

Drue Fourmont

Jack Jones

BUY CURRENT PRICE \$51.43

TARGET PRICE: \$78.60

ANNUALIZED RETURN: 19.2%

**BIRKENSTOCK**

NYSE: BIRK



# BUSINESS OVERVIEW

- Birkenstock Holding plc (BIRK) is a German footwear company known for its high-quality, comfort-focused designs. Founded in 1774, it has expanded beyond sandals into closed-toe shoes, retail stores, and global markets while maintaining its heritage craftsmanship and sustainability focus. Manufacture 100% of products in house. IPO'd October 11, 2023 at \$43.

€1.8 BILLION  
2024 REVENUE

22% REVENUE  
GROWTH  
COMPARED  
TO 2023

CAGR OF 20%  
SINCE 2014

2024 GROSS  
MARGIN OF  
58.8%

2025 Q1 REVENUE  
OF €362 MILLION  
19% YOY INCREASE

# INDUSTRY OVERVIEW

- The global footwear industry is driven by trends in comfort-first fashion, sustainability, and luxury-casual crossovers. Consumers are increasingly prioritizing ergonomic designs and high-quality materials, fueling demand for brands like Birkenstock. Growth is also supported by direct-to-consumer expansion, capital investments, and rising demand in emerging markets, particularly in Asia-Pacific.

4%-6% INDUSTRY REVENUE GROWTH  
22% BIRKENSTOCK REVENUE GROWTH



DECKERS  
— BRANDS —



STEVE MADDEN

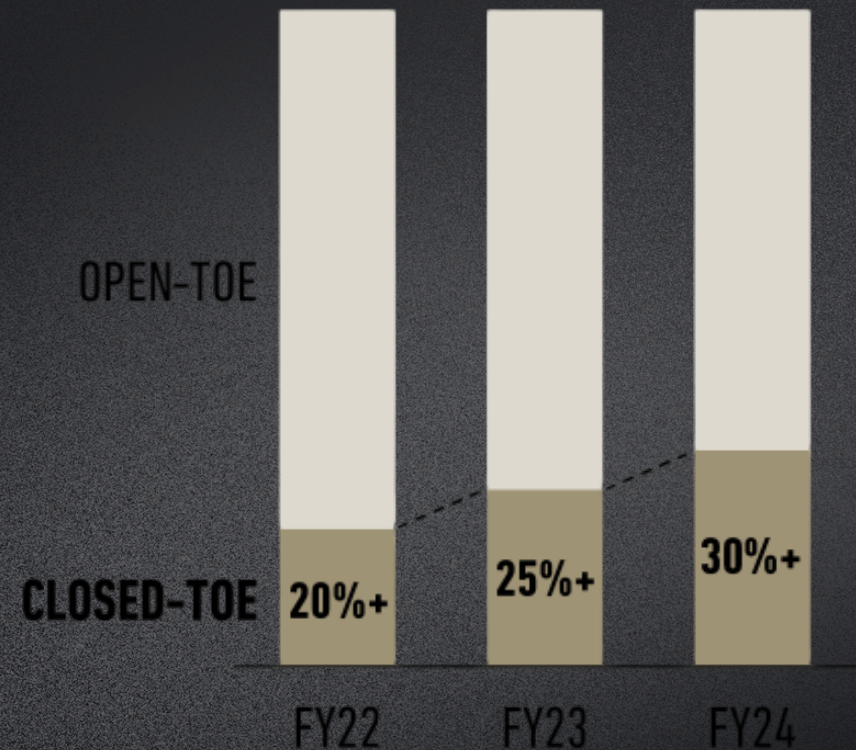
crocs™

# INVESTMENT THESIS 1: PRODUCT DIVERSIFICATION

- Closed-Toe shoe sector growth
  - Outpacing overall footwear sales
- Displaying success with new/diversified products



