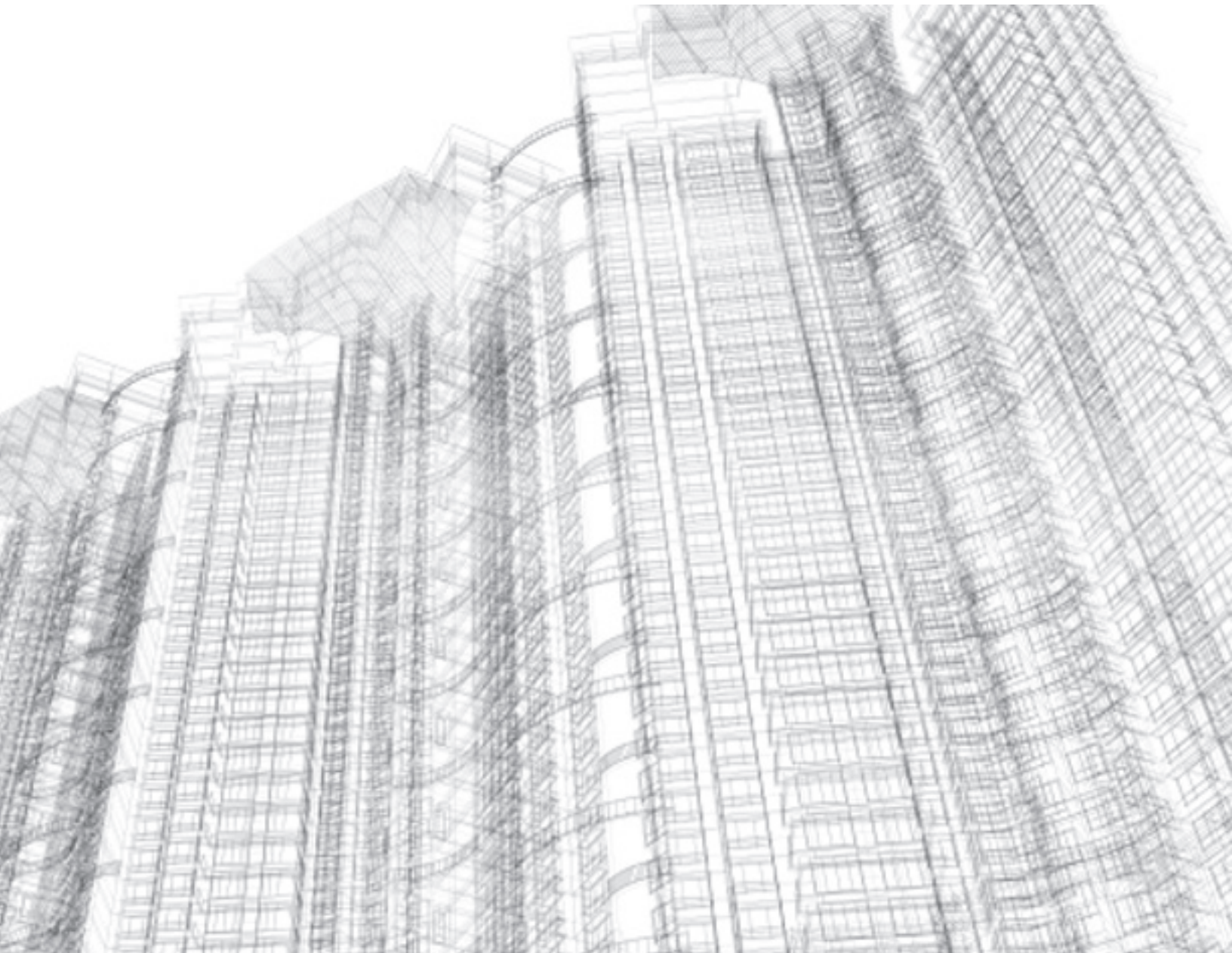




Trading Spaces: Detailing the Top Mergers and Acquisitions of the Year

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Detailing the Top Mergers and Acquisitions of the Year

