upna | fec>>

Universidad Pública de Navarra
Nafarroako Unibertsitate Publikoa

school of economics
and business administration
facultad de ciencias
económicas y empresariales
ekonomia eta enpresa
zientzien fakultatea

Facultad de Ciencias Económicas y Empresariales

TRABAJO FIN DE GRADO/MÁSTER EN

Programa Internacional del Doble Grado en Administración y Dirección de Empresas y en Economía

FINDING OUT TELEPIZZA'S SECRET

Óscar Gallart Ramos

Pamplona-Iruña, 10 de Mayo de 2023

Módulo: Contabilidad

NOMBRE DIRECTOR/A:

Fermín Lizarraga Dallo

ABSTRACT

This project discusses the main responsible for TelePizza's actual crisis situation, analyzing the company since 1997, when it first went public. The paper compares consolidated financial statements across four different periods, where TelePizza intertwined two market periods with two leveraged buyout periods,. The paper shows how the entry of private equity funds into the corporate structure damaged the company and triggered TelePizza's delicate situation. The huge debt and overpayment practiced by the two private equity funds (Permira and KKR) were critical issues for the company.

KEY WORDS

TelePizza, Leveraged buyout, Private Equity Fund

LIST OF FIGURES

Figure 1. TelePizza's evolution ……………………..………...…………………..………… 9

Figure 2. TelePizza's Equity and Total Liabilities as a vertical percentage of Total assets between 1997 and 2005…………………...……………………………………..………… 14

Figure 3. TelePizza's Non-current / Current liabilities as a vertical percentage of Total assets between 1997 and 2005……………………….....………………..…..…………. 14

Figure 4. TelePizza's corporate structure after the first LBO …………………………21

Figure 5. TelePizza's Equity and Liabilities over Total Assets change after the first buyout.……………………...……….……………………………...……………………..22

Figure 6. TelePizza's Equity evolution after the buyout ……………………..……..26

Figure 7. TelePizza's corporate structure after the second LBO ……………………...37

Figure 8. TelePizza's Equity and Liabilities over Total Assets change after the second buyout ………………………………………………...…………………………..39

Table 1. TelePizza's non-current assets as a vertical percentage of total assets between 1997 and 2005 ……………………………………………………...…………….……12

Table 2. TelePizza's current assets as a vertical percentage of total assets between 1997 and 2005 ………………….……………………………………………………………13

Table 3. TelePizza's current liabilities as a vertical percentage of total assets between 1997 and 2005 …………………………...……………………………………….……15

Table 4 TelePizza's Income Statement vertical percentages between 1997 and 2005.. 16

Table 5. TelePizza's Operating expenses breakdown between 1997 and 2005………..17

Table 6. TelePizza's ROE disaggregation between 1998 and 2005 ……………...…...18

Table 7. Key changes in TelePizza's Balance Sheet after the first buyout (in thousand €)……………………………………………………………………………………. 21

Table 8. TelePizza's Income Statements comparison between periods (in thousand €) ……………………………………………………………..………………… .23

Table 9. TelePizza's Income Statement vertical analysis between 2006 and 2012…......23

Table 10. TelePizza's operating expenses vertical analysis between 2006 and 2012….24

Table 11. TelePizza's ROE disaggregation between 2006 and 2012……….…..…..24

Table 12. TelePizza's debt and coverage ratios between 2006 and 2012………………26

Table 13. TelePizza's Balance sheet key items vertical analysis between 2012 and 2015……………………………………………………………………….………27

Table 14. TelePizza's Income Statement vertical percentages between 2012 and 2015………………………………………………………………………………….27

Table 15. TelePizza's ROE disaggregation between 2015 and 2012………………..…28

Table 16. TelePizza's debt and coverage ratios between 2015 and 2012………………29

Table 17. TelePizza's Balance sheet key items vertical percentages between 2016 and 2018…………………………………………….……………………………………31

Table 18. TelePizza's Income Statement vertical percentages between 2016 and 2018………………………………………………………………………………….32

Table 19. TelePizza's operating expenses vertical analysis between 2016 and 2018……………………………………………………………………………......32

Table 20. TelePizza's ROE disaggregation between 2016 and 2018……………………………………………………………….………..…..….34

Table 21. TelePizza's debt and coverage ratios between 2016 and 2018……………………………………………………………………...………..34

Table 22. Key changes in TelePizza's Balance Sheet after the second buyout (in thousand €)……………………………………………………………………………..38

Table 23. TelePizza's Income Statement vertical analysis between 2018 and 2021…..40

Table 24. TelePizza's operating expenses vertical analysis between 2019 and 2021.....40

Table 25. TelePizza's ROE disaggregation between 2019 and 2021……….………..……41

Table 26. TelePizza's debt and coverage ratios between 2018 and 2021………………42

CONTENTS

1. INTRODUCTION AND MOTIVATION 7

1.1 Introduction and motivations for choosing TelePizza 7

1.2 Brief description of TelePizza over the whole period 8

1.3 TelePizza's origins 10

2. THE FIRST BIG EXPERIENCE IN THE MARKET (1996-2005) 11

2.1 How was the company's structure? 11

2.2 How was the company performing? 17

3. THE ACQUISITION OF TELEPIZZA. WAS IT AN OVERPAYMENT? (2006-2015) 20

3.1 Increasing the complexity of TelePizza's structure 20

3.2 Did this change in ownership turn into a better performance? 22

3.3 Analysing the performance more closely 24

3.4 In free fall…. a parachute, please? 26

4. BOUNCING BACK INTO THE STOCK MARKET (2016-2018) 30

4.1 A new change in TelePizza's capital structure 30

4.2 Did the performance really change…? 31

4.3 A strategic alliance 35

5. HERE THEY CAME AGAIN (2019-2023) 36

5.1 A new barbarian, a pandemic and the economic effects of a war… anything else? 38

5.2 Do we really need them? 42

6. CONCLUSIONS 44

REFERENCES 45

1. INTRODUCTION AND MOTIVATION

1.1 Introduction and motivations for choosing TelePizza

Six months ago, while reading through the latest news in the media, I came across an interesting piece about TelePizza. The article mentioned that KKR, a well-known private equity firm, was planning to sell the company after restructuring its debt and renegotiating its alliance with Yum!, the Pizza Hut's owner (Romera et al., 2022). I was taken aback by this shocking news as I had always believed that TelePizza was destined for great success.

COVID-19, Ukraine and the recent macroeconomic shocks were first in my mind as possible reasons for this situation, as many other companies had suffered severe economic consequences due to these crises. However, as I delved deeper into TelePizza's history and evolution, I found out that the company had undergone significant changes in its corporate structure that included two leveraged buyouts in 2006 and 2019, intertwined with two public offerings in 1999 and 2016.

With this in mind, I wondered to what extent these changes in TelePizza's structure might have had a stronger influence in the company's current situation. In order to investigate this further, I analysed TelePizza's financial statements and relevant ratios. I soon discovered that the company's financial statements had undergone dramatic changes after each buyout, especially in the company's capital structure. Both the dimension of the company and the importance of its liabilities had increased disproportionately after the buyouts, which had a significant impact on TelePizza's financial performance[1].

TelePizza had faced a similar delicate situation in 2014, during the first buyout period, when it was unable to pay off its debt, and a capital restructuring was needed. This led me to explore the reasons behind TelePizza's current situation and to identify who might be responsible, and to what extent.

TelePizza was an interesting company to compare the effects of a corporate governance measure of diversification and the dependence of a private equity fund in its ownership structure.

[1] Private equity funds are famous for altering substantially the capital structures of the target companies after the buyouts.

The project shows how the current state of TelePizza can be attributed to the amplified debt and overpayment resulting from the involvement of private equity funds (Permira and KKR) in the company's corporate structure through leveraged buyouts. The proposal implies that stronger regulations are necessary to mitigate the adverse impacts that leveraged buyouts may inflict upon the companies they target.

The project is structured in a chronological way as follows: Sections 2 present the first period of TelePizza in the stock market (1997-2005). Section 3 presents the second period after the first buyout (2006-2015). Sections 4 shows TelePizza's return into the stock market (2016-2018) and section 5 presents TelePizza after the second buyout and the actual and near future situation (2019-2022) . Finally, section 6 serves as the conclusion of the project.

1.2 Brief description of TelePizza over the whole period

This section presents a brief description of TelePizza over the whole period of analysis (1997-2021). Figure 1 shows the chronological evolution of the company. The figure is divided into four periods, the two periods in which the company was owned by private equity funds (between 2006 and 2016 and since 2019) and the two periods in which the company was a public one (between 1997 and 2006 and between 2016 and 2019).

The figure shows the CIFs of the companies from which the financial statements are used in this work. It also presents which are the names that the three companies have taken over time (which are shown chronologically below the CIF numbers). Taking into account the continuous changes in social denomination, it is not easy to identify which company financial statements and in what format (individual or consolidated) use.

New companies were created every time TelePizza was acquired by private equity funds (in 2006 and in 2019).[2]

[2] In most LBOs it is not the PE fund that actually executes the LBO deal but a special purpose vehicle set up for that purpose (SPV, also called Newco). Newco subsequently merges or consolidates with target so, at all effects, the Newco-target combination must be considered the post-LBO version of the target company.

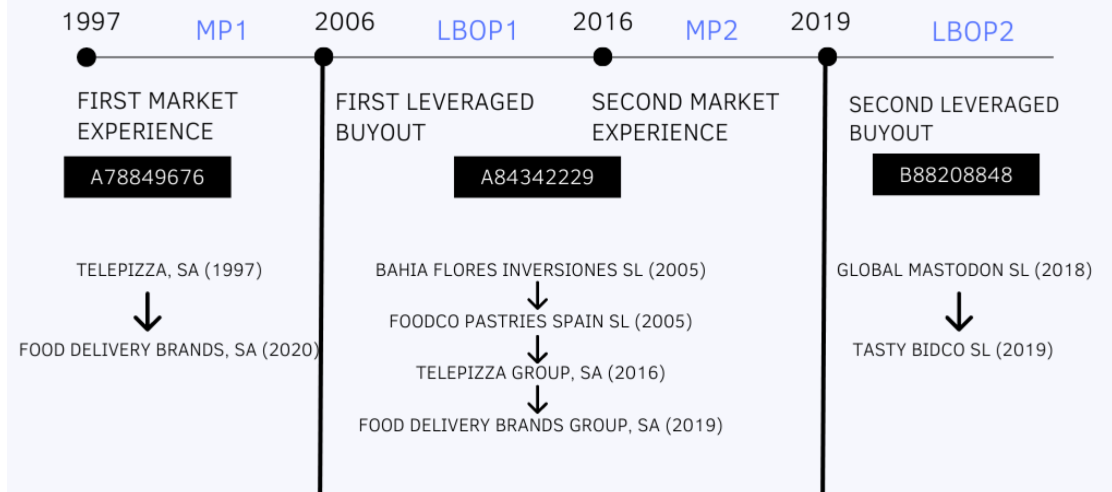


Figure 1: TelePizza's evolution. Source: own elaboration with information taken from SABI

It was also noticeable that every time the company became public, the name of the company reflected which was the activity of the company (TelePizza SA and TelePizza Group SA). However, when the company was owned by private equity funds, the companies' names were more ambiguous, with names that have nothing to do with the pizza, as if there was a purpose of unbinding.

