

Deal of the Week: Restaurant Brands to Buy Popeyes for \$1.8B

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| Announcement Date | <ul style="list-style-type: none"> February 21, 2017 | |
| Acquirer | <ul style="list-style-type: none"> Restaurant Brands International Inc. (NYSE: QSR) | |
| Acquirer Description | <ul style="list-style-type: none"> Owns, operates, and franchises quick service restaurants under the Tim Hortons and Burger King brand names Founded in 1954 and headquartered in Oakville, Canada | |
| Acquirer Financial Statistics | <ul style="list-style-type: none"> Mkt Cap: \$25.7 billion EV: \$20.3 billion LTM Revenue: \$4.2 billion | <ul style="list-style-type: none"> LTM EBITDA: \$1.8 billion LTM EV / Revenue: 4.9x LTM EV / EBITDA: 11.1x |
| Target Company | <ul style="list-style-type: none"> Popeyes Louisiana Kitchen, Inc. (NASDAQ: PLKI) | |
| Target Description | <ul style="list-style-type: none"> Develops, operates, and franchises quick-service restaurants under the Popeyes Louisiana Kitchen and Popeyes Chicken & Biscuits trade names Founded in 1972 and headquartered in Atlanta, Georgia | |
| Target Financial Statistics | <ul style="list-style-type: none"> Mkt Cap: \$1.6 billion EV: \$1.8 billion LTM Revenue: \$268.9 million | <ul style="list-style-type: none"> LTM EBITDA: \$84.6 million LTM EV / Revenue: 6.6x LTM EV / EBITDA: 21.1x |
| Target Advisors | <ul style="list-style-type: none"> UBS AG and Genesis Capital | |
| Price / Consideration | <ul style="list-style-type: none"> \$1.8 billion | <ul style="list-style-type: none"> Cash |
| Rationale | <ul style="list-style-type: none"> Restaurant Brands' managers have long said they would consider acquiring other brands, where they could boost profit by cutting costs and selling locations to franchisees. Restaurant Brands, backed by Brazilian PE firm 3G Capital, also may look to expand the chain abroad "We get to add another iconic, incredible brand with this really rich Louisiana heritage," Restaurant Brands CEO Daniel Schwartz said in an interview. "We see it resonating with guests all around the world, and we see an opportunity to massively accelerate the growth." "Restaurant Brands may be able to cut selling, general and administrative expenses in half in the next two years, and its private equity partners can boost international expansion as spicy flavors, chicken and rice tend to travel well," said Michael Halen, an analyst at Bloomberg Intelligence. "It fits right into the 3G playbook." The fast-food business has become more challenging over the last several years as newer entrants like Shake Shack and Five Guys and online ordering threaten the market share of traditional drive-throughs | |
| Deal Points | <ul style="list-style-type: none"> The cash offer of \$79 a share represents a 19% premium to Popeyes' closing price on Friday, and a 27% premium to the price of the stock before rumors about a deal began to swirl this month The transaction is being paid for with cash on hand and a financing commitment from JPMorgan Chase & Co. and Wells Fargo & Co | |
| Of Note | <ul style="list-style-type: none"> This deal was announced after 3G withdrew Kraft Heinz's \$143 billion bid for Unilever this past weekend | |