Despite the ups and downs of the economy in recent years and its impact on the retail environment, some companies are living by the old adage that “you have to spend money to make money.” At [Chain Store Guide](#), we not only keep track of who’s doing what in the retail and foodservice marketplaces, we keep track of who owns the major players and who’s buying and selling them. Between September 2010 and September 2011, [Chain Store Guide](#) recorded 73 transactions that resulted in more than 26,000 stores and restaurants changing hands. That follows the 2009-2010 year of 67 deals involving more than 11,000 locations. Deals are currently pending for another 500+ units.

The following are some details behind the five largest transactions that occurred this past year.

3G Capital Management Acquires Burger King Holdings – October 2010

Biggest by far of the current deals was 3G Capital Management’s takeover of Burger King Holdings in October 2010. What started out as Insta-Burger King in the early 1950’s has grown to a multinational corporation with more than 12,000 restaurants around the world. After being acquired from British alcoholic-beverage giant Diageo in 2002 by TPG Capital (formerly Texas Pacific Group), Burger King was reorganized and taken public in 2006. Despite efforts at revamping the menu, remodeling many of the tired and outdated stores, and the introduction of the BK Whopper Bar, the company’s stock began to fall, and the owners divested their holdings, selling to Brazilian-based 3G Capital. The transaction privatized the company, although it continues to file financial documents with the Securities and Exchange Commission.

Roark Capital Group Acquires Arby’s Restaurant Group – July 2011

The July 2011 acquisition of the Arby’s Restaurant Group is the last in a long, strange ride for the restaurant chain. The concept was developed in the 1960’s in Ohio and grew at a rate of about 50 stores a year during the 1970s. In 1984, the chain was acquired and the corporate name became Triarc Companies. In addition to operating and franchising Arby’s restaurants, Triarc Companies at various times also owned the Snapple Beverage Group, Royal Crown Company Inc., and Deerfield Capital Management (an asset management service company). In 2008, Triarc acquired Ohio-based Wendy’s International, divested its other businesses and relocated the corporate office to Arby’s home town of Atlanta, GA; the company was subsequently renamed Wendy’s/Arby’s Group Inc. In January 2011, Wendy’s/Arby’s Group announced plans to sell its Arby’s business. In July, Roark Capital Group acquired the chain, and the former Wendy’s/Arby’s Group became The Wendy’s Company. Plans to relocate corporate management to the Dublin, Ohio offices of Wendy’s International have been announced.

EchoStar Communications Corp. Acquires Blockbuster Inc. – April 2011

Within a few years after its 1985 opening, Blockbuster had become one of the most recognized brands in the world. The company pretty much owned the U.S. movie rental market and maintained its leadership until the early 2000s, when Netflix's no-late-fee, no trips to the store to pick up or return videos became the consumer's choice. Before Blockbuster had fully integrated the Netflix business model into its own operations, Netflix began streaming videos directly to its subscribers' houses. Fast on the footsteps of this innovation was Redbox, a low-priced DVD vending machine that popped up in seemingly every available retail space. Although Blockbuster launched its own competitive vending machine called Blockbuster Express, the damage was done and the company filed Chapter 11 bankruptcy in September 2010. EchoStar Communications, better known for its Dish Network, acquired Blockbuster in an auction and immediately set to work revitalizing the brand. Given Netflix's public relations stumbles in recent weeks and EchoStar's ambitious plan to offer a Blockbuster feed through its satellite broadcast service and plans to maintain a base of at least 1,500 retail stores, the company may be getting ready to rise from the mat.

