

# **1989 CHAIN RESTAURANT MERGER & ACQUISITION CENSUS**

## **SUMMARY REPORT**

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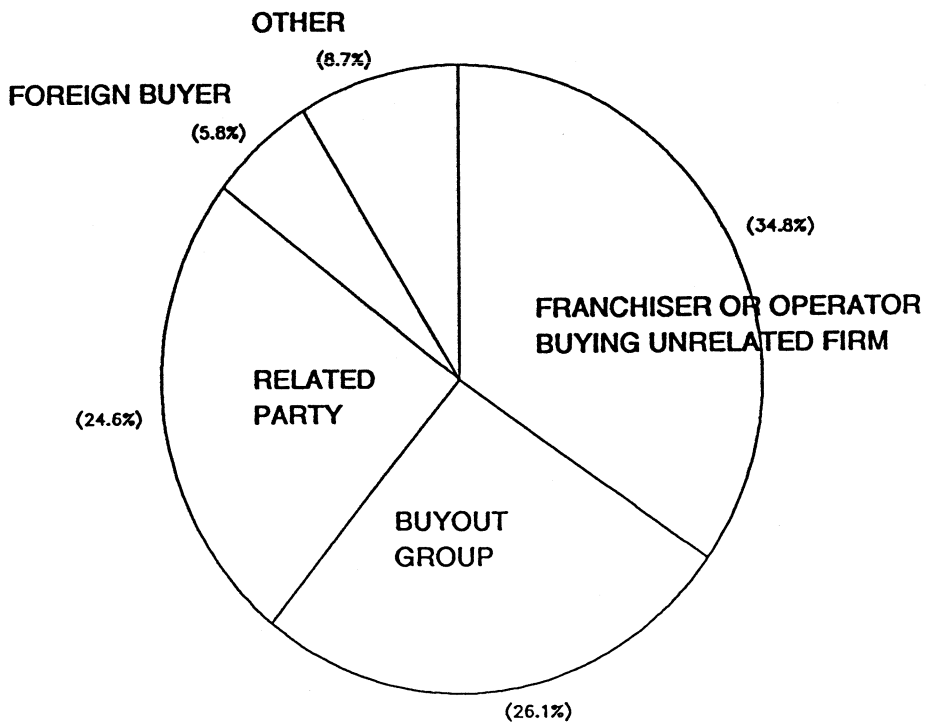
# 1989 Chain Restaurant Merger & Acquisition Census

## Targets

Annabelle's	Marriott In-Flite Services
Atchafalaya River Cafe	Miss Grimble
Baskin Robbins	Morgan's Foods
Bonanza	Morton's Steak Houses
Boury Enterprises	Mother's
Bresler's	Mrs. Powell's Inc.
Carlos Murphy's	Nathan's Inc.
Carvel Corp.	Pasta Today
Casa Lupitas	Peasant Restaurants
Chef-Aire Airline Caterers	People Foods Inc. Franchisee
Church's Chicken	Perkins Family Restaurants L.P.
Cochran-O'Brien	Pillsbury Co.
Corporate Food Services Inc.	Pioneer Take Out Corp.
Creative Groumets	Pizzeria Regina
Dave & Buster's	Quick Wok
Dobbs International Inc.	Ralph & Kacoo's
Dunkin' Donuts	Restaurants Unlimited
Ed Debevic's Inc.	Romano's Macaroni Grill
Gilbert/Robinson Division	Romet Corp.
Grady's	Shakey's Pizza Restaurants, Inc.
Grand American Fare	Share Repurchase
Grisanti's Inc.	Skipper's Inc.
Ground Round	Sonny's Bar-B-Q
Hartz	TGI Friday's
Heidi's Frozen Yogurt	Trans/Pacific Restaurants Inc.
Hershel's Deli & Bakery	TW Services, Inc.
Hooter's	Wendco Northwest L.P.
J. Higby's Inc.	Wendy's
Jack's Corned Beef of Lombard St.	Wendy's Licensee
James Coney Island	Wendy's Units
Jerrico Inc.	Winchell's Donut House
Kettle Restaurants	Winchell's Donut Houses L.P.
Manask Food Service	Winners Corp.
Manchu Wok	York Steak Houses
Marie Callender Pie Shops, Inc.	

