

## Wild Takeover Bid for Buffalo Wild Wings

By Camila Piedrahita Abello, J.D. Candidate 2019 | November 20, 2017

Last month, Roark Capital Group, the private equity owner of several fast-food chains, made an all-cash offer to Buffalo Wild Wings Inc. in the hopes of purchasing the chicken wing chain for close to \$2.3 billion at reportedly \$150 per share. Reports of this potential deal sent shares of the chicken franchise flying up as much as 28 percent.

This takeover bid comes following a difficult year for B-Dubs, as the company struggled due to rising food costs and poor sales. Longtime CEO Sally Smith announced her resignation at the end of the year following a failed proxy battle against activist shareholder Marcato Capital Management. Marcato has since appointed three of its own candidates to the company's board. Buffalo Wild Wings has yet to name Smith's replacement.

Some argue Roark's offer to B-Dubs marks an effort to re-enter the chicken market following a failed attempt to purchase Popeyes.

Earlier this year, Roark Capital Group backed Arby's Restaurant Group Inc. as the company submitted a rival bid against Burger King to purchase Popeyes Louisiana Kitchen Inc. In this particular bid, shareholders "would have received \$40 a share in cash as well as equity in the combined company...with Roark owning 80 percent." Popeyes ultimately agreed to be bought by Restaurant Brands International Inc. for about \$1.8 billion.

The acquisition of Buffalo Wild Wings would fit well in Roark's restaurant-heavy portfolio of sandwich chain restaurants – Arby's, Carl's Jr., and Jimmy John's, among others.

For now, some are left wondering whether Roark's \$150 per share offer comes even remotely close to the right price for Buffalo Wild Wings stock. Just a year ago the stock reached a high of \$175 per share and has climbed as high as \$200 a share. It is also worth noting Marcato paid \$143 for its own stock. The current bid represents a very modest yield for investors. Other potential buyers have yet to express their interest in purchasing the company for more.

Representatives by Buffalo Wild Wings and Roark have yet to comment on this rumored deal.