Authentic Brands reportedly prepared to pay $1 billion for Reebok

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Put up for sale by Adidas, Reebok has reportedly already attracted a sizeable bid from Authentic Brands Group. According to The New York Post, the owner of brands including Barney's, Juicy Couture, Nautica, Nine West and Frye, has offered $1 billion for the sportswear company.

This offer is far below the $3.8 billion that Germany's Adidas spent when it acquired Reebok in 2006, in an effort to better compete with U.S.-based sportswear giant Nike. The figure is, nevertheless, in line with the evaluations that observers have been making since mid-February, when Adidas officialized its long-held desire to separate from Reebok, whose underperformance has gradually become problematic for the group.

Neither Adidas nor Authentic Brands have denied or responded to the claims made by the press as of yet.

Earlier this month, Reuters reported that, in particular, Adidas was expecting offers from the Chinese groups, Anta Sports, which acquired Amer Sports, the owner of the Salomon and Arc'Teryx brands, in 2019, and Li Ning, as well as Korean-owned Fila. However, these Asian plans have run into difficulties due to the recent Chinese boycotts of Western brands in the context of the controversies surrounding the forced labour of Uyghurs in Xinjiang. New York-based Cerberus Capital Management has also reportedly expressed interest in the brand.

In 2020, Reebok's sales declined 19% to 1.4 billion euros. This corresponds to less than half of the 3 billion euros in revenue generated by the brand in 2005, before its acquisition by Adidas. Increasingly, Reebok has been identified by the German company's investors as one of the principal impediments to the group's development. Adidas had already considered selling the brand for a sum of 1.7 billion euros in 2014, with possible buyers at the time including a Thai mogul and Emirati investment funds.

Over the last few years, Reebok has been reorganized around a reduced network and revised lifestyle and training catalogs. The brand's creative direction has also been confided to designer Kerby Jean-Raymond, while the label's collaborations with artists including the likes of Cardi B have also become more frequent.
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Translated by Robin Driver