## CLOSED-TOE EXPANSION SHARE OF REVENUE<sup>1</sup>



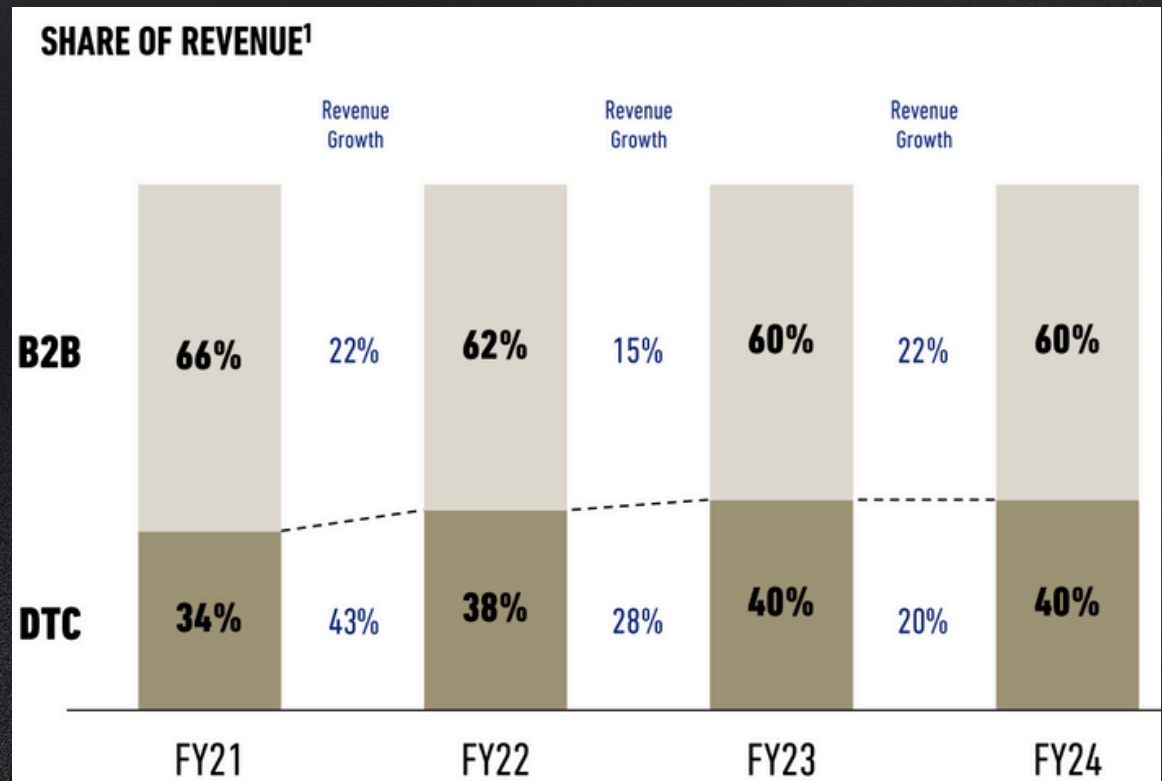
# INVESTMENT THESIS 2: VERTICAL INTEGRATION

Birkenstock's owned retail stores are expanding, with plans to grow from 71 to nearly 100 locations by 2025.

Unique Value Creation

Vertical Integration

DTC Growth



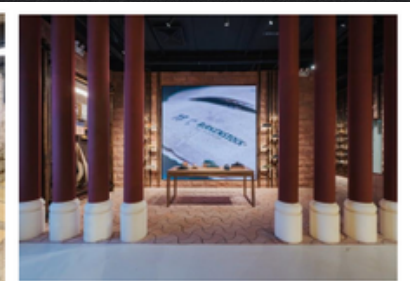
# INVESTMENT THESIS 3: APAC REGION GROWTH