The accounting standards used to prepare TelePizza's financial statements throughout this period are the Spanish General Accounting Plan from the origin of the company until 2015 and the International Financial Reporting Standards (IFRS) from 2016 onwards. However, in my opinion the change in accounting regulations should not affect the company's financial statements to any great extent.

TelePizza's accounts have been audited by Ernst & Young S.L. until 2000 and by KPMG since then. In that year, 2000, the company's financial statements contained exceptions regarding TelePizza's treasury shares.

1.3 TelePizza's origins

TelePizza was founded by the Cuban immigrant Leopoldo Fernández Pujals and other Spanish members in the year 1987, in which the first TelePizza restaurant was opened in Madrid. After an initial local expansion in Madrid, the company grew really fast in the rest of the country and became the Spanish pizza leader. As mentioned, Leopoldo Fernández Pujals was one of the main owners of TelePizza, with almost 40% of the capital.

Before the first Initial Public Offering (IPO) in 1996, the company already experienced its first capital control problems, as Eduardo Fernández Pujals, the brother of Leopoldo, and other minor shareholders forced Leopoldo to leave the company´s main charge in 1995. TelePizza's founder regained control one year later, thanks to BBVA's help (which in 1996 was the third biggest shareholder of the company).

In addition to the local expansion of the first years due to the opening of a huge number of locals, the company started its process of internationalization and in 1996, TelePizza was already operating in more than 200 restaurants located in several countries (Spain, Portugal, Poland, Czech Republic, Cuba, Mexico, Morocco…). Furthermore, the company centered the production of the pizza dough, one of the most differentiating ingredients, in Daganzo de Arriba (Madrid). As it is said by its famous slogan, "the secret is in the dough". The company has followed similar processes with the main ingredients needed for the elaboration of the pizzas either by producing or outsourcing them.

2. THE FIRST BIG EXPERIENCE IN THE MARKET (1996-2005)

TelePizza went public on November 13, 1996, with a price of 2,300 pesetas per share, initially placing 4.5 million shares, 42% of its capital (El Pais, 1996). The company enjoyed an Initial Public Offering (IPO) of more than 477,000 million pesetas, 46 times the amount initially offered. The offer had great acceptance in the market due to the growth expectations in the short/medium term[3].

This initial situation in the stock market changed relatively soon and in 1999, the shares had lost around 44% of their value. This year Leopoldo Fernández Pujals, founder and president of the company, sold all his shares (Muñoz, 2004). In October of that same year, the Ballvé and Olcese families took control of TelePizza. At that time, the company engaged in some diversification strategies. TelePizza started a market diversification in foreign countries like France and Mexico and some product diversifications in South America, in which the company developed an alliance with Pollo Campero (Uriol, 2001), including spaces of one company in the stores of the other.

However, this market diversification did not have the expected results, and the company lost around 30 million euros in the French and Mexican markets (El Pais, 2000). Furthermore, the alliance with Pollo Campero was a disaster. These diversification "failures" were directly associated with the change in the ownership and control of the company (El País, 2003).

The franchisees of the company (as some of TelePizza's locals are franchises of the company) sued TelePizza for supplying ingredients at inflated prices (up to 30% above the market price). They also reported coercion and harassment by management (Uriol, 2001) Although this problem started around 2001, the problem was still open in 2004. (Uriol, 2004).

2.1 How was the company's structure?

To see the structure of the business model in the company a vertical analysis of the Balance Sheet and the Income Statement is first presented. We take this first market period as a proper illustration of TelePizza's business model. The information has been

[3] The transaction was a success due to "the company's favourable growth expectations for the coming years" (BBV Interactivos, 1996).

obtained from the SABI database using the information of TelePizza's consolidated financial statements between 1997 and 2005 (A78849676). These consolidated statements were taken from the initial Tele Pizza SA company. For the Balance Sheet all vertical percentages use total assets as their base figure. [4]

For a company like TelePizza, non-current assets can be considered the most important asset, as both tangible (restaurants, motorbikes for delivering the pizzas, the kitchen instruments…) and also intangible assets (brand, goodwill…) play a key role. Non-current assets include other non-operating investments like financial investments and long-term receivables.

Table 1: TelePizza's non-current assets as a vertical percentage of total assets between 1997 and 2005

	2005	2004	2003	2002	2001	2000	1999	1998	1997
Non-Current Tangible Assets	41%	39%	40%	40%	48%	50%	47%	51%	51%
Non-Current Intangible Assets	17%	19%	19%	18%	16%	21%	26%	23%	19%
Other Non-Operating	15%	13%	15%	10%	9%	2%	2%	2%	3%
TOTAL NON CURRENT ASSETS	73%	71%	74%	68%	74%	74%	76%	75%	73%

Source: Own elaboration with information taken from SABI

Table 1 shows the percentage of the non-current assets for the 1997-2005 period (Mp1). Non-current assets represent between 68% and 75% of Total Assets, a percentage that remains fairly constant and only drops in 2002.

If we break down non-current assets, tangibles are the most important ones, with values higher than 40% of total assets in almost every year. In fact, they had values of around 50% until 2001.

Intangible assets represent around 20% of total assets (with a maximum of 26% in 1999). These percentages make sense for a fast-food company like TelePizza, in which image and brand are relevant factors.

Finally, although non-operating investments have lower percentages than tangible and intangible assets, their tendency is in the ascent, as they turned from around 3% of total assets in 2005, to 15% of them in 2005.

[4] The analysis follows the methodology of the manual Archel et al. (2022) and Palepu et al. (2022).

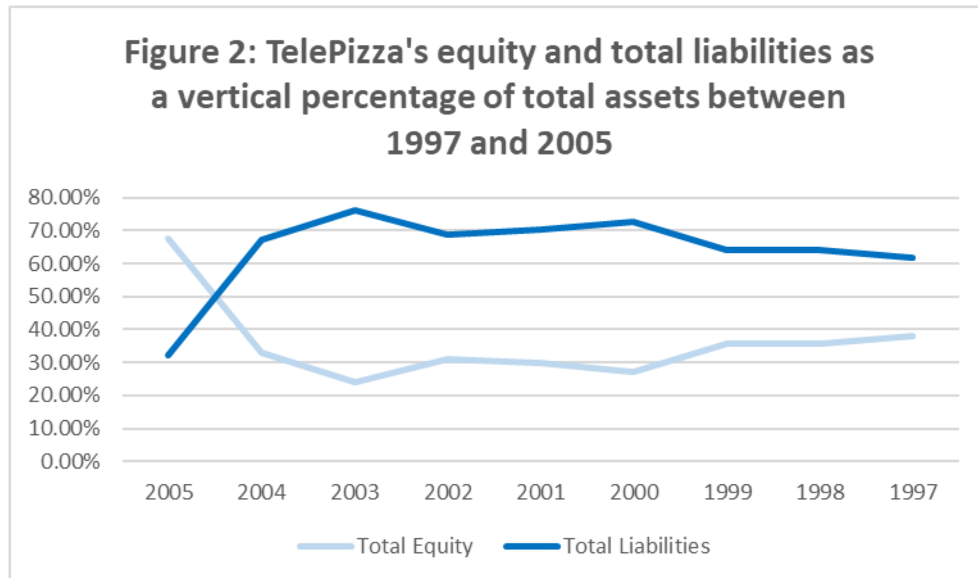
Table 2: TelePizza's current assets as a vertical percentage of total assets between 1997 and 2005									
	2005	2004	2003	2002	2001	2000	1999	1998	1997
Inventories	4%	4%	5%	4%	4%	5%	5%	7%	5%
Trade Receivables	9%	13%	15%	22%	18%	16%	12%	11%	12%
Other Current Assets	3%	3%	1%	1%	1%	1%	1%	1%	2%
Cash and Cash Equivalents	11%	7%	6%	5%	3%	5%	6%	6%	7%
TOTAL CURRENT ASSETS	27%	29%	26%	32%	26%	26%	24%	25%	27%

Source: Own elaboration with information taken from SABI

In a company like TelePizza, current assets include inventories (the ingredients needed for cooking pizzas), trade receivables which exist given the relationship with its franchisees, cash and equivalents and other liquid assets.

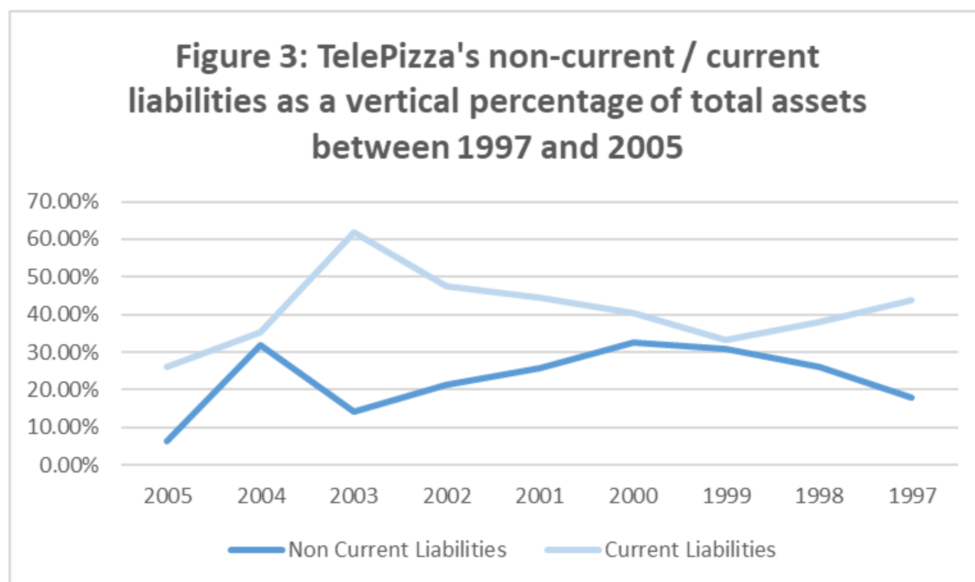
Current assets of TelePizza represent between 24% and 34% of Total Assets. If we take a look at how current assets are distributed, we observe that trade receivables represent the main percentage. Customers usually pay in cash, so trade receivables are claims against their franchisees. They represent between 9% and 22% of total assets. Cash and equivalents represent a lower percentage of TelePizza's total assets (between 3% and 11%). Finally, inventories, which include the ingredients that TelePizza uses to prepare their pizzas, represent between 4 and 7% of total assets, which can be considered a low percentage.

Figure 2 presents the vertical percentages for the capital structure of TelePizza during this period (1997-2005). Equity represents between 20 and 40% of total assets, which shows that the company was in a risky position during this period. However, this situation reversed in 2005, in which total equity increased to over 60% of total assets. This change in the capital structure was probably made in order to clean TelePizza's balance sheet before the first leveraged buyout of 2006.



