

BurgerFi to go public in \$100M deal with blank-check investor

Julie Littman | June 30 2020, 10:16 a.m. EDT



UPDATE, June 30, 2020: BurgerFi and special purpose acquisition company Opes Acquisition Corp. entered a definitive agreement to combine for \$100 million, according to a press release emailed to Restaurant Dive. The transaction will introduce BurgerFi International as a Nasdaq-listed public company with an initial enterprise value of about \$143 million. The deal was unanimously approved by the board of directors at both companies and is expected to close in the third quarter of 2020.

Dive Brief:

- BurgerFi, a 125-unit fast casual chain, entered into a non-binding letter of intent with blank-check investor Opes Acquisition Corp. on Monday. A business combination would result in BurgerFi becoming a publicly traded company, according to a press release. BurgerFi's shareholders would roll over a majority of the equity into the combined public company.
- The burger chain has a mix of franchise and corporate store openings through 2021 and some of its newest developments will occur in its home state of Florida, as well as in the Southeast, Mid-Atlantic and Northeast regions.
- The two parties expect a definitive agreement by the end of June with a closing expected during Q3 2020. The transaction will be subject to approval from both company boards, regulators and shareholders, among other customary conditions.

Dive Insight:

If the deal goes through it would be the largest burger chain to go public since EAT Brands, which went public in 2017. Other restaurants have tried to go public using blank-check investors, including TGI Fridays and CEC Entertainment, but both deals fell through. TGI Fridays' deal with Allegro Merger Corp. collapsed due to the market conditions during the pandemic, which has made any healthy deal activity nearly nonexistent.

This deal going through also could signal that healthy M&A could still occur this year. So far the biggest deals of 2020 have been among distressed companies, such as Krystal, Boston Market and Le Pain Quotidien U.S.

BurgerFi has been on a rapid growth trajectory, with sales growing 3% in 2019 to \$141 million, according to Technomic data reported by Restaurant Business. The company has also been making big deals with licensees for expansion, partnering with the Air Force Services in November to expand across American Air Force bases globally as well as opening its third Mexico City location in September 2019. It partnered in early May with REEF Kitchens, which develops small neighborhood kitchens or virtual kitchen hubs across the country, to enter new markets, including Seattle, Nashville, Minneapolis and Houston by the end of the year, with more cities scheduled for 2021.

The combination with Opes will provide more opportunities for the chain to grow and strengthen its brand, John Rosatti, BurgerFi founder, said in the press release.

"The Opes team brings the experience and real estate expertise to maximize BurgerFi's growth potential," 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."