APAC  
Revenue  
growth

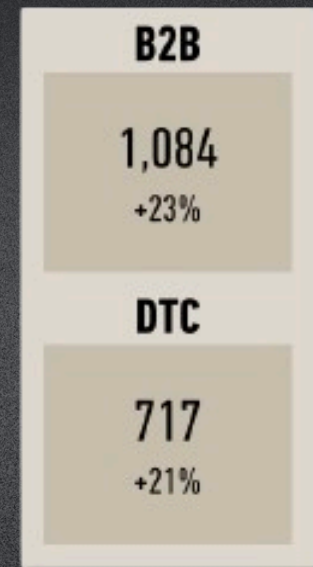
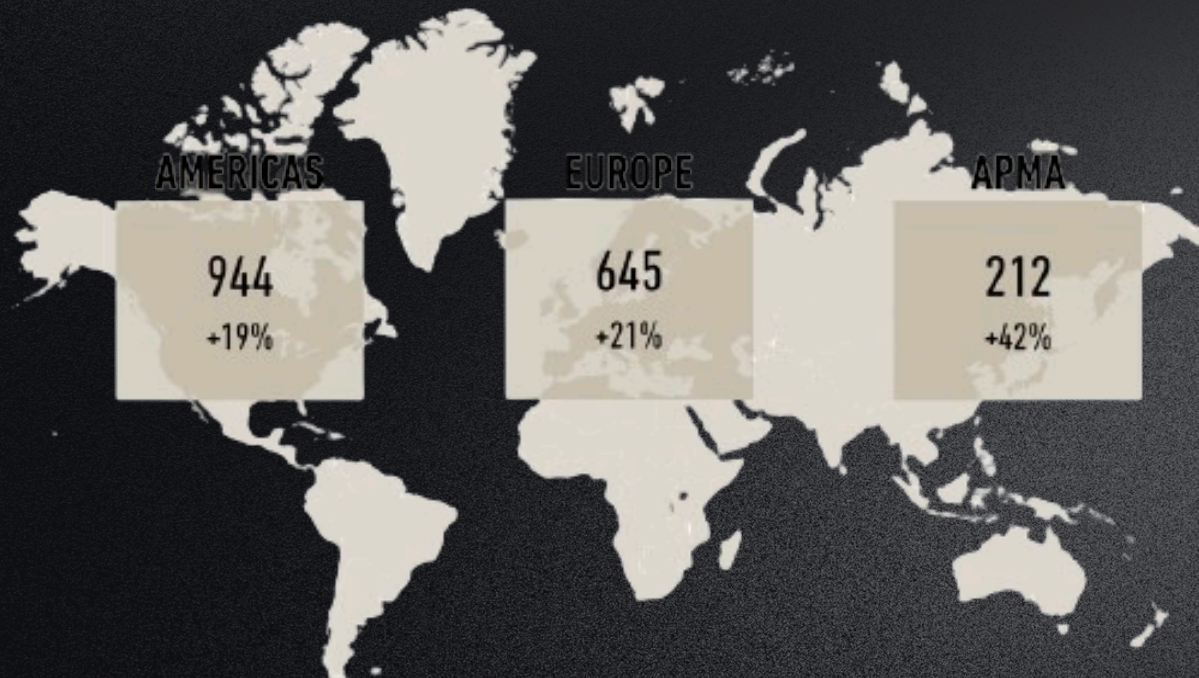
Expansion in  
new region



