

## Billionaires Unmasked as Coty Persists in Pursuit of Avon

By David De Jong and Annette Weisbach - Apr 9, 2012

The German billionaires behind Coty Inc.'s \$10 billion bid for [Avon Products Inc. \(AVP\)](#), the world's largest direct seller of cosmetics, are the heirs to a 189-year-old chemicals empire their father helped transform into one of the largest consumer-goods companies in the world.

The four adopted children of Albert Reimann -- Renate Reimann-Haas, 60, Wolfgang Reimann, 59, Stefan Reimann-Andersen, 48, and Matthias Reimann-Andersen, 47 -- each own a quarter of closely held investment company Joh. A. Benckiser SE, according to a company spokesman. The family's combined net worth is at least \$20 billion, according to data compiled by Bloomberg.

Through Vienna-based JAB and its subsidiaries, the Reimanns own 80 percent of Coty, which makes Calvin Klein fragrances and OPI nail polish. They also own Labelux Group GmbH, which manages luxury brands Bally, Belstaff and Jimmy Choo, and more than 15 percent of London-based [Reckitt Benckiser Group Plc \(RB/\)](#), maker of Durex condoms and Nurofen painkillers.

"The Reimanns prefer to stay out of the limelight, leaving the day-to-day business to professional managers they have chosen to trust," Michael Woywode, a professor who follows the family at the University of Mannheim Business School in the German city of the same name, said in a telephone interview April 5. "They all keep a low profile."

The reclusive billionaires, whose individual names have never appeared on a major international rich list, were thrust into the limelight last week when New York-based Avon rejected Coty's unsolicited cash bid on April 2. The heirs are based in Ludwigshafen, in [Germany's](#) Rhine-Neckar region, which is home to [BASF SE \(BAS\)](#), the world's biggest chemical maker.

### 'Three Fathers'

Peter Harf, who has worked for JAB for more than three decades, is the family holding company's chief executive officer. Coty is operated by Chairman Bart Becht and CEO Bernd Beetz.

"Coty's bid for the Avon baby has three fathers," Harf said in an e-mail on April 5. "Bernd Beetz, Bart Becht and myself."

The Reimanns support JAB's bid for the door-to-door seller of cosmetics and skin-care products, according to a person familiar with the family's thinking who

asked not to be named because the matter is private.

Coty, which makes fragrances for celebrities such as Beyonce and Sarah Jessica Parker, had tried for months to sell itself to Avon in a deal that would have left it as the biggest shareholder of a combined public company. It is now seeking to persuade Avon's investors to support a deal that would involve the cosmetics company becoming closely held.

## **\$4.1 Billion Sales**

Coty has \$4.1 billion in annual sales and about \$800 million in earnings before interest, taxes, depreciation and amortization. It would be valued at \$8.8 billion excluding debt based on the average enterprise value-to-Ebitda of four publicly traded peers: [Elizabeth Arden Inc. \(RDEN\)](#), Avon, Estee Lauder Cos. and [L'Oreal SA. \(OR\)](#) Avon has a market value of \$10 billion.

Labelux generated about 1 billion euros (\$1.3 billion) in revenue in 2011, according to the company spokesman. The operation would be worth about \$4.1 billion excluding debt, based on an average of the enterprise value-to-Ebitda and price- to-earnings multiples of four publicly traded peers: [Burberry Group Plc \(BRBY\)](#), Salvatore Ferragamo SpA, [Tod's SpA \(TOD\)](#) and [Hugo Boss AG. \(BOS\)](#)

JAB's stake in Reckitt Benckiser was worth \$6.2 billion on April 5. The Reimann family has earned about \$1.5 billion in stock sales and dividend income from Reckitt Benckiser and one of its predecessors, Benckiser NV, since 1997.

## **Citric Acid, Phosphates**

If successful, the Avon deal would mark the biggest acquisition for the Reimanns since inheriting the company from their father, who died in 1984. The family declined to comment for this account. A company spokesman, who asked not to be named because the family is private, provided details on their corporate history.

