QSR®

Fast Casual BurgerFi Plans to Go Public Following Merger

The better-burger brand has grown to 125 locations.

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BurgerFi was founded in 2011 in South Florida.

BURGERFI

In a rare restaurant development, an emerging fast casual is headed to the public sector. Opes Acquisition Corp., a blank-check company that uses public investor money to fund acquisitions, and BurgerFi International jointly announced Monday they've agreed to a non-binding letter of intent to enter into a business combination agreement. BurgerFi, which has nearly 125 corporate and franchise locations across 23 states and two countries, would become a publicly traded company on the NASDAQ stock exchange following close. Under the terms of the LOI, Opes and BurgerFi would become a combined entity, with BurgerFi's shareholders rolling over a majority of the equity in the public company.

It has been far more common in recent years for restaurants to be taken private. Kura Sushi bucked recent history when it started trading last August after raising $41 million in its initial public offering—the first for a restaurant chain since Wingstop and Fogo de Chao went public in 2015. A few brands that did so from 2013–2015 have since returned to being private, including Papa Murphy's (acquired by MTY Food Group for $190 million), the aforementioned Fogo de Chao ($560 million sale), and Zoes Kitchen ($300 million to Cava).

TGI Fridays was en route to going public as well when it announced a business combination transaction with Allegro Merger Corp in November. But the $380 million deal collapsed in April due to the uncertainty of COVID-19. Another blank-check company deal intended to go public—Chuck E. Cheese parent CEC Entertainment's 2019 proposal—fell through. Muscle Maker Grill priced its IPO at$5 per share in February.

Blank-check "rms are publicly traded entities that merge with an established brand. That "rm then takes on the company's name and goes public.

A release Monday said BurgerFi has a mix of franchise and corporate openings projected through 2021. New immediate-term locations are planned for the chain's home state of Florida, as well as the Southeast, Mid-Atlantic, and Northeast regions. According to FoodserviceResults, BurgerFi had total sales of $150 million in 2019, a 7.5 percent increase from the prior year. The brand also lifted its average-unit volumes from $1.402 million to $1.429 million.

"The Opes team brings the experience and real estate expertise to maximize BurgerFi's growth potential," BurgerFi founder John Rosatti said. "Our broad consumer appeal, strategic supply chain partnerships and state-of-the-art commissary, combined with our data-driven and technology-forward approach, puts us in a uniquely scalable position."

"In addition, BurgerFi is poised to capitalize on the growing base of customers seeking a healthier yet indulgent fast casual experience that speaks to their values of quality and responsibly sourced ingredients," he continued. "The partnership with Opes will enable us to further strengthen the BurgerFi brand and accelerate our growth as we continue to expand and bring the best burgers to even more consumers around the world."

The parties expect to execute a de"nitive agreement by the end of the month, with closing planned for Q3.

BurgerFi employs roughly 3,000 people, with about 50 percent of its locations in Florida (1,200–1,500 workers reside in the Sunshine State alone). The chain was slated to open its 51 Florida location this summer in Delray Beach.

BurgerFi was founded in 2011 in South Florida and grew by 25–30 units per year from 2013–2015, quickly cementing itself as one of the sector's fastest-growing better-burger chains.

It slowed a bit for the next couple of years to update infrastructure, technology, and franchise systems before ramping back up in the second half of 2018.

The chain uses 100 percent natural Angus beef with no steroids, antibiotics, growth hormones, chemicals or additives, and was one of only two restaurant brands (Shake Shack) to receive an "A" rating in a 2018 report called "Chain Reaction IV: Burger Edition," which was produced by the Center for Food Safety, Consumer Reports, Food Animal Concerns Trust, U.S. PIRG Education Fund, Friends of the Earth, and Natural Resources Defense Council.

BurgerFi is also known for its sustainability focus and reduced carbon footprint designs. The new Delray location, for example, including specialty walls, chairs, and bar stools made from recycled Coca Cola bottles, communal bar tables and tables made from compressed wood planks, and sensor/touchless restrooms.

The design also was built to COVID-19 standards, with social distanced tables, bar stools and chairs, Plexiglas shields, sanitizing restroom door handles, and socially distanced #oor stickers.

"BurgerFi represents a tremendous partner for Opes in what we believe will be an attractive public market company given its' rapid ascension as a nationally recognized brand in the 'better burger' space," Ophir Sternberg, chairman of Opes Acquisition Corp., said in a statement. "BurgerFi's crave-worthy menu of premium ingredients personi"es it as a leader in consumer trends. Enhanced by its' technology-driven business model, steadfast commitment to responsible procurement, highly scalable structure and significant expansion opportunities, BurgerFi is an extremely attractive investment opportunity. We have enjoyed working with BurgerFi's world-class management team, and we look forward to supporting them in the new growth phase as a public company."