# 1989 RESTAURANT MERGER & ACQUISITION CENSUS

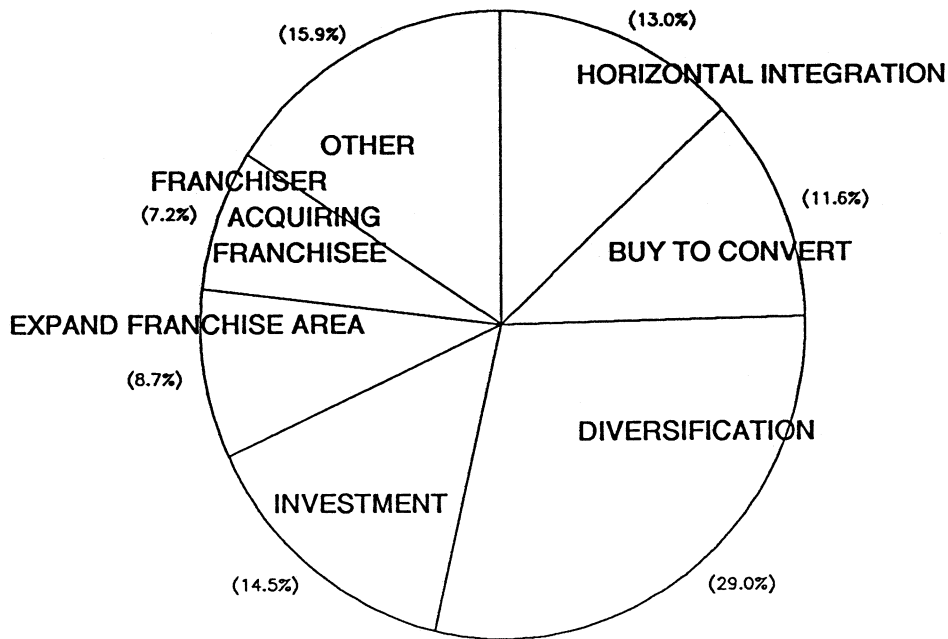
## TYPE OF BUYER



There were three announced acquisitions of franchisees by other concept franchisees and six franchisers consolidating by purchasing their own franchisee locations. The year saw three non-group management buy-outs and three former owners reacquiring their previously sold operations.

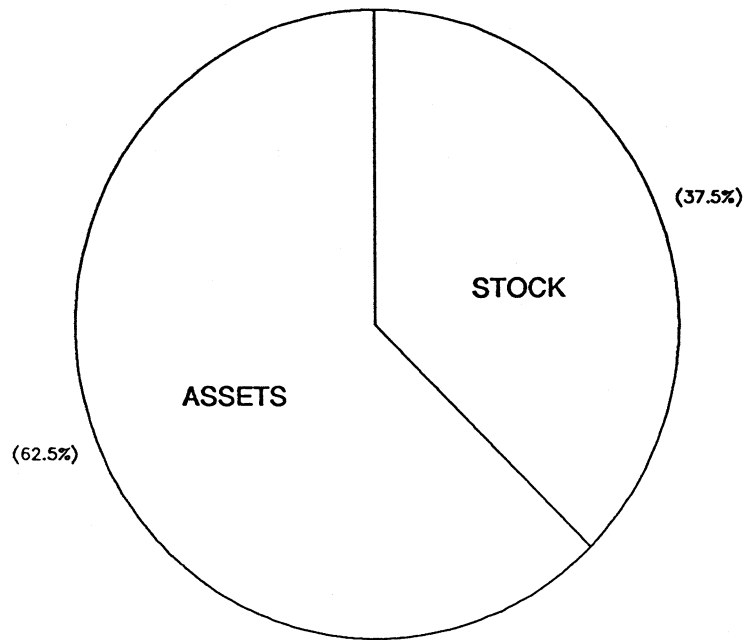
Buy-out group activity continued to grow in the number of transactions but declined in total acquisition price and numbers of units purchased.