FOCUS Brands (Roark Capital Group) Acquires Auntie Anne's Inc. – November 2010

In November 2010, Roark Capital Group, through its FOCUS Brands division, also acquired the Auntie Anne's chain of pretzel shops. FOCUS Brands was created by Roark in 2004 following the acquisition of the Cinnabon and Carvel chains. Subsequently, Roark acquired Moe's Southwest Grill, Schlotzsky's Ltd., and most recently, Auntie Anne's. Roark also owns Il Fornaio Corp., CBC Restaurant Corp. (Corner Bakery Café), McAlister's Corp., and Wingstop Restaurants Inc. in the foodservice industry. Roark Capital is focused on leveraged buyouts in middle-market companies, and its acquisition of Auntie Anne's allows it further penetration into the quick-serve/fast-casual restaurant industry.

Leonard Green & Partners Acquires Jo-Ann Stores Inc. – April 2011

Another private equity firm, Los Angeles-based Leonard Green & Partners, added to its considerable holdings this year by acquiring Jo-Ann Stores in April. Unlike Roark Capital Group, which has mostly focused its acquisitive eye on foodservice operations, Leonard Green invests primarily in retailers – its current holdings include BJ's Wholesale Club, David's Bridal, Petco Animal Supplies, The Container Store, and The Sports Authority among others. Once publicly owned, Jo-Ann Stores welcomed its acquisition as the best way to maximize shareholder value and to “further capitalize on opportunities to accelerate the expansion and upgrade of [its] stores and pursue market share gains.”

All of this real estate changing hands offers a multitude of opportunities to developers, service providers, executive search firms, systems integrators, and other types of business:

- Companies often close locations of their newly-acquired operations, leading to vacant retail space
- Remodeling and/or rebranding locations to bring conformity to the organization is common
- Infrastructure changes are usually required to ensure all parts of the organization can communicate and operate as a single unit
- Technology sometimes must be updated and integrated
- Vendors of the acquired companies may lose those accounts and will need to find new customers to compensate.

The following table provides details on the additional transactions captured by **Chain Store Guide's** editorial staff this year as part of its ongoing effort to provide its customers with the most up-to-date and accurate information available:

Chain Store Guide's Mergers & Acquisitions Report (September 2010 – September 2011)

