

## **Deal of the Week: Roark Capital to Buy Buffalo Wild Wings for \$2.4B**

Announcement Date	<ul style="list-style-type: none"> <li>November 28, 2017</li> </ul>	
Acquirer	<ul style="list-style-type: none"> <li>Roark Capital Group</li> </ul>	
Acquirer Description	<ul style="list-style-type: none"> <li>Private equity firm (owns Arby's)</li> <li>Headquartered in New York, NY</li> </ul>	
Target Company	<ul style="list-style-type: none"> <li>Buffalo Wild Wings, Inc. (NASDAQ: BWLD)</li> </ul>	
Target Description	<ul style="list-style-type: none"> <li>Owns, operates, and franchises restaurants under Buffalo Wild Wings, R Taco, and PizzaRev names</li> <li>More than 1,250 locations in 10 countries</li> <li>Founded in 1982 and headquartered in Minneapolis, Minnesota</li> </ul>	
Target Financial Statistics	<ul style="list-style-type: none"> <li>Mkt Cap: \$2.4 billion</li> <li>EV: \$2.7 billion</li> <li>LTM Revenue: \$2.0 billion</li> </ul>	<ul style="list-style-type: none"> <li>LTM EBITDA: \$261.1 million</li> <li>LTM EV / Revenue: 1.3x</li> <li>LTM EV / EBITDA: 10.2x</li> </ul>
Acquirer Advisor	<ul style="list-style-type: none"> <li>Barclays</li> </ul>	
Target Advisor	<ul style="list-style-type: none"> <li>Goldman Sachs</li> </ul>	
Price / Consideration	<ul style="list-style-type: none"> <li>\$2.4 billion</li> </ul>	<ul style="list-style-type: none"> <li>Cash</li> </ul>
Rationale	<ul style="list-style-type: none"> <li>"We are confident that the strength of our two industry-leading brands, under the sponsorship of Roark Capital — an experienced restaurant and food service investor — will enable us to capitalize on significant growth opportunities in the years ahead," Buffalo Wild Wings CEO Sally Smith said</li> <li>Activist hedge fund Marcato Capital Management, which owns 6.4% of Buffalo Wild Wings, had put pressure on the company to pursue strategies to boost its stock price</li> <li>The deal comes as the casual dining sector is ailing as Americans have rediscovered home meals amid low grocery prices and new food delivery options. Competition from fast-casual competitors and higher labor costs are also hurting</li> <li>Buffalo Wild Wings also had been battered by a sharp increase in the cost of chicken wings, although the cost is down 20% from its high</li> </ul>	
Deal Points	<ul style="list-style-type: none"> <li>Roark will buy the company for \$157 per share, representing a premium of 7.2% to the restaurant's Monday's close</li> <li>Roark's offer is at a 34% premium to the stock price on Nov. 13, the last trading day before media reported that Roark had made an offer of more than \$150 per share</li> <li>Including debt, the deal is valued at about \$2.9 billion</li> <li>Following the deal close, expected during the first quarter of 2018, Buffalo Wild Wings will become a privately held unit of Arby's and operate as an independent brand</li> </ul>	
Of Note	<ul style="list-style-type: none"> <li>The deal is the latest in a flurry of restaurant takeovers by private equity firms. In October, casual dining chain Ruby Tuesday was bought by NRD Capital for about \$335 million, while Luxembourg-based JAB Holdings took U.S. food chains Panera Bread and Krispy Kreme Doughnuts private over the last two years</li> </ul>	