Source: Own elaboration with information taken from SABI

Regarding non-current liabilities (figure 3), which is mainly composed of debt[5], its importance increased between 1997 and 2004 (as it increased from around 20% to over 30%). However, in 2005, they were around 6% of total assets.



Source: Own elaboration with information taken from SABI

Current liabilities show an initial increase followed by a sharp decrease after 2003. They represent around 40% of total assets in 1997, which increased to over 60% in 2003 and

[5] The main difference between liability and debt is that liabilities encompass all of one's financial obligations, while debt is only those obligations associated with outstanding loans. Thus, debt is a subset of liabilities. (Bragg, 2022)

at the end of the period they only represented around 25% of total assets. Current liabilities can be broken up in the three different groups that are shown in table 3.

-Trade payables: These are the current liabilities with the greatest weight in the balance sheet. This makes sense, since the company buys certain food products from its suppliers in order to bake their pizzas. They initially accounted for 30% of TA, but then declined in importance to around 10% in 2001, before increasing their importance again.

-Current Debt: They were non-existent (less than 1% of TA). However, during the period they increased significantly, reaching 32% of the TA in 2003. From that year onwards, short-term debt was drastically reduced, practically disappearing in 2005 (0.3%). This variation in the current debt is explained by reclassification of debt.

-Finally, other current liabilities, whose importance is probably the lowest in comparison with the other items. This account includes other non-trade payables and provisions for other trading operations. Its percentage is below 10% in all the years of the period and in 2005 it was reduced to practically 0 (2%).

Table 3: TelePizza's current liabilities as a vertical percentage of total assets between 1997 and 2005

	2005	2004	2003	2002	2001	2000	1999	1998	1997
Trade Payables	24%	16%	19%	16%	12%	13%	19%	21%	35%
Other Current Liabilities	2%	9%	9%	7%	6%	5%	6%	9%	7%
Current Debt	0%	10%	34%	24%	26%	22%	8%	8%	2%

Source: Own elaboration with information taken from SABI

Table 4 includes a vertical analysis of the company's Income Statement. Each vertical percentage is calculated taking total revenues as the base figure. Operating expenses during the period represent between 85 and 90% of total revenue. They can be broken up in four different categories (by nature), which are shown in table 5.

Cost of Materials includes the ingredients used to prepare the pizzas, and represents between 20 and 25% of total revenue. Depreciation and amortization costs (represent between 5% and 7% of total revenue) include the depreciation of TelePizza's restaurants, motorbikes used for the delivery of pizzas, the kitchens and their instruments and machines…) and the amortization of the intangibles of TelePizza (e.g., their brand). These intangibles include goodwill from acquisitions too.

Operating expenses also include personnel expenses, which are basically the salaries of the employees. They represent between 30 and 34% of total revenue, that is the higher

percentage among operating costs. This is expected, as TelePizza's staff (delivery workers, people who work in the kitchens, customer support workers…) are a crucial part of the business. The final item is other operating expenses which represents between 25 and 32% of total revenue.

Table 4: TelePizza's Income Statement vertical percentages between 1997 and 2005									
INCOME STATEMENT	2005	2004	2003	2002	2001	2000	1999	1998	1997
Revenue	100%	100%	100%	100%	100%	100%	100%	100%	100%
Operating expenses	-87%	-87%	-90%	-88%	-90%	-91%	-88%	-87%	-86%
Operating profit	13%	13%	10%	12%	10%	9%	12%	13%	14%
Other income, net of other expense	-1%	-1%	-20%	-7%	-7%	-4%	0%	0%	-1%
Interest income	0%	0%	1%	0%	1%	0%	0%	0%	0%
Interest expense	-1%	-1%	-2%	-2%	-2%	-2%	-1%	-1%	0%
Profit before taxes	12%	10%	-11%	3%	2%	3%	12%	13%	13%
Tax expense	-4%	-3%	6%	-1%	0%	-2%	-3%	-4%	-4%
Profit after taxes	8%	7%	-5%	2%	1%	2%	9%	9%	9%

Source: Own elaboration with information taken from SABI

Operating profit remains between 9% and 14% of total revenue during the period. Although there is not a high volatility during the first period, it does show the failure in the diversification strategy between 2000 and 2003, which decreased slightly the operating profit.

Furthermore, there was an extraordinary tax income in 2003 (6% of total revenue) [6]caused by losses from fixed assets and a variation of provisions of the company's fixed assets (which represented 20% of total revenue). These changes in the income statement led to losses after taxes in the year 2003. These extraordinary losses can be linked again to the diversification failure strategies of the company after the exit of the founder from the presidency. This failure in diversification worsened the results obtained between 2000 and 2003, in which the profit after taxes was lower (and even a loss in 2003).

In my opinion, the vertical percentages of the income statement were quite stable during the period and within fairly normal parameters (with the previously mentioned exemption).

[6] Tax expense can be a revenue in certain situations.

Table 5: TelePizza's Operating expenses breakdown between 1997 and 2005									
OPERATING EXPENSES	2005	2004	2003	2002	2001	2000	1999	1998	1997
Classification by function:									
Cost of Sales (function)	-29%	-27%	-27%	-27%	-27%	-27%	-28%	-31%	-32%
SG&A (function)	-58%	-61%	-63%	-62%	-63%	-64%	-60%	-55%	-54%
Classification by nature:									
Cost of Materials (nature)	-24%	-20%	-20%	-20%	-21%	-21%	-22%	-26%	-28%
Personnel Expenses (nature)	-33%	-31%	-31%	-31%	-32%	-34%	-33%	-30%	-29%
Depreciation and Amortization (nature)	-5%	-6%	-7%	-7%	-6%	-6%	-5%	-5%	-4%
Other Operating Income/Expense (nature)	-25%	-29%	-32%	-31%	-31%	-30%	-27%	-25%	-25%

Source: Own elaboration with information taken from SABI

2.2 How was the company performing?

Table 6 presents TelePizza's Return on Equity's disaggregation during the first market experience (Mp1). We start the profitability analysis by looking at the ROE. We could say that the values are good, as they are positive during the period (with the exception of 2003). These numbers are attractive for an investor, especially the first two years with ROEs of more than 40% and the last two with values above 20%. Between the years 2000-2003, however, the ROE fell below 10%. As mentioned before, this decrease in the performance is linked with the failures in diversification that the company experienced between 2000 and 2003.

Return on Equity is the joint effect of a Return on Business Assets (ROBA) and a Financial Leverage Gain. ROBA, which measures how profitably a company is able to deploy its assets (operating and investment) to generate profits, is positive every year (with again the exemption of 2003). ROBA is really high in the first two years of the period (1998 and 1999, with values over 20%) and, after a decrease between 2000 and 2003, it recovers again in the last two years of study (2004 and 2005, with values over 15%) so ROBA and ROE follow a similar trend during the period.

Table 6: TelePizza's ROE disaggregation between 1998 and 2005								
Ratio	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**	**1999**	**1998**
Net operating profit margin	8.1%	7.7%	-3.5%	3.5%	2.5%	2.8%	9.4%	9.4%
× Operating asset turnover	2.11	2.14	1.94	1.61	1.67	1.90	2.42	3.31
= Return on Net Operating Assets	17.0%	16.4%	-6.8%	5.6%	4.1%	5.3%	22.9%	31.0%
Return on Net Operating Assets	17.0%	16.4%	-6.8%	5.6%	4.1%	5.3%	22.9%	31.0%
x (Net Operating Assets/Business Assets)	0.81	0.81	0.83	0.88	0.93	0.97	0.98	0.97
+ Return on Investment Assets	3.1%	1.4%	6.0%	3.7%	13.6%	7.0%	12.9%	13.8%
x (Investment Assets/Business Assets)	0.19	0.19	0.17	0.12	0.07	0.03	0.02	0.03
= Return on Business Assets	14.4%	13.6%	-4.7%	5.4%	4.8%	5.4%	22.6%	30.4%
-Cost of debt	2.5%	3.2%	4.5%	3.9%	3.9%	3.7%	2.5%	2.8%
Spread	11.8%	10.4%	-9.1%	1.5%	0.9%	1.6%	20.1%	27.6%
× Financial leverage	0.48	1.58	1.69	1.61	1.87	1.54	1.03	0.78
= Financial leverage gain	5.7%	16.5%	-15.4%	2.4%	1.7%	2.5%	20.7%	21.6%
ROE = Return on Business Assets + Financial leverage gain	20.1%	30.0%	-20.1%	7.8%	6.6%	7.9%	43.3%	52.1%

Source: Own elaboration with information taken from SABI

ROBA is obtained by multiplying the Returns on Net Operating Assets and the Return on Investment Assets by the respective proportions of these assets in the balance sheet. In the case of TelePizza, the Return on Business Assets is generated in a high percentage by the operating assets of TelePizza, which represent over 80% of the business assets. However, part of this ROBA comes from the investment assets of the company, which represent between 3% and 20% of business assets. These investment assets had a return between 1% and 14%, being quite volatile.

Return on Net Operating Assets, which is obtained by multiplying the Net operating profit margin and the operating asset turnover, shows a similar trend to ROBA. Operating asset turnover is above 1.5 in practically all the period, especially the first two years in which the value is above 2.4. This ratio shows a company's capacity to generate sales from its operating assets. The high level of this ratio makes sense because TelePizza does not need to invest high resources to manufacture pizzas, so its operating assets are not very high in relation to total sales.

Net operating profit margin is around 8-9% in the periods when the ROE is highest, but decreases to 1-2% between 2000-2002 (with the exception of 2003, the only year in which the value becomes negative, which, as mentioned above, causes the ROE to be negative). The net operating profit margin measures how profitable a company's sales are from a purely operational point of view. As TelePizza offers food at "cheap" prices, their operating profit margin should not be extremely high, although the levels obtained during this period can be considered correct.

The second factor affecting ROE is the financial leverage gain, which is obtained by multiplying the spread and the financial leverage. This second part of the ROE decomposition measures the benefit to shareholders of having taken on debt. Spread measures the effect of introducing debt into the capital structure of the company. Financial leverage is a ratio that relates the two sections in the capital structure of the company (Debt/Equity). TelePizza's structure was somewhat risky, as in practically all years the ratio was greater than one, indicating that the total debt was greater than the company's equity. However, although this does not necessarily have to be negative for the company, it shows a risky structure. This capital structure changed in 2005, as TelePizza decreased their levels of debt and almost doubled its equity, improving the Debt-to-equity ratio to less than 1. This change in the capital structure of the company was probably linked to the nearby sale of the company, as this change in the capital structure made TelePizza more attractive for a potential buyer.

Furthermore, it can be observed that TelePizza’s cost of debt rounded 3% during this period, which can be considered correct.

Overall, what can be easily concluded is that although TelePizza experienced some holes during this first period, the business model was quite stable. Furthermore, it is observable that TelePizza’s managers made an improvement of the company’s financial statements before the buyout, probably to increase TelePizza’s price.