SHINJUKU, JAPAN



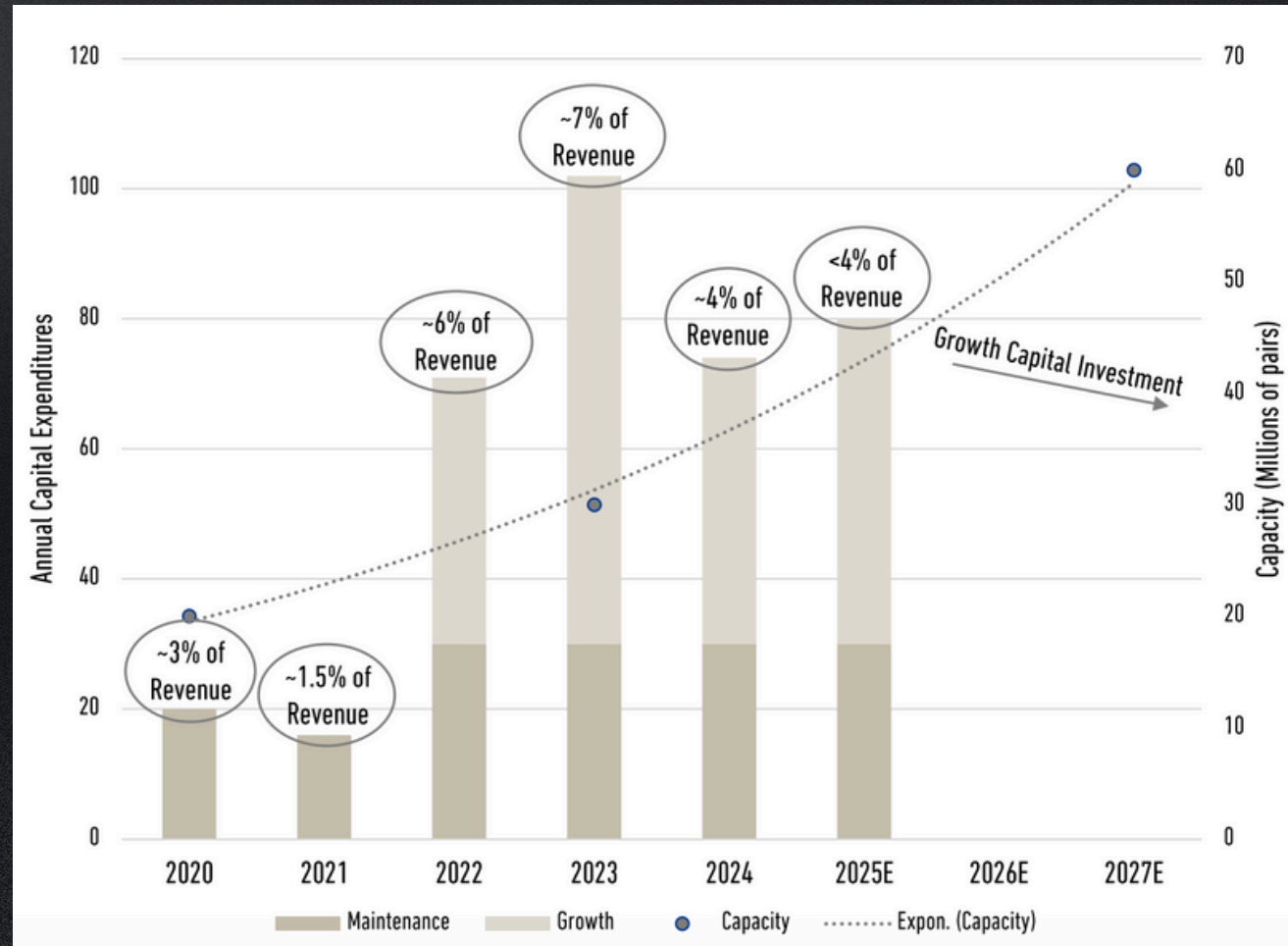
CHENGDU, CHINA



# CAPITAL INVESTMENTS

Capacity Expansion

Capital Investment



# FINANCIAL MODEL

Birk											
BIRKENSTOCK F	Sector	FY End	Market Cap	Shs Outstand	Div Yield						
	Consumer Discretionary	09/2024	9,651	188	#N/A N/A						
	2020	2021	2022	2023	2024	Current/LTM	2025e	2026e	2027e	Annualized Growth (LTM to 2026e)	
Revenue	728	962	1,243	1,492	1,805	1,863	2,131	2,485	2,876	19.6%	
growth %	#N/A N/A	32.2	29.2	20.0	21.0	20.3	42.8	16.6	15.7		
Gross Profit	400	437	750	926	1,061	1,094	1,261	1,484	1,726	20.7%	
growth %	#N/A N/A	9.4	71.5	23.5	14.6		36.3	17.6	16.3		
margin %	54.9	45.4	60.3	62.1	58.8	58.7	59.2	59.7	60.0		
EBITDA	191	172	399	417	578	592	666	788	913	19.6%	
growth %	#N/A N/A	(9.9)	131.2	4.6	38.6		59.6	18.4	15.8		
margin %	26.3	17.9	32.1	28.0	32.1	31.8	31.3	31.7	31.7		
Net Income	101	82	187	110	221	233	326	410	490	35.9%	
growth %	#N/A N/A	#N/A N/A	#N/A N/A	#N/A N/A	16.0		194.9	25.8	19.7		
margin %	13.9	8.5	15.1	7.4	12.3	12.5	15.3	16.5	17.0		
EPS	#N/A N/A	#N/A N/A	#N/A N/A	1.10	1.28	1.24	1.72	2.17	2.62	36.1%	
growth %	#N/A N/A	#N/A N/A	#N/A N/A	(40.8)	95.3	110.5	56.5	26.0	20.7		
Exit Multiple Model											
	2020	2021	2022	2023	2024	Current/LTM	2025e	2026e	2027e	Annualized Growth (Curr/LTM to 2027e)	PEG
EPS, Adj+	#N/A N/A	#N/A N/A	#N/A N/A	1.10	1.28	1.24			2.62	36.2%	0.83
P/E	#VALUE!	#VALUE!	#VALUE!	#VALUE!	38.51	41.42			30.00	-12.5%	
Price	#N/A N/A	#N/A N/A	#N/A N/A	#N/A N/A	49.29	51.38			78.60	19.2%	< expected annualized price appreciation