The Reimann fortune began in 1823, when Johann Adam Benckiser founded his namesake chemical company in Pforzheim, Germany. Five years later, chemist Ludwig Reimann joined Benckiser as co-owner. The duo sold citric acids and phosphates to customers throughout [Europe](#). One of Benckiser's heirs eventually ceded his stake in the company to the Reimann family after retiring childless.

In 1858, Reimann moved the operation to Ludwigshafen, Germany. Reimann's great-great-grandson, Albert, joined the family business in 1923, at the age of 25, helping to run the company alongside his father and uncles.

## **Denture Cream, Detergent**

Albert Reimann inherited the entire company when his father died in 1952. In the following decade, he introduced a slew of consumer-goods into the company's

product line, including Kukident denture adhesive cream in 1962 and Calgonit dishwasher detergent in 1964.

In 1960, Reimann began hiring outsiders to help run the business, starting with Martin Gruber, who was put in charge of buying inventory. In 1978, Gruber became the company's CEO. Three years later they hired Peter Harf, a former [management consultant](#) at [Boston Consulting Group](#) with a doctorate in economics from Cologne University.

Reimann died in 1984, leaving each of his four adopted children with a 25 percent stake in the company. Harf was appointed JAB's CEO by the Reimann heirs four years later, and has run the business ever since.

## **Benckiser Foundation**

The four Reimanns have never been involved in the company's day-to-day management. According to the JAB spokesman, most of the billionaires are trained scientists. They run a Ludwigshafen-based charitable group called Benckiser Foundation for Youth Welfare, which set up the German branch of Big Brothers Big Sisters.

Harf led the company through an international buying binge in the late 1980s, acquiring European detergent makers Panigal SpA, SA Camp Group and Mira Lanza SpA. In 1992, the company bought Coty from [Pfizer Inc. \(PFE\)](#) for about \$440 million.

“Harf is unbelievably smart and capable,” Jim Stern, chairman of [Tufts University](#) and CEO of New York-based Cypress Group LLC, said in a telephone interview on April 4. Stern befriended Harf when they were studying at [Harvard Business School](#) in Cambridge, [Massachusetts](#), in the 1970s. “He really is a class act.”

In 1997, JAB sold shares of Benckiser NV, maker of household cleaning products Vanish and Cillit Bang, on the Amsterdam Stock Exchange. Two years later, the company merged with British consumer-goods outfit Reckitt & Colman Ltd. to create Reckitt Benckiser. It generated more than \$15 billion in sales in 2011.

## **Moved to Austria**

In 2006, after almost 150 years in Germany, Harf moved JAB to [Austria](#) to incorporate the firm as a Societas Europaea. A year after the move, Harf created the family's luxury retail group, Labelux. The company bought up fashion brands such as Derek Lam, Belstaff and Bally, and in May 2011, purchased shoemaker [Jimmy Choo](#) Ltd. from private-equity firm TowerBrook Capital Partners LP for about 550 million pounds (\$875 million).

In November 2011, Harf hired Becht to be Coty's chairman. Becht, a 55-year-old Dutchman who ran Benckiser NV and Reckitt Benckiser from 1995 through last year, was brought on to develop strategy with Bernd Beetz, who has been the fragrance maker's CEO since 2001.

The trio began to court Avon in an attempt to sell Coty to the cosmetics seller before making its \$10 billion cash bid, which was rejected April 2.

## Developing Markets

The perfume manufacturer is seeking to expand sales of its products in developing markets such as [Brazil](#), Becht said in an interview last week. More than 80 percent of Avon's sales last year came from outside [North America](#).

With three executives publicly bidding for Avon, the Reimann billionaires are able to control their vast fortune while remaining out of the limelight.

“In the Rhine-Neckar region where the Reimanns are from, there are a few influential families and they all keep a low profile,” said Woywode of the University of Mannheim. “Long- established entrepreneur families in Germany often live reclusively.”

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