3. THE ACQUISITION OF TELEPIZZA. WAS IT AN OVERPAYMENT? (2006-2015)

The 28th of February of 2006, FoodCo Pastries Spain S.L., a company created by the Private Equity Fund Permira in association with the Ballvé brothers and the Olcese family, presented to the CNMV (Comisión Nacional del Mercado de Valores) a takeover bid over TelePizza's shares, offering 2.15€ per share. This offer valued TelePizza at almost 580 million euros (Expansión, 2006). [7]

After a period of uncertainty, other private equity funds like CVC (in association with Grupo Zena) or Ibersol presented alternative offers for the company too (La Gaceta, 2006). Finally, Permira won the process and acquired TelePizza, after offering 3.21€ per share, that was valuing the company at over 850 million euros. This valuation was 270 million euros higher than its initial offer and was over twelve times the EBITDA expected for that year (Lafraya et al., 2006).

The market values of each share before the first offer was presented were 1.81€ in January and 2.08€ in February.[8] At the same time a consultation was made by Europa Press to 13 analysts, which valued the company at an average price of 1.86€ per share. These valuations were far away from the final price paid by Permira. Even the most optimistic analysts valued TelePizza at 2.35€ per share. This clearly reinforces the idea that TelePizza's acquisition was an overpayment. At this moment, two clear questions arise:

-Was it too high a price?

-Was overpayment a problem for the own target company?

3.1 Increasing the complexity of TelePizza's structure

As we can see in figure 6, with the acquisition of the company Permira changed the corporate structure. The change in the corporate structure is something common in LBOs that only brings corporate confusion. Due to the change in TelePizza's corporate structure, we need to use the financial statements of Foodco Pastries Spain S.L

[7] The Leveraged Buyout model rarely targets poor-performing or distressed companies to turn them around because speedy debt retirement requires high cash flow. The leveraged buyout model presents three interdependent characteristics: strong cash flow and solid fundamentals but is undervalued, high use of debt and investor control of management post-buyout. (Appelbaum & Batt, 2014)

[8] This market valuation is the closing price and the information has been taken from the SABI database.

(A84342229) in order to compare TelePizza's financial statements after the LBO with the financial statements of the company until 2005.

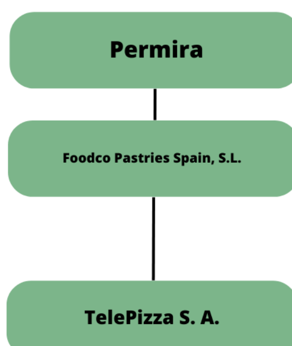


Figure 4: TelePizza's corporate structure after the first LBO. Source: Own elaboration with information from SABI

After the first LBO, the company significantly increased their total assets, as these were almost multiplied by five (table 7). Total assets increased in 805 million euros (a 351% increase). However, these increases did not match a similar growth in equity, which on the contrary decreased by around 51 million euros (a 32% decrease).

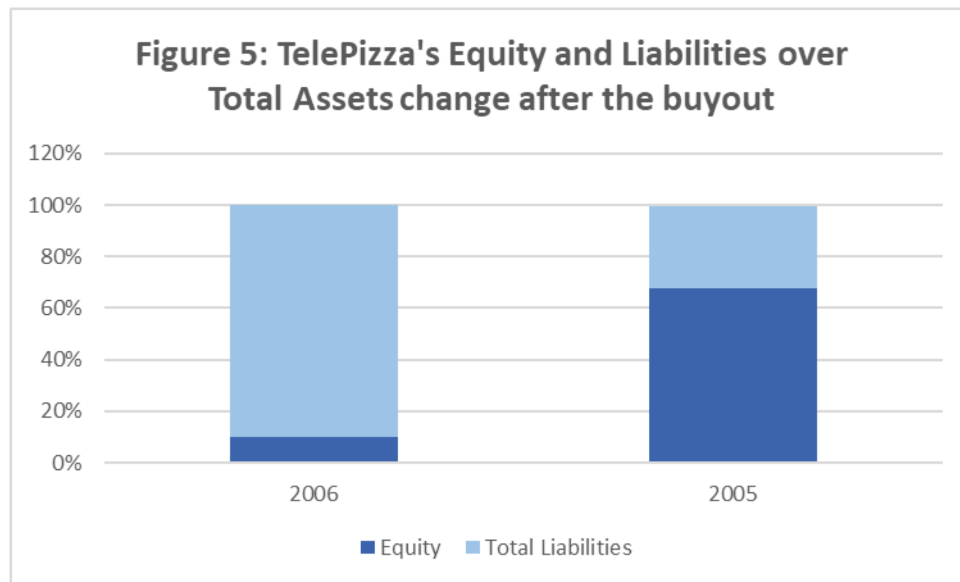
Table 7: Key changes in TelePizza's Balance Sheet after the first buyout (in thousand €)

Balance sheet items	2005	2006	Percentual Change
Total Assets	229,515.0	1,035,198.00	+351%
NC Intangible Assets	39,789.0	759,280.00	+1808%
Equity	155,285.0	104,286.00	-32%
Total Liabilities	74,230.0	930,884.00	+1154%
NC Tangible Assets	93,452.0	70,639.00	-24%

Source: Own elaboration with information taken from SABI

This increase in total assets was caused mainly by an increase in TelePizza's intangibles, and more precisely in the company's goodwill. It is surprising that none of this increase was materialized in tangible assets, which are a crucial part of TelePizza's business. Not only did they not increase, but they decreased by around 24%. TelePizza's intangible assets increased in over 700 million euros (a 1808% increase), which reflects the goodwill's astronomic growth.

The capital structure of the company was radically changed, as the liabilities increased exponentially in over 850 million euros (TelePizza's liabilities were multiplied by almost 13 times). This change in the capital structure left TelePizza in a high risk level, as liabilities went up to around 90% of Total assets of the company. This change in the capital structure of the company is represented in figure 5, which shows clearly the decrease in Equity representativeness.



Source: Own elaboration with information taken from SABI

This change in TelePizza's balance sheet suggests one question:

-How is it possible such a radical change in a year?

3.2 Did this change in ownership turn into a better performance?

In this section, we take a look at the Income Statement of the company after the first buyout. The year 2006 has not been taken into account as the Income Statement of the year includes seven months of the year.

Table 8: TelePizza's Income Statements comparison between periods (in thousand €)		
INCOME STATEMENT	*2007*	*2005*
Revenue	352,809	291,582
Operating expenses	-307,440	-253,544
Operating profit	45,369	38,038
Other income, net of other expense	165	-2,662
Net interest expense (income)		
Interest income	10,375	1,277
Interest expense	-83,313	-1,793
Profit before taxes	-27,404	34,860
Tax expense	5,770	-11,725
Profit after taxes	-21,634	23,135

Source: Own elaboration with information taken from SABI

If we compare the last year before the buyout (2005) with the first complete year after the buyout (2007) we observe that there was an increase in total revenue and the operating profit. However, this increasing trend in total revenue was already present during the first period so it can be concluded that TelePizza did not experience huge changes in its sales or operating profit.

The huge increase in debt during the buyout[9] led to an astronomical growth in the interest expense of the company, which was multiplied by over 40 times. The interest expense drowned TelePizza's profit, even though tax expense became an income.

Table 9: TelePizza's Income Statement vertical analysis between 2006 and 2012							
INCOME STATEMENT	*2012*	*2011*	*2010*	*2009*	*2008*	*2007*	First period average
Revenue	100%	100%	100%	100%	100%	100%	100%
Operating expenses	-90%	-90%	-86%	-86%	-89%	-87%	-88%
Operating profit	10%	10%	14%	14%	11%	13%	12%
Other income, net of other expense	-6%	0%	0%	0%	0%	0%	-5%
Interest income	0%	1%	4%	0%	4%	3%	0%
Interest expense	-20%	-19%	-21%	-20%	-28%	-24%	-1%
Profit before taxes	-16%	-8%	-4%	-5%	-12%	-8%	6%
Tax expense	7%	0%	0%	0%	2%	2%	-2%
Profit after taxes	-9%	-8%	-4%	-5%	-11%	-6%	5%

Source: Own elaboration with information taken from SABI

[9] The higher the use of debt at the portfolio level the higher the potential profits at the firm level (Appelbaum & Batt, 2014)

Table 9 reinforces the previous idea. If we take a look at the vertical percentages of the Income Statement after the buyout, we find that the operating expenses represent a similar percentage of total revenue than in the first period, leading to similar operating profits. We find again that the interest expense has experienced an astronomic increase, which drowns TelePizza results during this period, leading to negative profit before and after taxes.

Table 10: TelePizza's operating expenses vertical analysis between 2006 and 2012							
OPERATING EXPENSES	2012	2011	2010	2009	2008	2007	First period average
Classification by function:							
Cost of Sales (function)	-23%	-19%	-21%	-23%	-25%	-26%	-23%
SG&A (function)	-67%	-70%	-65%	-63%	-64%	-61%	-65%
Classification by nature:							
Cost of Materials (nature)	-17%	-13%	-16%	-18%	-17%	-18%	-16%
Personnel Expenses (nature)	-31%	-31%	-32%	-31%	-31%	-31%	-31%
Depreciation and Amortization (nature)	-6%	-6%	-5%	-5%	-8%	-9%	-7%
Other Operating Income or Expense	-36%	-39%	-33%	-32%	-33%	-29%	-34%

Source: Own elaboration with information taken from SABI

Table 10, which presents TelePizza's operating expenses disaggregation, leads to similar conclusions again, as the operating expenses distribution remained practically unchanged after the buyout. Furthermore, during this period non-economic significant changes were taken by the company. Because of that, two clear question arises:

-What was the contribution of Permira to TelePizza's performance?

- Where was the debt being invested?

3.3 Analysing the performance more closely

Table 11: TelePizza's ROE disaggregation between 2006 and 2012							
Ratio	2012	2011	2010	2009	2008	2007	First period average
Net operating profit margin	11%	6%	9%	9%	7%	9%	9%
× Operating asset turnover	0.44	0.42	0.44	0.43	0.45	0.41	2.14
= Return on Net Operating Assets	5%	2%	4%	4%	3%	4%	19%
Return on Net Operating Assets	5%	2%	4%	4%	3%	4%	19%
x (Net Operating Assets/Business Assets)	0.98	0.98	0.97	0.98	0.99	0.94	0.90
+ Return on Investment Assets	7%	16%	40%	7%	98%	14%	8%
x (Investment Assets/Business Assets)	0.02	0.02	0.03	0.02	0.01	0.06	0.10
= Return on Business Assets	5%	3%	5%	4%	4%	4%	17%
-Cost of debt	7%	6%	7%	7%	9%	7%	3%
Spread	-2%	-3%	-2%	-3%	-5%	-3%	14%
× Financial leverage	23.07	17.88	18.53	14.31	17.82	13.01	1.32
= Financial leverage gain	-48%	-61%	-37%	-39%	-93%	-38%	17%
ROE = Return on Business Assets + Financial leverage gain	-42%	-58%	-32%	-35%	-89%	-34%	34%

Source: Own elaboration with information taken from SABI

Table 11 presents the profitability analysis of TelePizza between 2006 and 2012. If we take a look at Return on Equity, we find that it turned into negative values all through the period 2007 and 2012, numbers unattractive for an investor.

