

## Corporate Succession

### You can go Your own way-

#### Effective Exit Planning

##### STANDFIRST

**In a nutshell, we believe that top quality and international expertise along with individual consultancy and a lean structure, are the defining attributes of PrimePartners Business Law Firm. We provide efficient solutions complex transactions and situations that concern all kinds of purchase and sale (M&A), financing and IPOs', split-ups, restructurings and outsourcings.**

PrimePartners have a wealth of experience and expertise, which allows the firm to provide top quality and international expertise, along with individual consultancy and a lean structure for his interests in small/ midcap transactions and financings.

Furthermore, PrimePartners work in partnership with our clients to ensure the best possible result. Together with our local and international business partners, we conduct legal and tax due diligence, draft and negotiate transaction documents (including W&I-insurance and financing) and coordinate multi-jurisdictional matters such as foreign subsidiaries or other assets or business interests. With our experience of more than 80 transactions, we know also how to coordinate the various tracks of SPA negotiation, integration of W&I insurances and transaction financing.

When it comes to exit planning, we are aware of the specifics of transforming family-owned businesses into a state-of-the-art private equity structure. In many cases, the firm have acted on behalf of private equity funds, but we have also acted for sellers too. In such situations, the firm have had to enlarge our role from purely being a legal adviser to one of a business partner, providing advice to the more unexperienced party, and selling his work of a lifetime to ensure that everything is in safe hands and the deal is done through a highly professional manner.

Looking ahead, there are many challenges and opportunities facing Prime Partners in the remainder of 2016 and beyond. Quite often transactions are enhanced with a debt-to-equity swap or roll-over of former shareholdings into a new set-up / SPV or similar financings with a corporate background. As such structures become much more of an issue, it is not sufficient that the deal-counsel add more specialist members to the team, but they should provide a consistent and experienced-backed chief-legal adviser.

Whatever challenges come along, Prime Partners believe that with our experience and expertise we are well-equipped to meet any obstacles that come along the way.

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# Corporate Succession and Holistic Succession Planning – Alternative Opportunities for the German “Mittelstand”

Even experienced entrepreneurs have not frequently sold their business. The sale of a company in the form of its succession strategy, is an extraordinary situation for entrepreneurs and shareholders, particularly when international players are involved.



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The “German Mittelstand” represents the German Economy to a great extent. Rumours in the nineties of last century state that this category of entrepreneurship is outdated and will lose its importance, were proven to be untrue. Within the last 4 decades, the portion of small and midsize family-owned companies to German’s economy, is stable and not decreasing. However, quite a substantial number of these family-owned companies are facing a company succession today, or within the next years. For their succession planning, internal solutions (to family members) are the first priority, despite unresolved financial needs and/or insufficient professional know-how expertise inter alia for their internationalisation and further growth.

## THE SALE OF BIRKENSTOCK

On the other side a sale to private equity (PE) - or other financial investors, is viewed as the last and least favourable option of family entrepreneurs, which is caused merely by their profit/EBITDA-driven image.

One solution to this dilemma is shown in a prominent case, recently reported by the financial press: the sale of Birkenstock to Bernard Arnault, the owner of LVMH, and his financial partners who intend to develop the brand further (in Asia in particular) within the highly developed LVMH-network.

Birkenstock is an iconic part of Germany’s family businesses with a 250-year history. In recent years, the two remaining family members, Alexander and Christian Birkenstock, together with the company’s management, achieved a substantial change of image, from that of ‘mundane sandals’ worn by doctors and elderly people, a hipster accessory, as shown by Kate Moss and Heidi Klum. In addition, the company was very successful during the corona crisis and increased its financial results of



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2019 sales by approximately 722 Million and 129 Million earnings before interest and taxes (EBIT), to approximately 1 billion in sales in 2020, with an EBIT of 200 Million (All EUR).

Nevertheless, the sales process was initiated in the middle of 2020, with enormous success. Ex-

Goldman-Sachs manager Dibelius, now partnered with CVC, provided an enormous bid of €5 billion. In the end, the €1 billion lower bid of Arnault and his LVMH group succeeded. Although details of the deal were not disclosed, it can be speculated that Arnault has proven with recent acquisitions such as Tiffany or Rimowa, that Birkenstock may continue its proprietary strategy and development and this was the decisive factor in the race.

## A THIRD OPTION FOR INVESTING

Of course, the Birkenstock case is at the upper end of “Mittelstand” businesses and the usual case of single or double-digit investments. Nevertheless, a lot of family offices in Germany and worldwide, are looking to implement their investment opportunities in a similar way as Mr. Arnault offered. They are prepared and willing to represent a true third option, instead of a stand-alone strategy or the traditional PE-investor. **EG**

For further information, please visit:  
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