

## **Deal of the Week: JAB Holding Company to Buy Panera for \$7.5B**

Announcement Date	<ul style="list-style-type: none"> <li>April 5, 2017</li> </ul>	
Acquirer	<ul style="list-style-type: none"> <li>JAB Holding Company</li> </ul>	
Acquirer Description	<ul style="list-style-type: none"> <li>Privately held business group headquartered in Luxembourg focused on investments in companies with premium brands in the Consumer Goods category</li> </ul>	
Target Company	<ul style="list-style-type: none"> <li>Panera Bread Company (NASDAQ: PNRA)</li> </ul>	
Target Description	<ul style="list-style-type: none"> <li>American chain of approximately 2,000 bakery-café fast casual restaurants in the United States and Canada</li> <li>Offerings include soups, salads, pasta, sandwiches and bakery items</li> <li>Founded in 1981 and headquartered in St. Louis, Missouri</li> </ul>	
Target Financial Statistics	<ul style="list-style-type: none"> <li>Mkt Cap: \$7.2 billion</li> <li>EV: \$6.5 billion</li> <li>LTM Revenue: \$2.8 billion</li> </ul>	<ul style="list-style-type: none"> <li>LTM EBITDA: \$405.3 million</li> <li>LTM EV / Revenue: 2.3x</li> <li>LTM EV / EBITDA: 16.1x</li> </ul>
Acquirer Advisors	<ul style="list-style-type: none"> <li>Goldman Sachs, JPMorgan Chase, BAML and BDT Capital Partners</li> </ul>	
Target Advisor	<ul style="list-style-type: none"> <li>Morgan Stanley</li> </ul>	
Price / Consideration	<ul style="list-style-type: none"> <li>\$7.5 billion</li> </ul>	<ul style="list-style-type: none"> <li>Cash</li> </ul>
Rationale	<ul style="list-style-type: none"> <li>With the acquisition of Panera, JAB will have spent more than \$40 billion in what appears to be a big bet that it can muscle in on a market dominated by Starbucks and Nestlé</li> <li>“We strongly support Panera’s vision for the future, strategic initiatives, culture of innovation, and balanced company versus franchise store mix,” Olivier Goudet, JAB’s chief executive, said. “We are excited to invest in and work together with the company’s management team and franchisees to continue to lead the industry.”</li> <li>Ron Shaich, Panera’s personable chief executive who controls roughly 15% of its stock, said one of the biggest attractions to the JAB deal was the chance to take his company private</li> <li>While Panera was a blue-chip in the restaurant sector with a sterling balance sheet and strong cash flows, it has contended with investor skittishness on slowing comparable store sales across the food sector - now Panera will fall into the hands of a private owner who may be fine with a quarterly or half-year headwind of rising food and labor costs</li> </ul>	
Deal Points	<ul style="list-style-type: none"> <li>JAB would pay \$315 a share, representing a premium of 30% to Panera’s 30-day VWAP as of March 31, the last trading day before media reported that Panera was exploring a potential sale</li> <li>JAB would also assume about \$340 million in net debt</li> </ul>	
Of Note	<ul style="list-style-type: none"> <li>JAB Holding Company has acquired the American brands Peet’s Coffee, Caribou Coffee and Keurig Green Mountain, all since 2012</li> <li>The acquisition of Panera will be the second-biggest restaurant deal in North America after Burger King’s \$11.53 billion purchase of Canadian coffee chain Tim Hortons</li> </ul>	