But, *what was the origin of these negative values?*

As we have previously mentioned, the operating performance of the company remained unchanged after the buyout, which is again observed if we take a look at the net operating profit margin. However, the Return on Net Operating Assets suffered due to the stratospheric Goodwill increase that drastically decreased the Operating Asset Turnover (from an average value of 2.14 during the first period to values below 0.5).

The proportion of net operating assets over business assets increased too, reaching values of almost 1, and Return on Business Assets followed the same trend as the Return on Net Operating Assets (from 17% average during the first period to values below 5%). Another difference between the first period (Mp1) and the period after this first buyout is that in the second period (LBOp1), the Return-on-Investment Assets did not affect the ROBA.

Although ROBA worsened a lot after the buyout, their values were still positive. This suggests that the negative ROE values came from the second component of the ROE, the financial leverage gain.

This statement is confirmed when we look at the spread (as previously described, spread measures the effect of introducing debt into the capital structure of the company). After the buyout, in which the capital structure was radically changed with an astronomic increase of debt, the spread became negative. Furthermore, this increase of debt is clearly observable in the financial leverage (is a ratio that relates the two sections in the capital structure of the company Debt/Equity), which was multiplied more than ten times, reaching a value of 23 in 2012, which means that debt represented 23 times equity. Although the capital structure of TelePizza was somewhat risky in the first period, as the value was over one, the capital structure after the buyout became extremely risky, and the financial leverage gain became a financial leverage loss of over almost 40 percentage points in every year, reaching -93% in 2008. This increase in TelePizza's leverage had its effect also on the cost of debt, which increased drastically after the buyout (from 3% to over 6%).

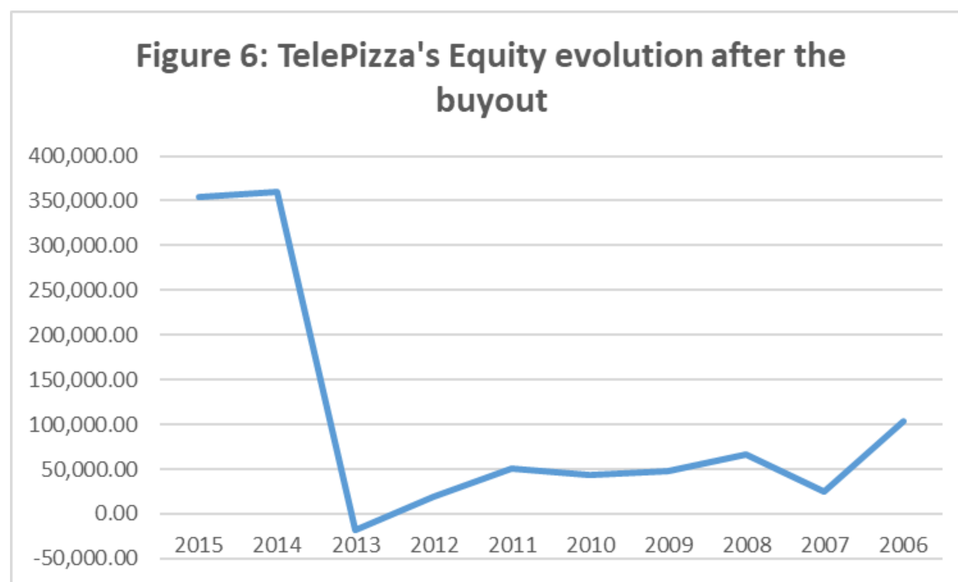
Table 12: TelePizza's debt and coverage ratios between 2006 and 2012							
Ratio	2012	2011	2010	2009	2008	2007	First period average
Liabilities-to-equity	25.92	19.22	19.97	15.35	19.22	14.22	2.08
Debt-to-equity	23.07	17.88	18.53	14.31	17.82	13.01	1.32
Debt-to-capital	0.96	0.95	0.95	0.93	0.95	0.93	0.55
Interest coverage (earnings based)	0.21	0.60	0.82	0.73	0.55	0.67	9.12

Table 12: Own elaboration with information taken from SABI

Table 12 includes the interest coverage ratio. This ratio is used to determine how well a company is able to pay the interest on its outstanding debts. The ratio is obtained by dividing the operating profit by the interest expense. Although interpretations can be different regarding the industry, the higher the value obtained, the better a company is able to face the interest on its outstanding debts. We can observe that TelePizza's interest coverage ratio was wide before the buyout. However, after the buyout the interest coverage ratio fell below 1, which means that interest expense was higher than the EBIT of the company. As has been mentioned before, interest expense and debt were drowning TelePizza during this period.

3.4 In free fall…. a parachute, please?

As could be expected, the cumulative bad results obtained each year, with negative profit after taxes due to the interest expenses and the debt acquired after the buyout resulted in a progressive deterioration of the Equity of TelePizza, which became negative in 2013. This situation is represented graphically in figure 7.



Source: Own elaboration with information taken from SABI

However, figure 6 and table 13 show an outstanding increase in TelePizza's equity between 2013 and 2014, which was caused by a debt refinancing agreement. This year, the Private Equity fund KKR and other funds took control of 49% of the company, and reduced the debt from 485 million euros to 285 million euros (Cinco Días, 2014). This change in the capital structure led to an increase in the equity's vertical percentage of around 40%, a percentage very similar to the values before the buyout.

Table 13: TelePizza's Balance sheet key items vertical analysis between 2012 and 2015				
LIABILITIES AND SHAREHOLDERS' EQUITY	2015	2014	2013	2012
Ordinary Shareholders' Equity	40%	41%	-2%	2%
Non-Current Debt	44%	43%	83%	79%

Source: Own elaboration with information taken from SABI

Table 13 shows how TelePizza's non-current debt was practically halved, decreasing its importance in the company's Balance Sheet from over 80% in 2013 to around 40% in 2014. After this capital restructuring, the company was able to clean the image, due to the decrease of the interest expense. This improvement in the results of TelePizza can be observed in table 14, which presents the vertical percentages of the company's Income Statement.

Table 14: TelePizza's Income Statement vertical percentages between 2012 and 2015				
INCOME STATEMENT	2015	2014	2013	2012
Revenue	100%	100%	100%	100%
Operating expenses	-87%	-93%	-88%	-90%
Operating profit	13%	7%	12%	10%
Other income, net of other expense	-1%	37%	-14%	-6%
Net interest expense (income)				
Interest income	0%	1%	2%	0%
Interest expense	-11%	-22%	-18%	-20%
Profit before taxes	1%	22%	-18%	-16%
Tax expense	-1%	5%	-7%	7%
Profit after taxes	0%	28%	-25%	-9%

Source: Own elaboration with information taken from SABI

As in the previous years, the operating profit of TelePizza remained stable, representing around 10% of total revenue. In 2014, due to the debt forgiveness, an extraordinary profit (which is included in other income) increased TelePizza's profit before and after taxes, resulting in the only year when the company had profit after taxes.

Table 14 shows how the interest expense decreased after the amendment of debt in 2015. Although the interest expense halved, it was still drowning the company, leading to a profit before taxes of only 1% of total revenue.

Table 15: TelePizza's ROE disaggregation between 2015 and 2012					
Ratio	**2015**	**2014**	**2013**	**2012**	**First period average**
Net operating profit margin	7%	43%	-12%	6%	9%
× Operating asset turnover	0.46	0.47	0.47	0.44	2.14
= Return on Net Operating Assets	3%	20%	-6%	3%	19%
Return on Net Operating Assets	3%	20%	-6%	3%	19%
x (Net Operating Assets/Business Assets)	0.95	0.96	0.97	0.98	0.90
+ Return on Investment Assets	3%	9%	23%	7%	8%
x (Investment Assets/Business Assets)	0.05	0.04	0.03	0.02	0.10
= Return on Business Assets	3%	20%	-5%	3%	17%
-Cost of debt	6%	10%	7%	7%	3%
Spread	-3%	10%	-12%	-4%	14%
× Financial leverage	1.09	3.24	-904.32	23.07	1.32
= Financial leverage gain	-4%	34%	10411%	-98%	17%
ROE = Return on Business Assets + Financial leverage gain	0%	53%	10406%	-95%	34%

Source: Own elaboration with information taken from SABI

The ROE of TelePizza after the capital restructuring improved its appearance, as the financial leverage decreased impressively. However, the ROE of 2015 was 0%, and did not recover the pre-buyout levels. The ROE of 2015 is still affected by a low operating asset turnover (due to the goodwill) and the negative spread, which worsens the Return on Business Assets.

Although debt levels decreased drastically due to the capital restructuring, the interest expense was still very high. This statement is observable looking at table 16, which shows some debt and coverage ratios of TelePizza between 2012 and 2015, including a first period average. If we look at the debt-to-equity ratio or to the liabilities to equity ratio, we find that in 2015 the debt or liability levels were similar (even lower) to the first period average.

However, the interest coverage ratio of TelePizza in 2015 was clearly much far lower (1.05) than the average interest coverage ratio before the buyout (over 9). This suggests that the company was less able to pay the interest on its outstanding debts in 2015.

Table 16: TelePizza's debt and coverage ratios between 2015 and 2012					
Ratio	**2015**	**2014**	**2013**	**2012**	**First period average**
Liabilities-to-equity	1.48	4.10	-1082.47	25.92	2.08
Debt-to-equity	1.09	3.24	-904.32	23.07	1.32
Debt-to-capital	0.52	0.76	1.00	0.96	0.55
Interest coverage (earnings based)	1.05	2.01	0.02	0.21	9.12

Source: Own elaboration with information taken from SABI

The conclusion that can be extracted from the last years of the first LBO period (LBOp1) is that managers were thinking more financially than economically. Even though the company decreased its leverage levels, goodwill was still a burden for the company with no easy solution, as the company would face a big loss in the case of its writing off[10].

[10] If goodwill arises from an overpriced acquisition, its value relevance is doubtful and subsequent write-offs will be nothing more than the reversal of the overpricing (Choi et al., 2018)

4. BOUNCING BACK INTO THE STOCK MARKET (2016-2018)

On April 27, 2016, TelePizza made its return to the stock market after a decade of absence. Prior to this, the company underwent significant changes in its top management, with Pedro Ballvé being replaced by Pablo Juantegui as the CEO (Constantini, 2016). Alongside this change in leadership, TelePizza also restructured its board of directors, preparing the company for its re-entry into the stock market.

The initial price range for TelePizza's stock[11] was set between €7 and €9.5 per share, which would have valued the company at approximately €800 million. This valuation was slightly lower than the €850 million price that Permira had paid for TelePizza when it acquired the company in 2006 (Simón, 2016). However, the final exit price for TelePizza was set at €7.75 per share, valuing the company at around €780 million (Constantini, 2016).

In addition to the 2014 refinancing, TelePizza expected to raise between €500 million and €600 million through its public offering through the issuance of new shares, primarily to reduce its debt and improve its capital structure. However, the market's response was not as optimistic as the company's expectations. On the first day of trading, TelePizza's shares closed at €6.25 per share, approximately 20% lower than the exit price.

