

FRANCHISE BRANDS WORLDWIDE ON ACQUISITION TRAIL IN RUN UP TO IPO

Franchise Brands Worldwide, whose flagship franchise brands include market leaders ChipsAway and Ovenclean, have announced ambitious plans for expansion of the group and are actively seeking acquisition prospects ahead of an IPO. According to Group Chairman Stephen Hemsley, the move is part of a strong growth strategy in preparation for a potential stock market launch in 2015, and creates superb opportunity for franchise companies looking to join a dynamic, successful group and benefit from proven business development expertise. Hemsley will shortly be speaking with brokers to finalise the timeline of the flotation, and is keen to add further companies to an already impressive portfolio of businesses ahead of a stock market listing.

Hemsley is a well-recognised figure in business circles, particularly within the franchise industry. He is best known for steering Domino's Pizza through a period of extraordinary growth. Over his fifteen year association with Domino's – initially as Finance Director, followed by an eight year spell as Chief Executive, subsequently Executive Chairman (he currently holds the role of Non-Executive Chairman) - Hemsley took the company from around 150 stores and a share price of 15.6p in 1999, to today's total of 870 stores across the UK, Ireland and Europe, with

new stores opening every week, and current share price of around £6 – a phenomenal growth rate by any standards.

Together with former co-director at Domino's Pizza Nigel Wray, Hemsley became involved with the acquisition of ChipsAway, Ovenclean and other brands from Administration after the collapse of the My Home group in 2008.

Nigel Wray is one of the UK's most successful entrepreneurial investors in both public and private companies. He is a former director and large shareholder in Carlton Communications, Singer & Friedlander, Domino's and Play Holdings. Currently he is a major investor and director in Nick Leslau's Prestbury Investment Holdings Ltd, also in Chapel Down Plc (England's largest winemaker) and a long term substantial investor in Alliance Pharma Plc, Networkers International Plc, Telecom Plus Plc, Avingtrans Plc and many other public and private companies. He is also the chairman and co-owner of Saracens Rugby and owns one of the finest collections of sporting art and memorabilia in the country.

With the businesses they acquired from My Home they formed Franchise Brands Worldwide, set about stabilising them and investing further in the future development of

each brand. Their success has been impressive, achieving steady growth despite the difficult financial times of recent years.

"We know franchising," says Hemsley. "We recognised those brands that have a good foothold in their marketplace, a critical mass and the potential for growth. The franchises within FBW are now stable and growing well, so now we're back on the acquisition trail."

The key criterion for an acquisition prospect is what Hemsley calls 'viable store level economics', basically a compelling proposition from which franchisees can make money. He believes completely that the success of franchisees is what determines the ultimate success of the franchisor; accordingly, he says, deep commitment to franchisee support and development is at the heart of the FBW philosophy.

"We've looked a number of possibilities to date, but the risk/reward balance has to be right. We're very protective of our reputation and won't get involved in anything that we don't believe can offer the franchisee a viable business opportunity.

The first thing we look at is how the franchisees make their money, then we look at the corporate structure. Successful franchises are built on successful franchisees, otherwise you can't recruit and you can't grow."

Other criteria vital to Franchise Brands in a prospective franchise include passion and belief in their business on the part of the franchisor, together with a willingness to share in the FBW philosophy and work closely with the team to accelerate growth plans.

"We're not interested in start-ups," Hemsley says. "Our ideal franchise would be an established business with around not less than 25 viable franchisees with the potential to grow significantly. Above all, a franchise joining the



Stephen Hemsley

group must buy into the FBW philosophy, investing energy and enthusiasm, we'll provide the 'corporate' element. If they love their

business and are fully engaged with our vision, then they will fit well with Franchise Brands Worldwide and we'll work well together."

Whilst no sector is a particular target, Stephen Hemsley is clear which formats best fit the

Franchise Brands Worldwide model.

"Businesses offering B2C services are ideal," he says. "The repeat order, regular customer base 'milk round' franchises tend to be best suited to centralised marketing and finance functions, particularly if they are royalty based rather than operating a flat fee license. In our experience, royalty based franchises allow the franchisor to better identify with the success of the franchisees, which, after all, is at the heart of a franchise partnership". ■

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