

17 July 2020

**Azzurri Group**  
**Company Update**

- Acquisition by TowerBrook Capital Partners ahead of gradual reopening of sites
- Additional investment and restructured balance sheet create strong foundation for Azzurri's future
- Difficult decisions taken regarding restaurant estate, with around 75 sites not reopening following COVID-19 crisis

Azzurri Group today announces that it has been acquired by TowerBrook Capital Partners ("TowerBrook"), a London-based international investment management firm. The transaction has been implemented through a pre-pack administration process, which has enabled the business to restructure its balance sheet and its operations to support future success.

Azzurri traded strongly prior to the coronavirus crisis, with 301 restaurants across its three brands in the Italian casual dining sector and the London food-to-go market. Zizzi, ASK Italian and Coco di Mama all delivered good growth in like-for-like revenue and profit in the last financial year, consolidating the Group's position as a market leader in the sector.

However, in line with the rest of the hospitality sector, Azzurri has faced unprecedented levels of disruption in recent months as a result of the Covid-19 pandemic. At the outset of the crisis, the business acted swiftly to protect its employees and customers, deciding to close all restaurants ahead of the Government's lockdown. Azzurri took all possible steps to protect the financial position of the business by ceasing all capex, renegotiating rental payments and food supplier costs and furloughing all restaurant staff and non-critical central staff.

Given the sharply altered circumstances since lockdown, advisers KPMG were also appointed to carry out a detailed evaluation of the Group's operational and financial position, which has resulted in today's announcement. London-based TowerBrook is a long-term investor with a commitment to responsible ownership. It has a strong track record of investing in consumer businesses, such as Phase Eight and Jimmy Choo and, in the food sector, Van Geloven, Studio Movie Grill, Wilton and KeHE Distributors.

To support Azzurri's recovery from the Covid-19 crisis, TowerBrook has committed over £70 million to restructure the balance sheet and provide capacity for future growth. As a result of this process, which has been completed consensually with Azzurri's lending banks, the Group's debt will reduce significantly. This transaction allows the business to reopen at the right time, maximise its recovery in the period of social distancing ahead and to secure the long-term future of the business.

As a result of the more challenging environment, around 75 sites will regrettably not reopen and Pod will become a delivery-only brand. This will sadly impact up to 1,200 jobs across the Group. This very difficult decision in no way reflects the quality of these team members, but

has been made necessary by the very different operating environment that the business now finds itself in. Azzurri will continue to support all team members through this challenging period.

TowerBrook's investment has helped to secure the future of approximately 225 restaurants and shops, protecting 5,000 employees. Azzurri will now begin to implement its rigorous plans to reopen an initial group of 40 ASK Italian and Zizzi restaurants [over the weekend/next week], shortly followed by more restaurants and Coco di Mama sites later this summer. It is impossible to predict consumer demand following such a lengthy period of uncertainty and Azzurri will therefore reopen sites with caution, adapting appropriately to the new environment.

**Steve Holmes, CEO of Azzurri Group**, commented:

"The Covid-19 crisis has had a profound impact on the casual dining sector, bringing many businesses like ours to a standstill. Despite being a successful operator, the immediate loss of revenue during lockdown meant that we have had to make some incredibly difficult decisions to protect the business for the long term. It is with deep sadness that this process will result in the permanent closure of a number of sites and that we must say goodbye to greatly valued employees across our brands.

"Looking forwards, TowerBrook is a strong new partner who shares our ambitions for the future. Their additional investment has enabled us to preserve the majority of our restaurants, stores and jobs and I am confident that, under TowerBrook's ownership, Azzurri will navigate the period ahead successfully. We look forward to welcoming customers back in the near future and to our next chapter with optimism."

Azzurri was advised by KPMG and Travers Smith LLP. Sidley Austin provided legal advice to TowerBrook, and PJT Partners and CMD Global Partners acted as their financial advisers. Alvarez & Marsal and Boston Consulting Group provided additional guidance.

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### **Enquiries**

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## **Notes to Editors**

### **About Azzurri Group**

The Azzurri Group is a market leader in the Italian casual dining sector through its Zizzi, ASK Italian and Coco di Mama brands. Azzurri operates a total of 301 sites, employs over 6,000 staff and serves over 20 million meals annually.

### **About TowerBrook**

TowerBrook Capital Partners L.P. is an investment management firm with in excess of \$13.2 billion under management and a history of creating value for investors. The firm is co-headquartered in London and New York and focuses on making investments in companies headquartered in North America and Europe. TowerBrook's private equity strategy primarily pursues control-oriented investments in large and mid-market companies, principally on a proprietary basis and often in situations characterised by complexity. TowerBrook's structured opportunities strategy allows access to a broad array of opportunities, principally via structured asset and structured equity investments, enabling investment companies to access funding and expertise to support growth without ceding control. TowerBrook is a certified B Corporation. B Corporation certification is administered by the non-profit B Lab organisation and is awarded to companies that demonstrate leadership in their commitment to environmental, social and governance (ESG) standards and responsible business practices.