TelePizza's market value was estimated at around €545 million, which was nearly €300 million less than the price Permira had paid to acquire the company (Constantini, 2016). This raised questions about Permira's contribution to TelePizza's performance and whether the company's value had declined since the private equity firm took control.

Overall, TelePizza's return to the stock market marked a new chapter in the company's history, with significant changes in its top management and a renewed focus on growth and expansion.

4.1 A new change in TelePizza's capital structure

As mentioned before, the company's expectation was to collect between 500 and 600 million euros with the public offering, which would be mainly used to reduce the company's debt. This capital restructuring is clearly observable in table 17, which shows

[11] The company was renamed before returning the stock market to TelePizza Group SA. This information can be revisited at point 1.2.

the vertical percentages of equity and non-current debt during the period (2016-2018). This figure includes a comparison with two years that have been taken as reference from the second period. 2012 has been chosen because it was the last year before the debt forgiveness with positive equity. 2015 has been chosen because it was the first year after the just mentioned debt forgiveness. These years offer the idea that since the first buyout, TelePizza has invested great effort and resources to face this leverage level and to change the capital structure, which would have been invested in other operating areas of the company.

Table 17: TelePizza's Balance sheet key items vertical percentages between 2016 and 2018					
LIABILITIES AND SHAREHOLDERS' EQUITY	**2018**	**2017**	**2016**	**2015**	**2012**
Ordinary Shareholders' Equity	60%	65%	64%	40%	2%
Non-Current Debt	23%	21%	21%	44%	79%

Source: Own elaboration with information taken from SABI

Taking a look at the values offered by the table, we find that since 2016, the company increased drastically their equity levels, representing above 60% of total assets during the period. These equity levels clearly improved TelePizza's structure, and if we compare them with the equity levels of the whole period under analysis, we conclude that between 2016 and 2018 TelePizza reached their equity's maximum levels. Once again, TelePizza's managers were making big efforts in the financial scope of the company.

4.2 Did the performance really change…?

We take a look at the Income Statement of the company between 2016 and 2019 in order to analyse the new TelePizza's performance. This section also includes the analysis and the disaggregation of TelePizza's ROE during the period and the analysis of some relevant ratios.

If we start taking a look at TelePizza's Income Statement, whose vertical analysis is presented in table 18, we find that operating expenses increased their representativeness in this period. However, the probably most drastic difference between periods is found when taking a look at the interest expense, which decreased after 2016. The interest expense reached similar levels to the interest expense of the company before the first buyout.

This decrease in the interest expense led to a clear improvement in the company's profit before and after taxes. Especially positive was the result obtained in 2017, as profit before

taxes represented 11% of TelePizza's total revenue., reaching again levels obtained before the first buyout. Furthermore, this profit was originated from the operating activity of the company.

Table 18: TelePizza's Income Statement vertical percentages between 2016 and 2018				
INCOME STATEMENT	***2018***	***2017***	***2016***	**2012-2015 Average**
Revenue	100%	100%	100%	100%
Operating expenses	-98%	-87%	-96%	-90%
Operating profit	2%	13%	4%	10%
Other income, net of other expense	0%	0%	0%	4%
Interest income	0%	0%	1%	1%
Interest expense	-2%	-3%	-7%	-18%
Profit before taxes	0%	11%	-2%	-3%
Tax expense	-1%	-2%	6%	1%
Profit after taxes	-1%	9%	3%	-2%

Source: Own elaboration with information taken from SABI

TelePizza's income statement structure remained quite similar, and the operating activity of the company standed almost unchanged. Trying to find the origin of the increase of the operating expenses (which are classified in table 19 by function and by nature) we observe a clear increase in other expenses in 2018 and an increase in personnel expenses in 2016[12].

Tables 17 and 18 lead to similar conclusions regarding the operating activity of TelePizza during the whole period (Mp2). We can conclude that, although the company experienced significant changes in their capital and company structure, the business remained "unchanged".

Table 19: TelePizza's operating expenses vertical analysis between 2016 and 2018				
OPERATING EXPENSES	***2018***	***2017***	***2016***	**2012-2015 Average**
Classification by function:				
Cost of Sales (function)	-29%	-28%	-26%	-25%
SG&A (function)	-69%	-59%	-70%	-64%
Classification by nature:				
Cost of Materials (nature)	-24%	-22%	-21%	-20%
Personnel Expenses (nature)	-28%	-26%	-35%	-30%
Depreciation and Amortization (nature)	-5%	-5%	-5%	-5%
Other Operating Income or Expense	-42%	-33%	-35%	-34%

Source: Own elaboration with information taken from SABI

If we change the scope into TelePizza's ROE between 2016 and 2018, which is presented in table 20, we can easily observe how the ROE improved after the return into the stock

[12] In 2017, TelePizza's revenue increased by around 30 million euros; which decreased TelePizza's expenses in vertical percentages.

market. We find positive ROE values in 2016 and 2017 which, although they were not as good as the ROE values before the buyout, clearly improve the average ROE after the buyout (table 20 includes a 2006-2012 average).

When disaggregating the ROE of these years in order to find the origin of this ROE improvement, we first observe that net operating profit improved clearly in 2016 and 2017, almost doubling the net operating profit average margin between 2006 and 2012. This fact, alongside the improvement of the operating asset turnover, led to an improvement of the return on net operating assets.

This short improvement in net operating assets. However, it is not strong enough for making an improvement in the Return on Equity. This effect is neither caused by the return on investment assets, due to the small proportion of them in the balance sheet. Again, goodwill[13] was a heavy stone.

ROE improvement, then, needs to be originated in the second element of the ROE disaggregation, the financial leverage gain. If we take a look at it, we find that financial leverage gain (loss) has improved substantially in comparison with the financial leverage gain (loss) of the previous period; although their values are still negative (except 2017, in which it becomes positive).

Even if spread improves after 2016, this financial leverage gain (loss) substantial improvement is originated by the decrease of the financial leverage. As has been previously mentioned, this value is originated by dividing debt by equity.

After the return in the stock market, equity increased their representativeness in the balance sheet. Furthermore, the funds obtained in the stock market were mainly used to reduce TelePizza's leverage. If we sum up both events, we obtain this clear decrease in the financial leverage ratio, which is the main origin of the ROE improvement.

After the return in the stock market, the decrease in TelePizza's leverage level led to a decrease in the company's cost of debt, which decreased from an average 7% during the first buyout period to around 4% in average between 2016 and 2019.

[13] Goodwill from acquisitions is regulated by IFRS 3 "Business Combinations" and IAS 36 "Impairment of Assets" (Choi et al., 2018).

Table 20: TelePizza's ROE disaggregation between 2016 and 2018				
Ratio	**2018**	**2017**	**2016**	**2006-2012 Average**
Net operating profit margin	1%	11%	8%	5%
× Operating asset turnover	0.44	0.48	0.47	0.39
= Return on Net Operating Assets	0%	5%	4%	3%
Return on Net Operating Assets	0%	5%	4%	3%
x (Net Operating Assets/Business Assets)	0.91	0.9	0.93	0.96
+ Return on Investment Assets	1%	1%	5%	26%
x (Investment Assets/Business Assets)	0.09	0.1	0.07	0.04
= Return on Business Assets	0%	5%	4%	3%
-Cost of debt	3%	4%	6%	7%
Spread	-2%	1%	-2%	-4%
× Financial leverage	0.36	0.33	0.62	15.42
= Financial leverage gain	-1%	0%	-2%	-54%
ROE = Return on Business Assets + Financial leverage gain	-1%	5%	2%	-51%

Source: Own elaboration with information taken from SABI

This mentioned improvement in the capital structure of the company is easily observable too in table 21, which shows some debt and coverage ratios during this period. If we compare the liabilities-to-equity ratio and the debt-to-equity ratio, we can extract two clear conclusions from them. First, we observe how debt decreased drastically after the return into the stock market, as both ratios decreased from over 15 to values below 1. Values below 1 mean that equity was higher than both debt and liabilities.

Table 21: TelePizza's debt and coverage ratios between 2016 and 2018				
Ratio	**2018**	**2017**	**2016**	**2006-2012 Average**
Liabilities-to-equity	0.60	0.55	0.91	16.82
Debt-to-equity	0.36	0.33	0.62	15.42
Debt-to-capital	0.26	0.25	0.38	0.92
Interest coverage (earnings based)	0.96	4.73	0.68	0.53

Source: Own elaboration with information taken from SABI

Furthermore, if we compare both ratios, we find that the liabilities composition changed after the return into the stock market. Between 2006 and 2012, in average, liabilities were almost fully composed of debt (as both ratios, debt-to-equity and liabilities-to-equity ratios have similar values). However, after 2016, we observe that non-debt origin liabilities increased in percentage (as both ratios reduced their similarity).

Finally, if we look at the interest coverage ratio, we observe that their capacity to pay the interest on its outstanding debts improved. Although the values were lower than 1 in 2016 and 2018, which shows that the interest expense was higher than the company's EBITDA

during these years, in 2017 the interest coverage ratio was almost 5, a value that was not obtained since the period before the buyout.

So, if we take a look at the debt and coverage ratios and the ROE disaggregation of TelePizza during this period, we can conclude that TelePizza’s structure was “healthier” during this period, which translated into better performance results. However, goodwill was still a burden for the company.

4.3 A strategic alliance

In 2018, TelePizza entered into a strategic alliance with Pizza Hut, becoming the franchisor of Pizza Hut in several foreign markets such as Latin America, Portugal, and Switzerland. Following the alliance, TelePizza's stores in Latin America have operated under the Pizza Hut name, while Pizza Hut's stores in Portugal and Switzerland have operated under the TelePizza name. Additionally, TelePizza became the supplier of all these markets.

This strategic alliance increased the total number of TelePizza stores by almost 60%, from around 1,600 stores in March 2018 to almost 2,600 stores. Furthermore, the company increased its international presence in 14 new countries. The alliance also involved the opening of up to 2,500 stores over the following 20 years, with 1,300 of them in the next decade. However, given the fragile position of TelePizza since the first buyout, some analysts considered the alliance to be too ambitious (Salvatierra, 2018).

Not everyone saw the alliance as positive for TelePizza, and the executive vice-president, Marcos De Quinto, resigned after the deal for "personal reasons." However, the true origin of his resignation was his deep disagreement with the company's executives and the board regarding the viability and soundness of the operation.

One of the main concerns was that Pizza Hut would have a buying option on the ownership of Telepizza's distinctive signs, which would make TelePizza a Pizza Hut franchisee in the future, according to some TelePizza sources. This option was the primary reason behind Marcos de Quinto's resignation (Cinco Dias, 2018).

Although the alliance seemed like an outstanding opportunity for TelePizza to grow and diversify geographically, some future problems were already emerging.

5. HERE THEY CAME AGAIN (2019-2023)

On December 20, 2018, news emerged in the media about the private equity fund KKR launching a takeover bid to once again delist Telepizza from the stock market (Salvatierra, 2018). At that time, KKR owned approximately 26% of Telepizza's shares and offered €6 per share, whereas the market valued the shares at €4.83 per share. This led to a surge in Telepizza's share price, which was almost equal to the price offered by KKR, and the announcement came just two days after Telepizza and Pizza Hut agreed to form an alliance (López, 2018).