| Month/ Year | Acquirer | Acquiree | # Units |
|----------------|--|--|---------|
| Oct-10 | 3G Capital Management LLC, New York, NY | Burger King Holdings, Miami, FL | 12,174 |
| Jul-11 | Roark Capital Group, New York, NY | Arby's Restaurant Group, Atlanta, GA | 3,631 |
| Apr-11 | EchoStar Communications Corp., Englewood, CO | Blockbuster Inc., Dallas TX | 3,400 |
| Nov-10 | Focus Brands, Atlanta, GA | Auntie Anne's Inc., Lancaster, PA | 1,100 |
| Apr-11 | Leonard Green & Partners LP, Los Angeles, CA | Jo-Ann Stores Inc., Hudson, OH | 751 |
| Aug-11 | Advent International, Boston, MA | Bojangles' Restaurants Inc., Charlotte, NC | 503 |
| Jan-11 | Chanticleer Holdings, Charlotte, NC | Hooters of America, Atlanta, GA | 452 |
| Mar-11 | Cambridge Petroleum Group Inc., Dallas, TX | Getty Petroleum Marketing Inc., East Meadow, NY | 432 |
| Mar-11 | Groupe Le Duff SA, Paris, France | Bruegger's Enterprises Inc., Burlington, VT | 300 |
| Jul-11 | Golden Gate Capital, San Francisco, CA | California Pizza Kitchen Inc., Los Angeles, CA | 266 |
| Dec-10 | Catterton Partners, Greenwich, CT | Noodles & Co., Broomfield, CO | 255 |
| Oct-10 | Kelso & Company, New York, NY | Logan's Roadhouse Inc., Nashville, TN | 214 |
| Mar-11 | Brentwood Associates, Los Angeles, CA | K-MAC Holdings Corp., Fort Smith, AR | 190 |
| May-11 | 7-Eleven Inc., Dallas, TX | Wilson Farms, Williamsville, NY | 188 |
| Dec-10 | 7-Eleven Inc., Dallas, TX | ExxonMobil, Houston, TX | 183 |
| Jun-11 | Sizzler USA Management, Culver City, CA | Sizzler USA, Culver City, CA | 178 |
| Jan-11 | Uni-Select Inc., Boucherville, ON | FinishMaster Automotive & Industrial Paint, Indianapolis, IN | 177 |
| Oct-10 | Fertitta Holdings, Houston, TX | Landry's Restaurants, Houston TX | 170 |
| Jun-11 | Roark Capital Group, New York, NY | Il Fornaio Corp., Corte Madera, CA | 141 |
| Nov-10 | Centerbridge Capital Partners LP, NYC, NY | Rock Bottom Restaurants Inc., Louisville, CO | 139 |
| Jul-11 | Big Lots Stores, Columbus, OH | Liquidation World Inc., Brantford, ON | 89 |
| Oct-10 | Dollar Tree Stores Inc., Chesapeake, VA | Dollar Giant, Vancouver, BC | 85 |
| Jun-11 | Salsarita's Holdings LLC, Raleigh, NC | Salsaritas Inc., Raleigh, NC | 82 |
| Dec-10 | West Coast Capital, Sherman Oaks, CA | Pick Up Stix, San Clemente, CA | 74 |
| Mar-11 | Luxottica Group S.p.A., Port Washington, NY | Stanza High Tech, Mexico | 70 |
| May-11 | Sprouts Farmers Market, Phoenix, AZ | Henry's Farmers Market, Riverside, CA | 69 |
| Jun-11 | VF Corp., Greensboro, NC | The Timberland Company, Stratham, NH | 69 |
| May-11 | Chairman's Brand Corp., Toronto, ON | New Orleans Pizza of Canada, Saint Marys, ON | 67 |
| Aug-11 | Luxottica Group, Milan | Erroca, Israel | 60 |
| Apr-11 | Lowe's Pay and Save Inc., Littlefield, TX | Super S Foods, San Antonio, TX | 55 |
| Nov-10 | Centerbridge Capital Partners LP, NYC, NY | Gordon Biersch Restaurant Group, Chattanooga, TN | 52 |
| Dec-10 | Small Island Investments Ltd., Bermuda | Good Times Restaurants Inc., Golden, CO | 49 |
| Oct-10 | Genesco Inc. (Hat World), Nashville, TN | Sports Avenue, Rock Island, IL | 48 |
| Nov-10 | Landry's Restaurants, Houston, TX | Claim Jumper Restaurants LLC, Irvine, CA | 45 |
| Nov-10 | Casey's General Stores Inc., Ankeny, IA | Kabredlo's, Lincoln, NE | 44 |
| Jan-11 | Chanticleer Holdings, Charlotte, NC | Texas Wings, Dallas, TX | 41 |
| Jul-11 | Boyne Capital LLC, Miami, FL | Crispers Restaurants LLC, Lakeland, FL | 37 |
| May-11 | 57th Street General Acquisition Corp., NYC, NY | Crumbs Holdings LLC, New York, NY | 35 |
| Nov-10 | Landry's Restaurants, Houston, TX | Bubba Gump Shrimp Co., San Clemente, CA | 32 |

Chain Store Guide's Mergers & Acquisitions Report (September 2010 – September 2011) Cont'd

