

Case Studies

eterna Mode GmbH - Innovation and tradition as a model for success

Always being well dressed in private and business life, with a shirt that isn't wrinkled by evening. Saving the time it takes to iron blouses. Not investing a fortune in business attire. All of these wishes of people who go to work every day are fulfilled by eterna Mode GmbH. The traditional shirt and blouse specialist from Passau has a mission - keeping people well dressed - and fabricates high-quality non-iron clothing. With around 1,000 employees, eterna is a figurehead among German SMEs in the field of shirt and blouse production.

The way to independence with private equity as a strategic partner

The company has always been profitable, making an important contribution to Germany as an economic centre. When the parent company Ahlers from Westfalen wanted to pursue its own expansion plans in 2006, management of both separately run companies asked how eterna could become independent as quickly as possible. Spinning off eterna via an IPO was one option – but with sales of approximately EUR 80 million, eterna was really too small for that. The parent company finally decided to sell the subsidiary. Cooperation with the private equity firms Alpha and Quadriga quickly developed and has been successfully sustained to this day. Both investors collected practical experience in the textile industry through several investments prior to the eterna takeover. Quadriga and Alpha owned the Basler, Comptoir des Cotonniers and Tom Tailor brands, Palmers and the outdoor outfitter Jack Wolfskin.

But extensive preliminary work was needed prior to the actual sale. A business plan had to be developed for the coming years, a comprehensive company presentation needed to be prepared, and a company strategy, defined down to the smallest details, was a must. Numerous questions such as these had to be answered: What is the assessment of the expansion market? Why markets in Eastern Europe in particular? The investors needed all the information available to management, also to obtain the necessary acquisition financing from their external lenders.

A management buyout was chosen to keep the relative freedom of the eterna management and maintain the existing company structure. There was the right chemistry between investors and management already during the sales negotiations. Alpha and Quadriga became strategic partners rather than opponents. The consortium realised the buyout with effect of 1 July 2006.

Visionary expansion

With Peter Rentsch, CEO of eterna Mode GmbH since March 2009, the company is led by a man with clear objectives and comprehensive experience in the fashion industry. Rather than limiting himself to established products, he is also interested in innovative developments, new business models and expansion. 'Thanks to the two investors, we were able to weather the challenging economic crisis unharmed. Now we are in a position to continue expanding – as we planned,' says Rentsch with regards to the partnership.

Against the trend, eterna produces exclusively in Europe and sells its shirts and blouses through 43 company shops and four franchise stores in German-speaking regions. The company has developed well over the last four years. It only had four of its own stores and two franchise partners in 2006. The eterna collections are now available at around 5,500 specialist dealers around the world. Approximately 30% of the products are exported to more than 30 countries. Outstanding product expertise and high-quality collections with a balanced price-performance ratio make eterna a professional retail partner.



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Continuous growth, even in times of crisis

In addition to expanding its distribution network, the company is also gradually increasing its product range. Even in 2009, eterna was able to grow against the market trend with a clearly differentiated product range, generating sales of EUR 93 million. The traditional SME has become an international company with great potential. 'The objective for the coming years is to strengthen the eterna umbrella brand in the domestic and foreign markets with new products that enhance everyday life,' says Peter Rentsch regarding future plans. As its latest innovation, eterna released 'Dynamic Cotton' just this autumn, therewith revolutionising its preferred raw material. From now on, pure, non-iron cotton can also be elastic – without the addition of synthetic fibres. A world novelty that once again successfully proves the innovative strength of eterna.