KKR valued Telepizza at around €600 million, which was €180 million less than the valuation made when Telepizza returned to the stock market (€780 million). Furthermore, KKR's valuation was €250 million lower than Permira's buyout valuation. Some analysts and fund management companies argued that the price offered by KKR was not high enough. They contended that the recent alliance with Pizza Hut should increase Telepizza's good expectations and valuation, even though the market price of Telepizza's shares before the news was below €5.

KKR's offer was enough to acquire 75% of Telepizza (El País, 2019), which was the minimum required. This acquisition represented a significant move for KKR, as it would enable the fund to expand its portfolio in the food sector and capitalise on Telepizza's strong presence in several countries, particularly in Spain and Latin America. To finance the acquisition, KKR issued bonds worth €525 million with an interest rate of 3.75% and a maturity period of eight years (Cinco Días, 2019). The bond issuance was managed by several international banks, including Bank of America Merrill Lynch, JP Morgan, BBVA, Crédit Agricole, and Santander. These bonds were issued by a new company Foodco Bondco S.A. (TelePizza’s new corporate structure is observable in figure 7).

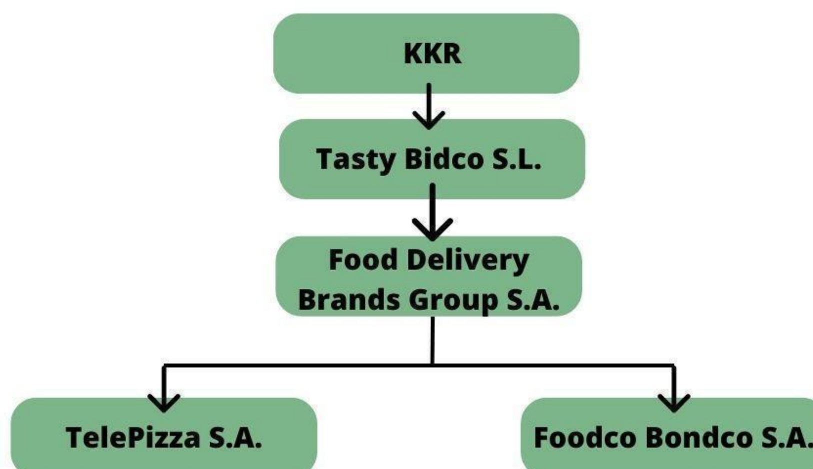


Figure 7: TelePizza's corporate structure after the second LBO

Source: Own elaboration with information taken from SABI

KKR acquired the company formed by Permira in the first buyout, in 2006, Foodco Pastries Spain SL, which was renamed as Food Delivery Brands Group SA[14]. Figure 7 illustrates TelePizza's corporate structure following the second buyout, where KKR utilised Tasty Bidco S.L. as the new company that acquired TelePizza S.A. As previously mentioned, the company established a new entity named Foodco Bondco S.A. to issue bonds for financing the acquisition (although the bonds were issued by this new company, the responsibility of the debt was transferred to Tasty Bidco S.L.).

Once again, after the buyout TelePizza changed its corporate structure, increasing the complexity of the company.

Because of this change in the structure of TelePizza, the accounting information that will be presented in the following pages has been taken from the company Tasty Bidco S.L. consolidated financial statements; whose information has been obtained from the SABI database.

[14] Foodco Pastries Spain SL was renamed as Food Delivery Brands Group SA in 2018. This information can be revisited at point 1.2.

5.1 A new barbarian, a pandemic and the economic effects of a war… anything else?

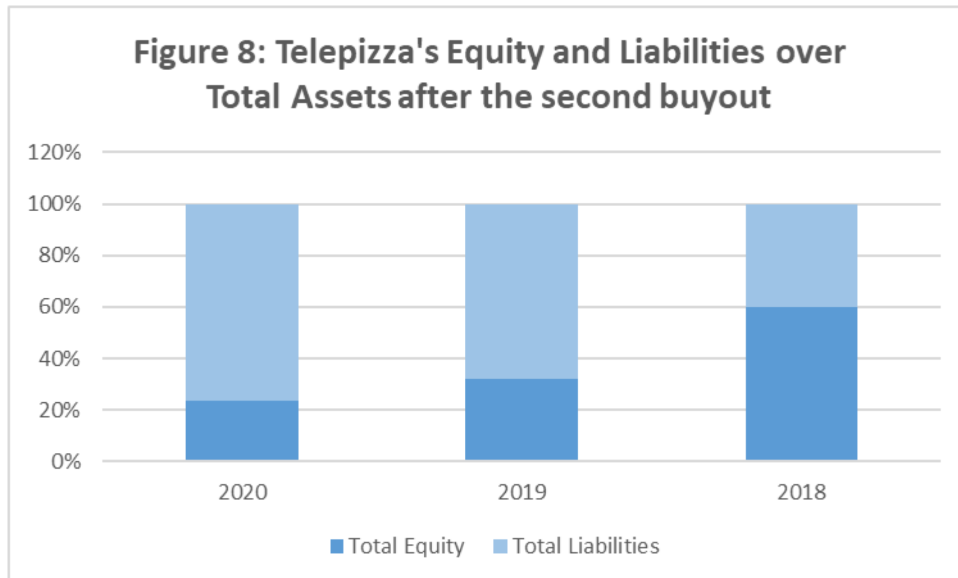
Tasty Bidco S.L. witnessed a substantial surge in total assets, exceeding more than 200 million euros (22% increase). However, the company's equity did not improve and instead decreased by approximately 210 million euros (35% decrease). Table 22 reveals that the rise in total assets was primarily due to a surge in TelePizza's intangible assets, particularly the company's goodwill again. Despite significant growth in total assets, TelePizza's non-current tangible assets critical to its operations only increased by 8 million euros, which is surprising. Again, TelePizza suffered a new barbaric act.

Table 22: Key changes in TelePizza's Balance Sheet after the second buyout (in thousand €)			
Balance sheet items	**2018**	**2019**	**Percentual Change**
Total Assets	989,228.0	1,206,078.0	22%
NC Intangible Assets	738,524.0	940,785.00	27%
Equity	594,849.0	384,472.00	-35%
Total Liabilities	393,543.0	749,544.00	90%
NC Tangible Assets	51,262.0	59,668.00	16%

Source: Own elaboration with information taken from SABI

Moreover, the company's capital structure underwent a significant transformation as liabilities soared by almost 750 million euros (90% increase). TelePizza's increased liabilities were utilised to finance the buyout. Consequently, TelePizza found itself in a highly risky position once again, with liabilities accounting for approximately 60% of the company's total assets in 2019. This risky situation escalated further in 2020, with liabilities accounting for almost 70% of TelePizza's total assets. History was repeating itself.

The increase in liabilities, and the new change in the capital structure of TelePizza is observable in figure 8.



Source: Own elaboration with information taken from SABI

Upon examining TelePizza's Income Statements following the second buyout, it is worth noting the impact of COVID-19 as a new factor. We first observe how operating expenses increased in importance after the second buyout, with an outstanding 137% of total revenue in 2020. Because of this increase in the operating expenses representativeness (due to the decrease in revenue because of the COVID-19), the operating profit of TelePizza was deteriorated after the buyout, with negative results in 2019 and 2020. Taking into account that the company increased its interest expense due to the increase in leverage with the bonds emission, we find that TelePizza's results before and after taxes got worse after the buyout. Especially negative were the losses after taxes in 2020, which represented 45% of total revenue.

Although between 2006 and 2016 the operating performance of the company remained almost unchanged, we observe that the company's operating performance clearly worsened after the second buyout. The company argued that the COVID-19 was the main responsible. Now TelePizza was fighting two fronts at the same time: the economic front and the financial front.

Table 23: TelePizza's Income Statement vertical analysis between 2018 and 2021				
INCOME STATEMENT	2021	2020	2019	2016-2018
Revenue	100%	100%	100%	100%
Operating expenses	-97%	-137%	-105%	-94%
Operating profit	3%	-37%	-5%	6%
Other income, net of other expense	0%	0%	0%	0%
Interest income	1%	1%	1%	1%
Interest expense	-9%	-10%	-10%	-4%
Profit before taxes	-6%	-46%	-14%	3%
Tax expense	0%	1%	2%	1%
Profit after taxes	-6%	-45%	-12%	4%

Source: Own elaboration with information taken from SABI

We take a look at the operating expenses more closely, which are classified in table 24 by nature and function, in order to find the origin of their increase in importance after the buyout. We easily observe that after the second buyout, TelePizza increased their depreciation and amortization expenses. Furthermore, the other expenses account increased astronomically after the buyout, especially in 2020, the year in which the COVID-19 arrived.

Table 24: TelePizza's operating expenses vertical analysis between 2019 and 2021				
OPERATING EXPENSES	2021	2020	2019	2016-2018 Average
Classification by function:				
Cost of Sales (function)	-30%	-30%	-27%	-27%
SG&A (function)	-67%	-107%	-78%	-66%
Classification by nature:				
Cost of Materials (nature)	-17%	-17%	-16%	-22%
Personnel Expenses (nature)	-24%	-28%	-24%	-30%
Depreciation and Amortization (nature)	-12%	-13%	-11%	-5%
Other Operating Income or Expense	-43%	-80%	-54%	-36%

Source: Own elaboration with information taken from SABI

Table 25 presents the Return on Equity of the company for the last period. Upon examination, it is evident that the ROE displayed negative values once more from 2019 to 2020, making it unappealing to investors. From where were these values derived?

After 2019, the net operating profit margin became negative, which led to negative return on net operating assets. Furthermore, the operating asset turnover got worse again, due to the inclusion of goodwill in the balance sheet. Because of that, the Return on Business Assets (ROBA) got worse too, leading to negative values.

Table 25: TelePizza's ROE disaggregation between 2019 and 2021				
Ratio	2021	2020	2019	2016-2018 Average
Net operating profit margin	2%	-38%	-6%	6%
× Operating asset turnover	0.52	0.43	0.31	0.46
= Return on Net Operating Assets	1%	-16%	-2%	3%
Return on Net Operating Assets	1%	-16%	-2%	3%
x (Net Operating Assets/Business Assets)	0.95	0.95	0.93	0.91
+ Return on Investment Assets	5%	5%	2%	2%
x (Investment Assets/Business Assets)	0.05	0.05	0.07	0.09
= Return on Business Assets	1%	-15%	-2%	3%
-Cost of debt	6%	6%	5%	4%
Spread	-5%	-21%	-7%	-1%
× Financial leverage	1.79	1.35	0.69	0.44
= Financial leverage gain	-8%	-28%	-5%	-1%
ROE = Return on Business Assets + Financial leverage gain	-7%	-43%	-6%	2%

Source: Own elaboration with information taken from SABI

If we take a look at the second component of the Return on Equity, the financial leverage gain/loss, it worsened due to the leverage increase of TelePizza after the bond's emission. The financial leverage again reached values over 1, suggesting that total debt was higher than total equity. Furthermore, the spread became negative again, leading to financial leverage losses.

