

A FRENCH BISTRO CAFE CONCEPT FOR A CALIFORNIAN MARKET
2019

“You don’t need to be a genius or a visionary, or even a college graduate for that matter, to be successful. You just need a framework and a dream.”

Michael Dell, founder of Dell

Agenda

I. The French cuisine market in the US today

1. Global overview
2. Expected growth
3. The American consumer

II. The US opportunity

1. Potential
2. Competition
3. Unique concept

III. The offer suggested

1. Business model
2. Envisionned scenarios
3. Identified risks
4. Expected financial results

IV. The operational practical aspects

1. Bruno Albouze
2. The project organisation and timeline
3. Key milestones and overall planning.

A solid market

- With close to 660 restaurants selling yearly almost \$800 Billions in food and beverages in the US there is no question that a significant share of this market is dedicated to French cuisine which has a very particular space. Indeed this cuisine is absent from concepts sold in chains as it remains upscale and among some of American favorites.
- Raising health concerns and desire for slow cooked higher quality products are expected to push French cuisine staples into daily consumed products throughout all social categories and specifically in higher income working classes.
- This cuisine is a perfect match for a health and quality obsessed market like the California and West Coast markets. Furthermore, French traditional dishes are part of the American collective culture: from onion soup to croque monsieur and coq au vin, each and every American consumer has its own favorite and always looks forward to enjoying a nice hearty French meal executed with style, precision and perfection.

A solid market

A precursor in the “Farm to table” trend to sponsor and push forward a cuisine cooked with only the finest available ingredients and offer non processed items to consumers.

A cuisine that reconciles the art of eating with the care for one’s health and pleasures of sharing around a table.

The US are the only country of the world where the dining out budget (\$54.8B) overpasses the grocery one (\$52.5B). According to the Bureau of Labor Statistics “ in 2014, the average American household spent \$2,787 on restaurant meals and takeout, which are not just luxuries anymore. Rather, they're becoming the norm”.

Sourdough campagne, baguette, flat bread, ratatouille, pâtés, steak frites, hearty quiches, salads, sandwiches, tartare, profiterole, custards and so much more are all French classics which were brought to the American palate by waves of French cuisine aficionados like Julia Child, Jacques Pépin, etc. and which now belong the American collective culture.

However the market is now ripe and ready for a non conventional yet perfection-driven type of approach and versatility like the one brought by Bruno Albouze.

Bruno is profoundly attached to the traditional and rigorous execution approach but adds a twist of American world to his culinary art.

The endless promises of the US opportunity

- The american market offers a business place comprised of 329M citizens with a \$3,84 Trillion federal budget and earning an average yearly revenue of \$59,039 (US Census 2016) and spending it as follows :
 - ✓ 8 % on health care,
 - ✓ 2 % on insurance & pensions,
 - ✓ 12.6 % on food
 - ✓ 33 % on housing
- Consumers are now craving for healthy, accessible yet quality-driven and exceptionally tasty dishes with a hint of difference on their French favorites. Bruno Albouze's vision is to stay faithful to its approach to quality while cooking a product which will be an exceptional one for its Californian customers and fans.
- The idea is to set up an «à la carte» menu for breakfast, lunch, brunch and dinner with a significant emphasize on high margin items such as cold and hot beverages, breakfast options, highly profitable wine and French cocktails and all time classic Bistro traditional dishes for lunch and dinner.
- The concept would be built to increase margins, lower operating costs and aggressively franchise the brand to optimize the return on investment of the business model.

The endless promises of the US opportunity

Bruno Albouze Bistro will have 8 revenue streams

- A pilot restaurant to build a franchise network
- A satellite commissary with an R&D research center, a purchasing central office and a corporate office,
- A wholesale business operation
- A conception lab to create new items to be distributed
- High margin, low labor products (wine, fresh juices, coffees, cocktails, etc.)
- Cooking classes
- Cooking books
- Cooking magazines / videos

Envisionned scenarios

- Reaching \$40M + and listing a percentage of the business on the stock market,
- Continue operating in private ownership mode while expanding through external growth,
- Introducing a private equity fund with option to opt out when the stocks and the business valuations are ready to allow a significant added value.

