

How Panera's Ron Shaich Made Nearly \$400 Million Pretax -- And Beat Buffett Along The Way

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April 5, 2017



Panera Bread founder and CEO Ron Shaich scored big on the fast-casual eatery's sale. (Photo by Stephen Lovekin/Getty Images for Social Innovation Summit)

The \$7.5 billion acquisition of Panera Bread by an investment vehicle affiliated with JAB Holding is worth nearly \$400 million to founder Ron Shaich.

Shaich owns more than 1.2 million shares of Panera (both A shares and B shares that are convertible to A shares), according to the latest 13-G filing with the Securities and

Exchange Commission in December 2016. At the acquisition price of \$315 per share, that's a cool \$393 million (before taxes) for Shaich.

That may understate Shaich and his family's total holdings, however, as Panera's latest proxy last April shows a much higher sharecount, including stock appreciation rights, as well as shares held by Shaich, affiliated trusts and a family foundation. The reasons for the discrepancy were not immediately clear. Because of the super-voting B shares, Shaich and entities affiliated with him represent 15.5% of the company's voting power.

Panera's publicly traded shares recorded an annual 16% gain since 1991, beating the 14.4% return of Warren Buffett's Berkshire Hathaway in the same period, according to FactSet.

Shaich was not immediately available for comment. We will update as possible.

Shaich co-founded Au Bon Pain in 1981, which purchased Saint Louis Bread Co., the predecessor company to Panera, in 1993. Six years later, Panera sold off Au Bon Pain. Since then, the fast-casual soup and sandwich chain with more than \$5 billion in systemwide sales, has been one of the few outperforming restaurant chains in an increasingly difficult sector. The deal price represents a 30% premium to Panera's volume-weighted share price as of March 31, the last trading day before speculation broke about the deal.

Shaich, 63, has said that he wasn't looking to sell the company, but changed his mind after being approached by JAB. He will remain on as CEO. "I'm here and and I'm doing

this,” he told ABC earlier on Wednesday. “They’ll have to carry me out with my boots on.”

JAB Holding, a Luxembourg-based private equity shop, had previously purchased Krispy Kreme and Peet’s Coffee & Tea, as it has pushed heavily into the U.S. food business. JAB is 95% owned by several members of the German billionaire Reimann family, descendants of the German chemist Ludwig Reimann who inherited the Johan A. Benckiser company. The Panera acquisition is being done through JAB BV, an investment vehicle of both JAB Holding and JAB Consumer Fund.

The transaction is expected to close in the third quarter.

With Maggie McGrath and Antoine Gara