# RISKS

- Birkenstock faces risks from market competition, shifting consumer preferences, supply chain disruptions, and economic downturns that may impact discretionary spending. Maintaining growth requires strong brand positioning and operational efficiency.





# CLOSING SUMMARY

- Birkenstock continues to expand through closed-toe shoes, capital investments, and APAC expansion. Strong financial performance, brand strength, and strategic investments position the company for sustained success in the global footwear market.

**BIRKENSTOCK**

BUY \$51.43

TARGET PRICE: \$78.60

ANNUALIZED RETURN: 19.2%

# SOURCES

- Bloomberg
- Sec
  - BIRK 10-K
- [birkenstock.com](https://www.birkenstock.com)

# APPENDIX

# FY 2024 Actuals

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**22%**

REVENUE  
GROWTH<sup>1</sup>

VS. FY 2023  
@CC

**58.8%**

GROSS PROFIT  
MARGIN<sup>1</sup>

**30.8%**

ADJUSTED  
EBITDA  
MARGIN<sup>1</sup>

- **CAPACITY EXPANSION** accounts for the doubling of capacity in the next coming years:
  - Growth capital of EUR 180 million invested during FY22-FY24
  - Additional investments in machine and labor capacity until FY27
- **PRODUCTION CAPACITY** can grow incrementally as demand grows – with commitment to engineered distribution/scarcity model
- **PASEWALK:** Ramp-up on track, capacity will be constantly added by relocating machines from Goerlitz will last until mid of FY25
- **GOERLITZ:** Additions in cork-latex products between FY25 and FY27 once EVA production is relocated
- **AROUCA:** Construction for component expansion ongoing, expected to be ready mid of FY25

