

# Case Study: Croissant Express

## INVESTMENT TO EXIT SUCCESS

Banksia Capital announced the sale of 100% of its stake in Croissant Express to Croissant Industries Pty Ltd, a subsidiary of Consolidated Foods Pte Ltd in September 2013.

Since the initial \$3 million investment in May 2010 Croissant Express has grown to be one of WA's leading cafe-bakery franchises.

## HOW DID WE ADD VALUE?

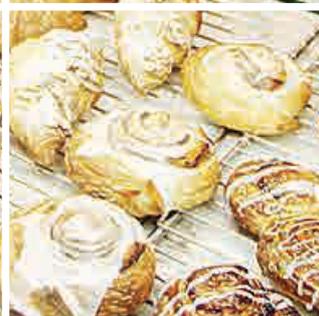
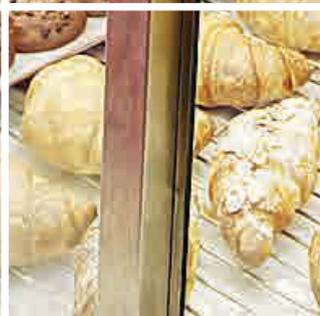
Banksia Capital backed the existing management team to implement its plan to grow the Croissant Express franchise. The company successfully grew its' network from 18 to 27 stores as well as converted the operation to a franchise-only business by selling the company owned outlets to new franchisees.

Banksia Capital assisted in 'franchising off' 8 corporate stores and introducing new franchisees. The store disposals simplified the business and took the staffing levels from approximately 120 FTE's to less than 10 with minimal impact to the company's profits and value. Banksia Capital also assisted in negotiating improved supplier terms.

In addition, Banksia Capital organised bank funding and managed the sale process to deliver an exit for all shareholders.

## Key Value Add Activities

- Led Croissant Express store sale program
- Led strategy planning programs for Croissant Express
- Organised Croissant Express's debt funding
- Managed the sale process



# Executive Summary

**Customer Name**  
Croissant Express

**Industry**  
Retail Fast Food

- Business Challenge**
- Outlet growth
  - Capital and labour intensive company store model
  - Exit options

**Business Input Solution**  
\$3 million

- Business Value**
- Increased store numbers 50% (to 27)
  - EBITDA margins increased
  - Offers to purchase from multiple parties

# The Strategy

Croissant Express had built a quality WA brand over its 20+ year history, but had a desire to grow at a more rapid pace. Banksia Capital were invited to take a significant minority stake in the business to enable it to scale quickly by migrating the business from company owned outlets to a franchisee only model.

Banksia Capital implemented a planned path for Croissant Express to achieve its growth targets.

The following key achievements occurred during Banksia's involvement:

- 50% increase in network outlets – 9 additional openings since the introduction of Banksia Capital
- 8 store outlets sold bringing in new high quality franchisees to the network, several then going on to open 2nd and 3rd stores
- 75% of day 1 debt retired



*"I've led 3 transactions with 3 different investment groups and would strongly recommend that any Perth based private business talk with the Banksia Capital team. They've been an invaluable resource on numerous strategic projects, and the right sort of partner to have on board when issues arise."*

- Jonathan Huston – Croissant Express  
Executive Chairman