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**TAKEOVERS &  
MERGERS  
BY THE EXAMPLE OF  
REEBOK**

# What is the difference between a merger and a takeover?

○ In a general sense, mergers and takeovers are very similar corporate actions - they combine two previously separate firms into a single legal entity. Significant operational advantages can be obtained when two firms are combined and, in fact, the goal of most mergers and acquisitions is to improve company performance and shareholder value over the long-term. A merger involves the mutual decision of two companies to combine and become one entity; it can be seen as a decision made by two "equals".

A takeover, or acquisition, on the other hand, is characterized by the purchase of a smaller company by a much larger one. This combination of "unequals" can produce the same benefits as a merger, but it does not necessarily have to be a mutual decision. A larger company can initiate a hostile takeover of a smaller firm, which essentially amounts to buying the company in the face of resistance from the smaller company's management.

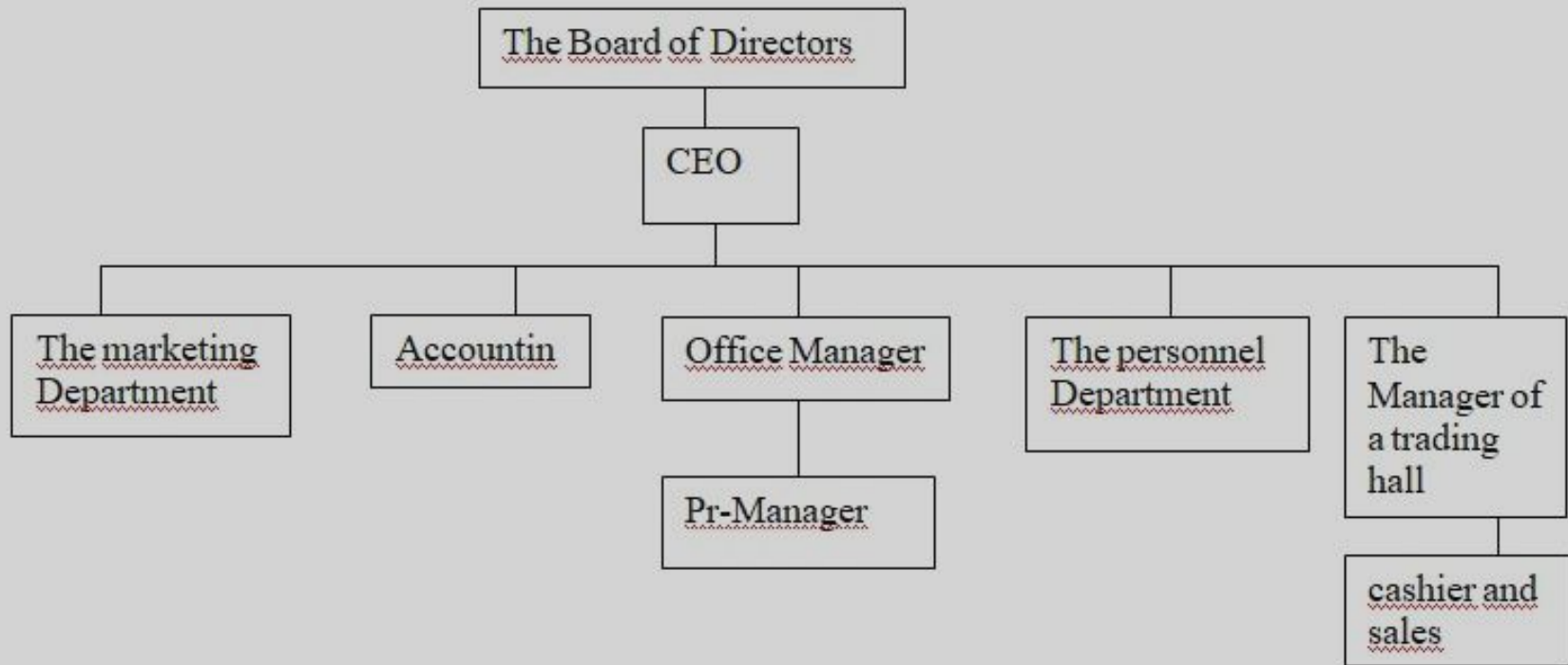
# Companies profile

- Reebok is a global athletic footwear and apparel company, operating as a subsidiary of Adidas since 2005. Reebok produces and distributes fitness, running and CrossFit sports wear including clothing and footwear. It is the official footwear and apparel sponsor for Ultimate Fighting Championship (UFC), CrossFit, Spartan Race, and Les Mills.
- In 1958, Reebok was established as a companion company to J.W. Foster and Sons, founded in 1895 in Bolton, Greater Manchester, England. From 1958 until 1986, Reebok apparel featured a Union Jack flag.
- The global headquarters are located in Canton, Massachusetts, U.S. with regional offices in Amsterdam (EMEA), Montreal (Canada), Hong Kong (Asia Pacific) and Mexico City (Central and South America).

# Merge procedure

- In 2005, the company Reebok acquired its European competitor, the German company Adidas for \$ 3.8 billion. However, the German management has still not been able to rectify the situation. So, at the end of the fourth quarter of 2012, Adidas had written off from the activities of Reebok 265 million. The loss is mainly due to the loss of the Reebok business, primarily in North America and Latin America.
- In November 2012, Adidas has lowered the forecast on sales by Reebok in three times. The brand has suffered from scandal in India: in may it became known that the former top executives of the Indian unit of Reebok organized a fraudulent scheme, which caused the group's loss for the 150-230 million dollars. Also, the sales results were influenced by the NHL lockout, and the lowering of the forecast — the completion of a ten-year contract with National football League USA.
- Despite the loss, Adidas is not going to abandon the brand Reebok.

# Changes in organizational structure





# Reebok today

## MAJOR P&L DEVELOPMENTS

IN Q1 2017

**REVENUES INCREASE 16% CURRENCY-NEUTRAL**  
AND 19% IN EURO TERMS TO € 5.7 BILLION

**GROSS MARGIN DOWN 0.2PP TO 49.2%**  
DUE TO NEGATIVE FX EFFECTS

**OPERATING MARGIN IMPROVES 0.9PP TO 11.1%**  
DUE TO DIFFERENT PHASING OF MARKETING INVESTMENTS

**NET INCOME FROM CONTINUING OPERATIONS INCREASES 30%**  
TO € 455 MILLION

**BASIC EPS FROM CONTINUING AND DISCONTINUED OPERATIONS UP 29%**  
TO € 2.26

# ACCELERATING MOMENTUM AT REEBOK

DOUBLE-DIGIT REVENUE GROWTH IN MOST MARKET SEGMENTS

Reebok 

**+13%**

**SALES INCREASE DRIVEN BY STRONG DOUBLE-DIGIT GROWTH IN CLASSICS AND TRAINING**

**RETAIL EXPANSION IN CHINA AND DIFFERENT LAUNCH SCHEDULE SUPPORT SALES GROWTH**

**REVENUE DECLINE IN NORTH AMERICA REFLECTING ONGOING RETAIL CLEAN-UP**