# INCOME STATEMENT

## IN € MILLION

	FY	
	FY23	FY24
Revenue	1,492	1,805
Cost of sales	(566)	(744)
<b>Gross profit</b>	<b>926</b>	<b>1,061</b>
<b>Operating expenses</b>		
Selling and distribution expenses	(456)	(507)
General administration expenses	(171)	(113)
Foreign exchange gain (loss)	(36)	(20)
Other income (expense), net	(2)	1
<b>Profit from operations</b>	<b>261</b>	<b>421</b>
Finance cost, net	(107)	(127)
<b>Profit (loss) before tax</b>	<b>154</b>	<b>294</b>
Income tax expense	(79)	(102)
<b>Net profit (loss)</b>	<b>75</b>	<b>192</b>
Weighted average number of shares (# million)	183	188
<b>Earnings per Share (Basic / Diluted)</b>	<b>0.41</b>	<b>1.02</b>
<b>Adjusted Net profit (Non-IFRS)</b>	<b>207</b>	<b>240</b>
Weighted average number of shares	183	188
<b>Adjusted Earnings per Share (Basic / Diluted) (Non-IFRS)</b>	<b>1.13</b>	<b>1.28</b>
<b>Adjusted EBITDA (Non-IFRS)</b>	<b>483</b>	<b>555</b>
<b>% Adjusted Margin (Non-IFRS)</b>	<b>32.4%</b>	<b>30.8%</b>

APPENDIX

**BIRKENSTOCK**

# BALANCE SHEET

IN € MILLION

		Sep	Sep	
		FY23	FY24	
ASSETS	NON-CURRENT	Goodwill	1,594	1,555
		Intangible assets (other than goodwill)	1,706	1,639
		Property, plant and equipment	409	490
		Other assets	38	37
		<b>Total non-current assets</b>	<b>3,747</b>	<b>3,722</b>
	CURRENT	Inventories	595	625
		Trade and other receivables	92	114
		Other current assets	49	68
		Cash and cash equivalents	344	356
		<b>Total current assets</b>	<b>1,081</b>	<b>1,163</b>
<b>TOTAL ASSETS</b>	<b>4,827</b>	<b>4,885</b>		

		Sep	Sep
		FY23	FY24
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>2,401</b>	<b>2,625</b>
NON-CURRENT	Loans and borrowings	1,816	1,515
	Lease liabilities	103	143
	Deferred tax liabilities	110	131
	Other liabilities	20	23
	<b>Total non-current liabilities</b>	<b>2,048</b>	<b>1,812</b>
CURRENT	Loans and borrowings	37	40
	Lease liabilities	27	41
	Trade and other payables	123	136
	Accrued liabilities	39	29
	Tax liabilities	83	145
	Other current liabilities	69	57
<b>Total current liabilities</b>	<b>379</b>	<b>448</b>	
<b>TOTAL LIABILITIES</b>	<b>2,427</b>	<b>2,260</b>	
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>4,827</b>	<b>4,885</b>	

# CASH FLOW STATEMENT

## IN € MILLION

	FY	
	FY23	FY24
Net profit (loss)	75	192
Depreciation & amortization	83	101
Loss on disposal of property, plant and equipment	-	0
Change in expected credit loss	-	(1)
Finance cost, net	107	127
Net exchange differences	36	7
Non-cash operating items	66	3
Income tax expense	79	102
Income tax paid	(7)	(15)
MIP personal income tax paid / reimbursement, net	-	0
Changes in working capital	(80)	(88)
<b>Net cash flows provided by (used in) operating activities</b>	<b>359</b>	<b>429</b>
Purchases of property, plant and equipment	(102)	(65)
Purchases of intangible assets	(1)	(8)
Other	2	15
<b>Net cash flows provided by (used in) investing activities</b>	<b>(101)</b>	<b>(59)</b>
IPO Proceeds, net of transaction costs	-	449
Repayment of loans and borrowings	(53)	(662)
Payment of transaction costs related to refinancing	-	(5)
Interest paid	(112)	(90)
Payments of lease liabilities	(29)	(38)
Interest portion of lease liabilities	(6)	(9)
<b>Net cash flows provided by (used in) financing activities</b>	<b>(199)</b>	<b>(355)</b>
<b>Net change in cash and cash equivalents</b>	<b>59</b>	<b>15</b>
Cash and cash equivalents at beginning of period	307	344
Net foreign exchange difference	(21)	(3)
<b>Cash and cash equivalents at end of period</b>	<b>344</b>	<b>356</b>

APPENDIX