Upon examining the available information, we can draw two distinct conclusions.

Firstly, it is evident that the company's operating performance deteriorated after 2019, despite the company attributing this decline to the impact of COVID-19. However, upon closer analysis, it is clear that the operating performance of TelePizza was already subpar in 2019, even when compared to the period between 2016 and 2019. This indicates that COVID-19 was not the sole cause of the company's underperformance.

Secondly, we can observe that the increase in financial leverage (imposed again by private equity funds) once again led to a decline in TelePizza's results, as was the case during the first buyout period from 2006 to 2016. The key difference between the two periods is related to the first conclusion, as TelePizza's operating performance remained relatively stable and adequate between 2006 and 2016. Again, the levels of leverage increased the cost of debt of the company, which increased from 4% to over 6%.

Table 26: TelePizza's debt and coverage ratios between 2018 and 2021				
Ratio	**2021**	**2020**	**2019**	**2016-2018 Average**
Liabilities-to-equity	2.59	2.03	1.10	0.69
Debt-to-equity	1.79	1.35	0.69	0.44
Debt-to-capital	0.64	0.58	0.41	0.30
Interest coverage (earnings based)	0.39	-3.81	-0.47	2.12

Source: Own elaboration with information taken from SABI

This increase in the leverage level of the company is shown in table 26, which presents some debt and coverage ratios of the company during these last years. We observe how the total debt and total liabilities increased in comparison with equity in the first two ratios, suggesting in both cases that they reached quantities higher than total equity (as values are higher than 1 in both ratios). Furthermore, the company's interest coverage ratio, which is used to determine how well a company is able to pay the interest on its outstanding debts, got worse after 2019, reaching negative values due to the operating losses in 2019 and 2020.

5.2 Do we really need them?

Since the COVID-19 arrived, the company has gone through an adverse situation, which has been just shown. In June 2020, TelePizza's credit rating dropped from B2 with a stable outlook to Caa3 with a negative outlook, indicating a significant increase in credit risk. The downgrade caused its bonds to shift from being speculative and high-risk to low-quality assets with a very high level of credit risk. As a result, the company was left with only one rating level before reaching the lowest rating, which would signal a severe challenge in making interest payments or repaying its outstanding debt. Furthermore, the company explained that it needed between 95 and 115 million euros to address its liquidity problems and that the new situation put its alliance with Pizza Hut at risk (Aparicio, 2020).

Pizza Hut and TelePizza extended the deadline for the local openings by one year in 2021, from 10 to 11. The distribution of these openings was also revised, and the period and thresholds for applying penalties for late openings was delayed. Furthermore, Pizza Hut's owner, Yum!, executed the buying option on TelePizza's brand name (Ropero, 2021).

However, this extension was not enough for changing the situation, and in November 2022, TelePizza was once again revising its partnership with Pizza Hut. The company

stated that the group's profitability was being affected by high inflation and the long and severe economic downturn, along with the continued impact of the Covid pandemic. At this date, the company hired Houlihan Lokey to negotiate with banks and bondholders to carry out a capital restructuring (Bayón, 2022).

In December 2022, KKR declared its intention to sell TelePizza after the completion of the debt restructuring process and the adjustment of the terms of its strategic partnership with Yum! Brands (Pizza Hut), the owner of the brand (Romera et al., 2022).

At the beginning of 2023, TelePizza reached an agreement with Oak Hill, Fortress, Blantyre and HIG Capital (holders of 67% of the total bonds issued), which will take a large majority of TelePizza’s capital in exchange for capitalising more than EUR 180 million of debt into equity, thus becoming the new owners of the company (Casado et al., 2023).

Although these events are very recent, some conclusions can be extracted. First, we find some similarities in both buyouts of TelePizza. In both cases, private equity funds increased exponentially the leverage of the company, which reached unsustainable levels, leading to debt condonations and capital restructuring in both buyouts.

Furthermore, in both cases the operating activity of TelePizza remained “almost” unchanged, and in both periods the interest expense due to the increase in the debt levels of the company drowned the operating profit.

Although the COVID-19 and the inflation could have been responsibles of TelePizza’s actual situation, it is clearly observable that they are not the only guilty ones.

Again, and after analysing the period after the second buyout by KKR (LBOp2), the same two questions arise:

-What was the contribution of Private Equity Funds to TelePizza’s performance?

-How did the acquired debt contribute? Where was the debt invested?

6. CONCLUSIONS

This study examines the factors that have contributed to TelePizza’s current critical situation, with a focus on the leveraged buyouts (LBOs) carried out by Permira and KKR and the two periods in which the company went public. These LBOs have been identified as the primary cause of the company's financial troubles. The substantial increase in debt resulting from the buyouts, coupled with the lack of economic or operational contributions from the private equity firms, has led to a situation where profits generated by the company are drowned by the interest payments.

TelePizza’s management has been working hard to reduce this debt burden over the years, diverting resources and efforts away from improving the company's operations. In addition, the company is still dealing with the problem of goodwill on its balance sheet, which will continue to have negative effects until it is written off (what is not going to be easy).

Recent events have revealed that TelePizza’s new owners will again be private equity funds (bonds owners). Given the company's past experiences with such funds, this is not an encouraging sign for its future. In my opinion, TelePizza’s situation will not improve if these PE funds keep the company under their influence.

In light of these findings, a question remains:

Have these private equity funds actually brought something positive to TelePizza?

This is an issue for the reader to ponder and form their own opinions on.

REFERENCES

Aparicio, L. (2019, 3 febrero). Telepizza: el secreto está en la pasta. El País.

Aparicio, L.(2020, 26 junio). Telepizza paga la generosidad de sus dueños. El País.

Appelbaum, E., & Batt, R. (2014). Private equity at work: when Wall Street manages Main Street.

Archel, P., Lizarraga, F., Sánchez, S, y Cano M. (2009). Estados contables Elaboración, análisis e interpretación. Madrid.: Pirámide

Bayón, Á. (2022, 25 noviembre). Telepizza lanza un SOS a sus bonistas y encarga a Houlihan Lokey reestructurar su deuda. Cinco Días.

Bayón, Á.(2019, 11 abril). El CEO de Telepizza ganará cuatro millones con la opa de KKR. Cinco Días.

Bragg, S. (2022). The difference between liability and debt — AccountingTools. AccountingTools.

Casado, R., & Romera, J. (2023, 7 marzo). KKR entrega «las llaves» de Telepizza: los acreedores exigen más del 90%. elEconomista.es.

Casado, R., Mesa, J., & Romera, J. (2023, 3 febrero). Los acreedores toman el control de Telepizza tras capitalizar deuda e inyectar 60 millones. elEconomista.es.

Choi, J. S., & Nam, H. J. (2018). Do Goodwill and Its Impairment Write-Offs Predict Future Cash Flows Under the IFRS Regime?. Journal of International Trade & Commerce, 14(2), 83-100.

Costantini, L. (2016, 7 abril). Telepizza renueva su cúpula para adaptarse a la salida a Bolsa. El País.

Costantini, L. (2016, abril 25). Las "Telepizzas" en Bolsa costarán 7,75 euros. El País.

Costantini, L. (2016c, abril 28). Telepizza sufre el peor estreno de la Bolsa española con una caída de casi el 20%. El País.

De Rojas, F. S. S. (2018, 26 mayo). Marcos de Quinto dimitió en Telepizza tras votar no al acuerdo con Pizza Hut. Cinco Días.

Días, C. (2014, 20 octubre). KKR y otros fondos se hacen con el 49% de Telepizza. Cinco Días.

Ep (2019a, abril 23). KKR lanza una emisión de bonos en Telepizza por 335 millones en plena aceptación de la opa. Cinco Días.

Ep. (2019, 17 mayo). Telepizza gana 5,4 millones hasta marzo, un 33,8% menos. El País.

Expansión (2006, 21 febrero) La familia Ballvé lanzará una OPA sobre Telepizza, junto a grupos de capital riesgo y bancos. Expansión

Gómez, C. (2003, 6 julio). Telepizza naufraga en los manteles. El País.

Healy, E. P. P., Palepu, K., & Healy, P. (2022). Business Analysis and Valuation: IFRS.

Hidalgo, C. (2019, 26 julio). Telepizza se despide de la bolsa española por segunda vez en 23 años. Bolsamania.com

La Gaceta (2006, 21 abril) CVC presenta una contra-OPA por Telepizza a través de Zena. La Gaceta

Lafraya, C., Elizalde, I. (2006, 23 marzo). Permira amasará la nueva masa de Telepizza. Expansión.

López, C. (2018, 21 diciembre). El fondo KKR pagará seis euros por cada acción de Telepizza, valorada en 604 millones de euros. El País.

Más secretos en la masa de TelePizza. (2004, 4 abril). El País.

Muñoz, R. (2005, 21 agosto). El secreto sigue estando en la pasta. El País.

País, E. (1996, noviembre 11). El precio de salida a Bolsa de Telepizza será de 2.300 pesetas por acción. El País.

País, E. (1998, 12 febrero). Telepizza no competirá con sus franquicias. El País.

País, E. (2000, 16 noviembre). TelePizza venderá su filial francesa. El País.

País, E. (2003, 6 julio). Telepizza vuelve a casa. El Paí-s.

País, E. (2019, 28 marzo). El fondo KKR llevará adelante la compra de Telepizza si logra el 75% de aceptación. El País.

Romera, J., Casado, R., & Mesa, J. (2022, 1 diciembre). KKR venderá Telepizza tras renegociar su alianza con Yum! y reestructurar deuda. elEconomista.es.

Ropero, J. G. (2022, 25 noviembre). Telepizza pierde un 56% más, rebaja previsiones y revisa la alianza con Pizza Hut. Cinco Días.

Ropero, J. G., Bayón, Á. (2023, 15 febrero). KKR y bonistas colocan en el consejo de Telepizza a un experto en empresas en crisis. Cinco Días.

Ropero, J. G.(2021, 17 mayo). Telepizza y Pizza Hut retrasan un año sus objetivos de aperturas por la pandemia. Cinco Días.

Salvatierra, J. (2018, 16 mayo). Telepizza se alía con Pizza Hut para operar sus locales en Latinoamérica. El País.

Salvatierra, J. (2018b, diciembre 20). El fondo KKR lanzará una opa para sacar a Telepizza de Bolsa. El País.

Simón, P. L. M. S. A. (2016, 27 abril). Telepizza vuelve a la Bolsa con un descuento del 7%. Cinco Días.

Uriol, E. (2001, 20 octubre). Los franquiciados se enfrentan a Telepizza por su política comercial. Cinco Días.

Uriol, E. (2001, febrero 23). Telepizza abrirá espacios de Pollo Campero en tiendas de América Latina. Cinco Días.

Uriol, E. (2004, 2 marzo). Los asociados demandan a Telepizza por precios abusivos. Cinco Días.

<u>*DATABASES:*</u>

Información GRATIS de Empresas Españolas. (s. f.).

SABI