| Month/Year | Acquirer | Acquiree | # Units |
|------------|--|---|---------|
| Mar-11 | The Comvest Group, West Palm Beach, FL | Haggen Inc., Bellingham, WA | 32 |
| May-11 | Art Van Furniture, Warren, MI | Mattress World, Howell, MI | 28 |
| Mar-11 | Ashford Hospitality Trust, Dallas, TX | Highland Hospitality, McLean, VA | 28 |
| Apr-11 | Speedway LLC, Enon, OH | Gas City, Frankfort, IL | 27 |
| Oct-10 | Franchise Brands LLC, Milford, CT | Taco Del Mar brand, Seattle, WA | 22 |
| Nov-10 | Casey's General Stores Inc., Ankeny, IA | On the Way (Various) | 19 |
| Apr-11 | Angelo, Gordon & Company, New York, NY | Firebirds International, Charlotte, NC | 18 |
| Nov-10 | Endeavor Capital, Portland, OR | Bristol Farms, Carson, CA | 14 |
| Aug-11 | Sunoco Inc., Philadelphia, PA | Shipley Group, York, PA | 14 |
| Jun-11 | Apple Gold Group, Raleigh, NC | Applebee's restaurants, SC | 13 |
| Sep-11 | Buehlers Food Market, Wooster, OH | Ritzman Pharmacies, Wadsworth, OH | 13 |
| Sep-10 | Alimentation Couche-Tard Inc., Laval, QC | Crystal Flash Petroleum LLC, Indianapolis, IN | 12 |
| Jul-11 | Capitol BC Restaurants LLC, Poughkeepsie, NY | Bugaboo Creek, Poughkeepsie, NY | 12 |
| Mar-11 | Casey's General Stores Inc., Ankeny, IA | Nuway Cooperative, Trimont, MN | 11 |
| May-11 | Walgreen Company, Deerfield, IL | Carle RxExpress, Urbana, IL | 10 |
| May-11 | Fertitta Entertainment, Las Vegas, NV | Trump Marina Hotel and Casino, Atlantic City, NY | 9 |
| Jan-11 | Sunoco Inc., Philadelphia, PA | Getty Petroleum Marketing Inc., East Meadow, NY | 9 |
| Sep-11 | The Kroger Co., Cincinnati, OH | Schnuck Markets Inc., St. Louis, MO | 8 |
| Nov-10 | Lifeway Christian Stores, Nashville, TN | Christian Supply Centers Inc., Portland, OR | 7 |
| Mar-11 | Tavistock Restaurants LLC, Emeryville, CA | E-Brands Restaurants, Orlando, FL | 7 |
| Jan-11 | Villa Enterprises, Morristown, NJ | The Office Beer Bar & Grill chain, Mountainside, NJ | 7 |
| Jun-11 | 7-Eleven Inc., Dallas, TX | Workman Oil Co., Lynchburg, VA | 6 |
| Oct-10 | Lifeway Christian Stores, Nashville, TN | Northwestern Book Stores, Burnsville, MN | 6 |
| Nov-10 | SUPERVALU Inc., Eden Prairie, MN | Rinderer Drug Inc., Saint Peters, MO | 6 |
| Jun-11 | Times Supermarkets, Honolulu, HI | Big Save Inc., Eleele, HI | 6 |
| Jul-11 | US LBM Holdings, Green Bay, WI | John H. Myers & Son Inc., York, PA | 6 |
| Jan-11 | Viking Inc., Belfast, ME | Rhoades Building Products, Holden, ME | 5 |
| Apr-11 | ProBuild Holdings, Denver, CO | Harbert Lumber Co., Grand Junction, CO | 4 |
| Dec-10 | Americas Retail Flagship Fund LLC, NYC, NY | Gracious Home, New York, NY | 3 |
| Dec-10 | Churchill Downs, Louisville, KY | Harlow's Casino Resort & Hotel, Greenville, MS | 3 |
| Feb-11 | Kum & GO LLC, West Des Moines, IA | JC's Corner Stores, Waukegan, IA | 2 |
| Jan-11 | Pinnacle Entertainment, Las Vegas, NV | River Downs Racetrack, Cincinnati, OH | 2 |
| Pending | MTY Food Group, Saint-Laurent, QC | Jugo Juice International, Calgary, AB | 133 |
| Pending | MTY Food Group, Saint-Laurent, QC | Mr. Submarine Ltd., Toronto, ON | 335 |

Source: Chain Store Guide

If you would like to comment or provide additional insight on this topic, please email Linda Helman at lhelman@chainstoreguide.com.

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