Identified risks

- Inadequate marketing, saturated or unresponsive market,
- importance of overhead, longer than expected time to reach return on investment,
- unplanned political or natural disaster, terrorist attack
- Higher purchasing costs
- Unstable staff

Bruno Albouze Biography and Perspectives

- Born in Germany, grown up in Bordeaux, France. Started working at age 14 while attending culinary college and being an apprentice which eventually led him to specialize in pastry and baking which he prefers because of its detail complexity.
- After culinary school, Bruno made his military duty in Reims, home of historic champagne houses before returning to Bordeaux where he worked in pastry and baking field for ten years.
- At age 29, Bruno moved to Paris to further his career when he became the head baker of Alain Ducasse working for the Plaza Athenee before moving on to the Pavillon Ellysées performing his art for the Lenôtre brand.
- In 2004 Bruno relocated to the US and now calls San Diego home where he is a Private Chef, a culinary instructor and an Executive Pastry Chef.
- In 2012 Bruno created what is considered by far the best culinary channel on YouTube to share his passion for cooking and baking. With over 65M viewers, 630,000 YouTube followers and over 36,000 Instagram fans.
- **Audience**
- America: 23.3% (California: 12%)
- Gender: Male 56.9% / Female 43.1%
- Age: 25-34 years: 36%.
- Bruno is a bankable Chef who can only lower marketing costs while attracting media and press coverage.

Expected financial results

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operations revenue										
Total revenue	\$3,144,000	\$3,244,800	\$3,368,064	\$3,517,830	\$3,681,074	\$3,859,011	\$4,052,962	\$4,264,369	\$4,494,802	\$4,745,974
Y/Y revenue growth %	0.00%	3.21%	3.80%	4.45%	4.64%	4.83%	5.03%	5.22%	5.40%	5.59%
Gross profit	\$2,358,000	\$2,433,600	\$2,526,048	\$2,638,372	\$2,760,806	\$2,894,258	\$3,039,722	\$3,198,277	\$3,371,101	\$3,559,481
Gross profit margin	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%
Operations expenses										
Total Yearly Expenses	\$495,092	\$497,612	\$500,208	\$392,889	\$395,643	\$398,479	\$401,400	\$404,409	\$407,509	\$410,701
Expenses as a % of revenue	15.75%	15.34%	14.85%	11.17%	10.75%	10.33%	9.90%	9.48%	9.07%	8.65%
EBITDA	\$1,862,908	\$1,935,988	\$2,025,840	\$2,245,483	\$2,365,163	\$2,495,779	\$2,638,321	\$2,793,867	\$2,963,593	\$3,148,780
EBITDA margin	59.25%	59.66%	60.15%	63.83%	64.25%	64.67%	65.10%	65.52%	65.93%	66.35%
EBIT	\$1,442,908	\$1,515,988	\$1,605,840	\$1,825,483	\$1,945,163	\$2,075,779	\$2,218,321	\$2,373,867	\$2,543,593	\$2,728,780
Yearly Net income (1)	\$917,998	\$966,962	\$1,027,163	\$1,223,074	\$1,303,259	\$1,390,772	\$1,486,275	\$1,590,491	\$1,704,207	\$1,828,282
Franchising revenue (2)	\$3,072,850	\$9,218,550	\$27,655,650	\$18,437,100	\$18,437,100	\$18,437,100	\$18,437,100	\$18,437,100	\$18,437,100	\$18,437,100
Total (1) + (2)	\$3,990,848	\$10,185,512	\$28,682,813	\$19,660,174	\$19,740,359	\$19,827,872	\$19,923,375	\$20,027,591	\$20,141,307	\$20,265,382

Expected financial results

- The project would need an amount of \$975,000 to be kicked off.
- This amount will be paid back on a 98-month period with a proposed 5% interest rate to be agreed upon with investors and fund providers.

Practical aspects of the project

- The team, the project organization and timeline key milestones,
- the menu, overall retro-planning, etc.
- Seasonal sales forecasts
- Marketing plans,
- Personnel plans and training protocols,
- Break even analysis,
- Projected balance sheet,
- Forecasted cashflow statements (to be coupled to the seasonal marketing plans).