



TAKING FLIGHT

AUSPEX CAPITAL'S Q3 2020 NEWSLETTER

THE AUSPEX TEAM CLOSSES 13 TRANSACTIONS FOR CLIENTS IN THE MIDST OF COVID-19

Helping our clients successfully navigate the challenges of 2020 has been gratifying. So far this year, we've closed 13 transactions for our clients, and we have nine pending deals set to close in the 4th quarter.

Whether you're buying or selling restaurants, refinancing your business or developing new restaurants, we can help you navigate toward what's next for your restaurant business. Contact our team today to discuss opportunities for your business.

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SPECIAL ISSUE: GETTING DEALS CLOSED IN THE TIME OF COVID-19

The COVID-19 pandemic forced restaurant operators to adapt in every facet of their businesses - operationally and strategically. Now, all eyes are on what's next. The mergers and acquisitions (M&A) market experienced significant disruption in the early days of the pandemic, but since then the market has bounced back. Credit markets and the current lending environment have created some unique conditions for franchisees seeking capital. The bottom line is that there are deals and access to capital out there - but working with the right financial advisor is more essential than ever. In this issue, the dealmakers at Auspex Capital share their insights for successfully closing transactions in this environment.

Access to Capital & **the Lending Environment**



“Although the QSR sector of the restaurant industry has emerged from the COVID-19 crisis relatively unscathed, the franchise lenders remain jittery. Franchisee restaurant companies hoping to access the traditional bank lending market over the next 12-18 months need to plan for a vigorous underwriting process in which management fully addresses the potential for cash flow volatility caused by the lingering effects of the pandemic and its economic aftershocks.”

CHRISTOPHER KELLEHER
MANAGING DIRECTOR

“The post-COVID restaurant lending environment has created some unique conditions for franchisees seeking capital. Brace yourself for a more thorough underwrite with more real time data needed by lenders. In addition, as bank appetites and deal structures are always changing, the best deal out there may not be with your existing lending partners. Having access to efficient capital requires keeping a constant pulse on the debt markets. To get the best possible execution, you need to ensure you’re presenting the right structure, at the right time, to the right lender.”



CHRIS POPPE
SENIOR VP

The Mergers & Acquisitions Market and Overall Market Outlook



“The valuations and lending for the restaurant industry are in a state of flux given the pandemic. Nobody today can claim to know what a “normal” level is and things are changing every month. Buyers, Sellers and Borrowers should seek the guidance of an expert to navigate the turbulent and uncharted waters that lie ahead for the next 12-18 months.”

SHRIRAM CHOKSHI
MANAGING DIRECTOR



“Over the next 9-18 months we anticipate the M&A environment to heat up. We see a lot of pent-up demand from buyers looking to deploy capital in the post-COVID world. Now is a great time to position your business if you are preparing for a future sale. If you are a buyer, we anticipate seeing high quality assets hitting the market as sellers have been regrouping during the COVID storm.”

TAMMY WELCH
SENIOR VP



“Despite Q2-2020 being the most challenging in my 25-year career, the recovery in both the lending business and the M&A business to pre-COVID levels has been remarkable. The QSR sector has once again emerged resilient to another crisis!”

NAVEEN GOYAL
MANAGING DIRECTOR