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VILLA ENTERPRISES EVALUATING ACQUISITION OPPORTUNITIES OF SIMILAR CONCEPTS, CFO SAYS

By Rebecca Wenzel

Villa Enterprises Management, a Morristown, New Jersey-based multi-concept restaurant franchisor, is evaluating acquisitions of similar concepts, said CFO Laurent Xatart.

The privately held company, with USD 160m in annual revenues, is interested in acquisitions that have a similar menu offering to either its Villa Fresh Italian Kitchen or Greenleaf's franchise (salad's), and that it could integrate under its brand, he said. Acquisitions of regional chains in one of these two categories are of interest because the company can easily convert the acquisition, as menu offerings and operations are similar.

Buys could be similar to past acquisitions, said Xatart. In 2003, Villa acquired Everything Yogurt Brands, a 100-location franchise concept. In December 2008, it acquired six Luciano Brickoven Pizzeria locations, which it converted into the Villa Fresh Italian Kitchen concept.

Villa may entertain private equity offers to finance acquisition growth, Xatart said. The company

is well capitalized for organic growth but it may seek capital for acquisitions, though it is not actively seeking it.

Size is not of much concern as Villa will look mainly for available opportunities that are similar to it, he explained. Villa also considers the revenue and growth potential of targets when looking at buys. The company would look at acquiring stressed or struggling companies that Villa could turn around with its operational expertise. The company is more likely to acquire where it already has a presence and the market is already familiar with the Villa Fresh Italian Kitchen and Greenleaf's brands, he said.

Villa has more than 300 locations, Xatart said. It will add 47 locations in 2009 and 72 locations in 2010, both through new location openings and through acquisitions. It will reach 500 locations in 2011. Acquisitions of existing concepts would help the company reach these growth goals more quickly. Villa is primarily focused on growing its Villa Fresh Italian

Kitchen concept, which contributes to 90% of the company's growth.

Internationally, it is strengthening its presence in its existing countries as well as entering new countries this year and in 2010, he said. It is focusing on South Africa, Mexico, Dubai, Kuwait and Saudi Arabia this year. In 2010, it will expand into Brazil and Chile.

Villa has recorded 8.8% total sales growth and it expects 11.3% sales growth for this year, Xatart said.

The company competes with Sbarro and typical "food court" restaurants, Xatart added.

Villa has four franchised brands: Villa Fresh Italian Kitchen, Greenleaf's, Bananas and South Philly Steak & Fries. It also owns and operated several full service restaurants located in the New York Metro area including: George and Martha's, Black Horse Tavern, Black Horse Pub, MacKenzie's, Il Forno and Villa Café Pizzeria & Ristorante.

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