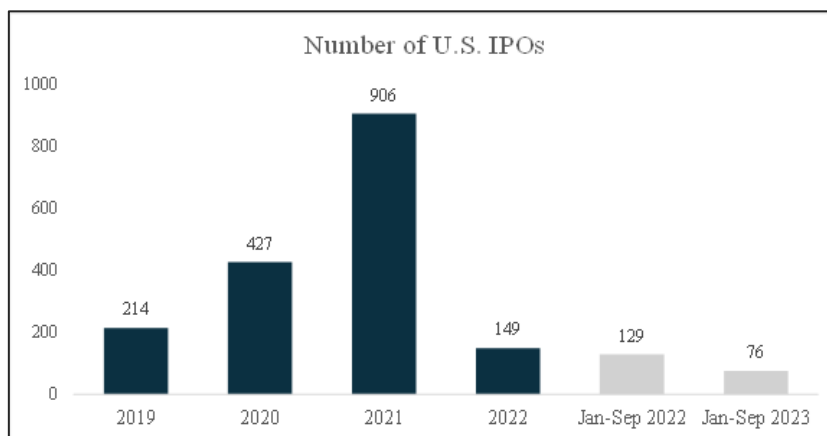
Source: Statista. Largest stock exchange operators worldwide 2024, by market cap. (2024)

**Graph 39:** U.S. Household spending (Q3 2020 to Q3 2023)



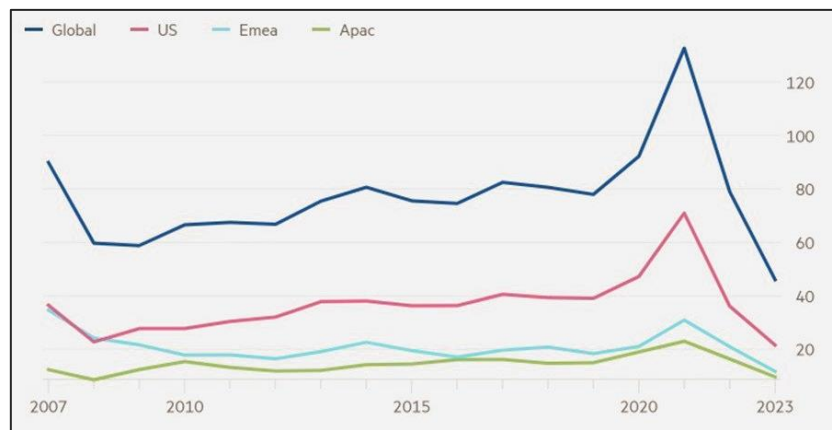
Source: Trading Economics

**Graph 40:** Number of U.S. IPOs (2019 to Q3 2023)



Source: S&P Global Market Intelligence

**Graph 41:** Global Investment Banking Revenues in \$ Bn



Source: Financial Times “Wall Street bankers hope for dealmaking rebound after boom and bust”.  
 Emea - Europe, the Middle East, and Africa; Apac - Asia-Pacific region