## 1989 RESTAURANT MERGER & ACQUISITION CENSUS REASON FOR PURCHASE



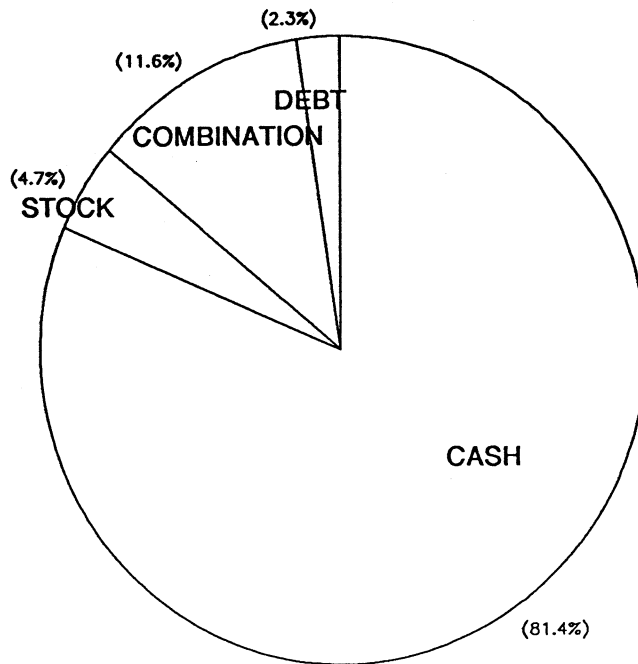
The Diversification category included restaurant operations and LBO funds already in the industry acquiring unrelated concepts. Action among franchisers and their franchisees and between franchisees was less this year than in prior years. Acquisitions aimed at conversion of an existing concept to the buyer's concept was a direct result of the high number of troubled chains put up for sale. Horizontal integration continued to grow as more decision makers looked for synergy to justify an acquisition.

**1989 RESTAURANT MERGER & ACQUISITION CENSUS  
TYPE OF SECURITY OR ASSET ACQUIRED**



**More than 80% of all acquisition in the Census disclosed the type asset being acquired. The above relationship between asset and stock reflect the general decline in public company targets, the repeal of the general utilities doctrine and the change in capital gains rates.**

