

Sun gobbles Garden Fresh for \$198M

by Luisa Beltran [Posted 05:38 EST, 18, Oct 2005](#)

An investor group sold **Garden Fresh Restaurant Corp.** to Sun Capital Partners Inc. for \$198 million Tuesday, Oct. 18, fewer than two years after acquiring the chain of salad-and-soup eateries.

The sellers were **Fairmont Capital Inc.**, Centre Partners Management LLC and Northwestern Mutual Life Insurance Co., according to a statement. Garden Fresh management was also a co-owner but will retain a "significant minority stake," said **Timothy Greenleaf**, a Fairmont managing director.

San Diego-based Garden Fresh, which operates 97 Sweet Tomatoes and Souplantation buffet-style eateries, has annual revenue of \$245 million and EBITDA of about \$30 million.

Boca Raton, Fla.-based Sun Capital is providing a bridge loan as part of the transaction, said Steven Liff, a Sun managing director.

It was the latest development in a busy period for Sun Capital. The buyout shop is also purchasing ShopKo Stores Inc. and is competing to acquire Goody's Family Clothing Inc.

Garden Fresh has a strong history of growth, Liff said, but hasn't expanded its store base. He said Sun plans to add stores.

"We're just really going to help them grow the chain," he said.

The transaction closed Tuesday, Greenleaf said.

"We're going to be expanding the number of units we have," said CEO Michael Mack, who founded the company in 1983.

He estimated that same-store sale growth will be around 6% to 8% this year.

There will be no management changes, he added.

Murray Huneke, John Twichell and Damon Chandik of Piper Jaffray & Co. advised the sellers. Steven Rubin and Jeffrey Hopkins of Weil, Gotshal & Manges LLP were their legal advisers.

Sun Capital used no outside bankers. Jeremy Liss of Kirkland & Ellis LLP provided counsel.

Garden Fresh operates in 15 Western and Southeastern states. Each of its restaurants has two 55-foot-long salad bars stocked with fresh salads, soups, pastas and muffins.

In March 2004, a group led by Fairmont took Garden Fresh private in a \$134 million transaction. The Yorba Linda, Calif.-based private equity firm brought in Centre Partners as a co-equity partner and majority stakeholder, Greenleaf said.

"The acquisition structure that Fairmont put in place was very beneficial so that we knew a potential short holding period would be a clear possibility," Greenleaf said. "We bought it smart."

Mack said the company could go public again but that creating more cash flow is the priority.

"We're very excited about the next phase," he said.

New York-based Centre Partners, with more than \$1.2 billion in capital, invests in companies with \$50 million to \$500 million in sales.

Calls to Centre Partners were not returned.