

Deal of the Week: JAB to Buy Pret A Manger for \$2B

Announcement Date	<ul style="list-style-type: none"> • May 29, 2018
Acquirer	<ul style="list-style-type: none"> • JAB Holding Company
Acquirer Description	<ul style="list-style-type: none"> • Privately held German conglomerate that includes investments of companies operating in the arenas of consumer goods, forestry, coffee, luxury fashion, and fast food, among others • Already owns Panera, Au Bon Pain, Caribou Coffee, Krispy Kreme, and Keurig • Headquartered in Luxembourg
Target Company	<ul style="list-style-type: none"> • Pret A Manger
Target Description	<ul style="list-style-type: none"> • International sandwich shop chain commonly referred to simply as "Pret" with approximately 530 locations in nine countries • Controlled by the investment firm Bridgepoint Advisers • Revenue of 879 million pounds last year • Founded in 1983 and headquartered in London
Acquirer Advisor	<ul style="list-style-type: none"> • HSBC
Target Advisor	<ul style="list-style-type: none"> • JP Morgan
Price / Consideration	<ul style="list-style-type: none"> • \$2 billion • Cash
Rationale	<ul style="list-style-type: none"> • Since 2012, JAB Holdings, backed by Germany's wealthy and secretive Reimann family, has spent tens of billions of dollars to assemble a huge portfolio of brands, expanding its coffee and beverage empire • It began with coffee, as JAB sought to challenge the industry heavyweight Nestlé. JAB made deals for Peet's Coffee, Caribou Coffee, Stumptown and more. Then came restaurants like Krispy Kreme and the fast-casual chain Panera. And this year, JAB helped Keurig Green Mountain, which the conglomerate bought and combined with Mondelez's former coffee arm, move into soft drinks with an \$18.7 billion deal for Dr Pepper Snapple • "Management's proven track record and commitment to customer service, investment in innovation and approach to freshly prepared food position Pret well as it capitalizes on evolving customer taste and lifestyle preferences," Olivier Goudet, JAB's CEO, said in a statement • Bridgepoint bought a majority stake in Pret a decade ago for about 345 million pounds and had been examining an exit via a New York listing before opting to sell to JAB
Deal Points	<ul style="list-style-type: none"> • The sale values Pret at more than 1.5 billion pounds (\$2 billion) including debt • The sale price represents a multiple of 15x Pret's 2017 EBITDA of more than 100 million pounds, according to a person with knowledge of the matter
Of Note	<ul style="list-style-type: none"> • The sale gives Pret founders Julian Metcalfe and Sinclair Beecham a final exit from their remaining investment in the chain they founded 32 years ago