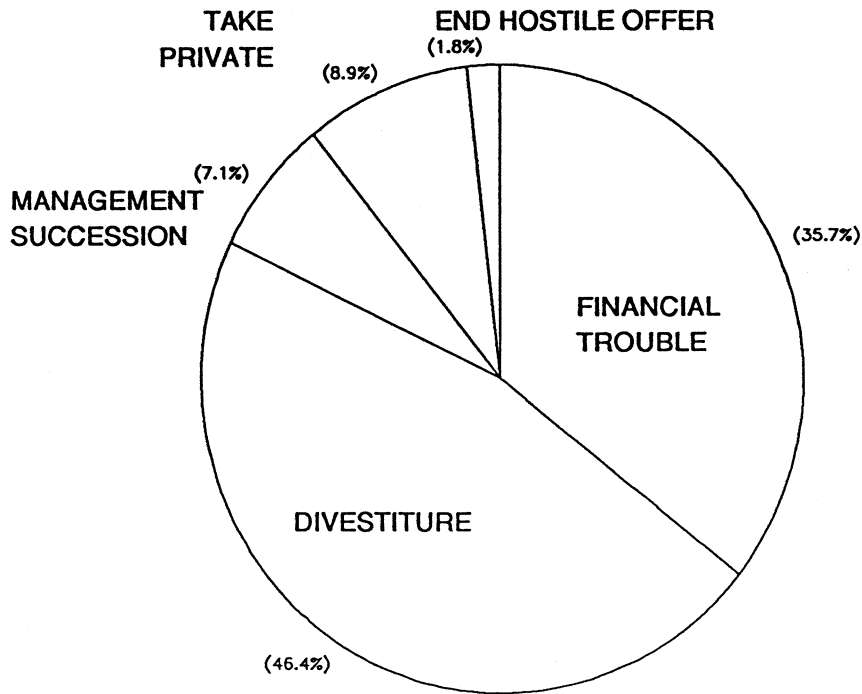
## 1989 RESTAURANT MERGER & ACQUISITION CENSUS METHOD OF PAYMENT



Cash continues to be the payment method preferred by sellers. A combination of cash, stock, notes, or payments based upon future earnings were used when the asking price exceeded the buyer's estimation of value. In particular, many of the troubled chains accounted for the combination packages.

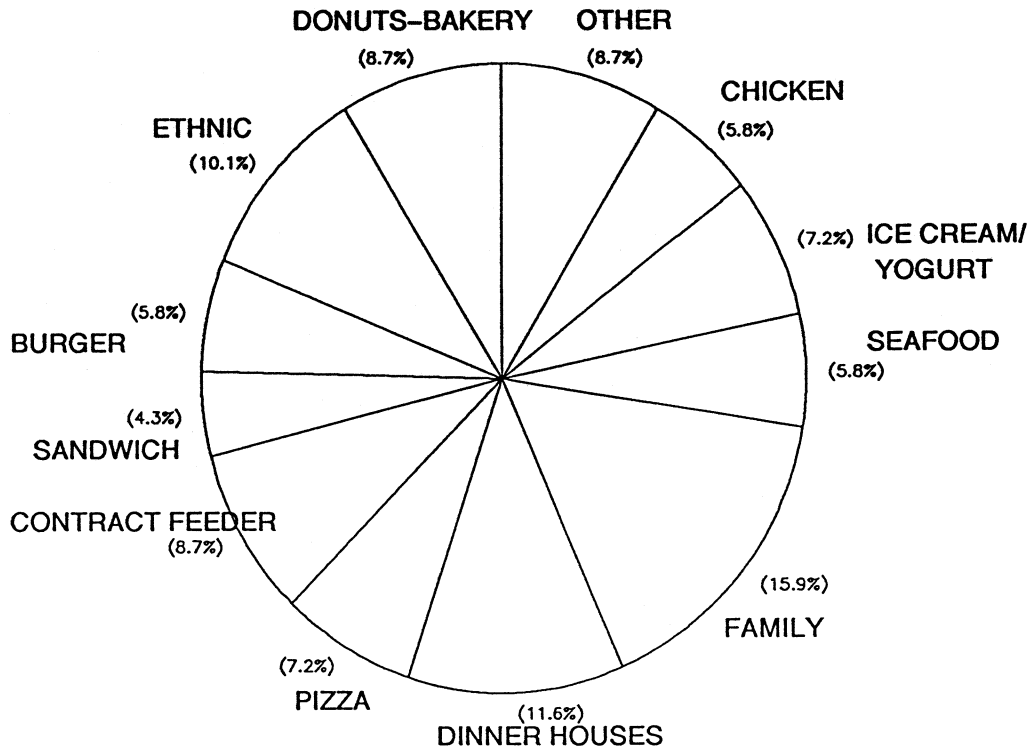
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## REASON FOR SALE



More than 82% of all sale activity resulted from the desire to divest an operation which did not fit strategically into the long term objective of the parent or stockholders. Nearly half of the operations were in financial trouble. Only five companies were taken private.

# 1989 RESTAURANT MERGER & ACQUISITION CENSUS INDUSTRY SEGMENTS



As the chart suggests, no one segment dominated the activity this year. The segments which showed the most growth in activity were Donut/Bakery followed by Ice Cream/Yogurt. While not significantly greater than prior years, Dinner Houses, Family and Contracted Feeder segments remained strong.