

Nando's not up 'for sale'

By [Adele Shevel](#)

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South African fast-food icon Nando's has ended months of speculation that it might be sold to international food group Yum Brands, the US owner of KFC and Pizza Hut.



Fernando Duarte, Nando's co-founder and chief operating officer, said this week that Nando's was not for sale.

"We have a long way to go. We're embarking on a long-term strategy and there's a lot of work to do there."

Duarte added, though, that if anyone approached the company with an attractive deal, it "certainly would not walk away. But we're not sellers at this point in time."

Last year Nando's opened up shop in the US — by far the world's biggest consumer market.

Three months ago rumours surfaced that Yum Brands had targeted the South African-homegrown brand. And this week Duarte spoke publicly for the first time about possible talks on a deal.

Capricorn International Ventures — the Enthoven family's investment arm — owns Nando's together with the Brozin family.

A source said neither family had a desire to sell. "We've had our investment for over 12 years," the source said.

The first Nando's outlet in the US opened in Washington in July last year. The chain has already been successful in the UK, with more than 200 outlets there. Altogether it has about 700 eateries in 26 countries, including Pakistan, Fiji, Oman and Nigeria.

Following its aggressive expansion, the Nando's chain — famous for flame-grilled chicken and humorous, cheeky and often controversial advertising, such as the recent spoof involving ANC Youth League chairman Julius Malema — is attracting an increasing amount of attention from international competitors.

Yum, which has 36000 restaurants in more than 100 countries, and posted revenues of more than US\$11-billion in 2008, is the most recent example.

London newspaper *The Times* recently said Yum had held informal discussions with Capricorn Ventures International.

Yum's KFC is the biggest fast food chicken operator in the world, while Nando's operates in what is known as the "fast casual chicken space".

The Times said Nando's would fit neatly alongside KFC, although analysts said a deal may be elusive until Nando's had proved itself in the US.

The Times said a source close to Nando's had said that dialogue with Yum would continue.

Duarte said Nando's has a good relationship with Yum executives. "We haven't entertained any discussions. I haven't picked up any interest on their part in any further relationship or acquisition."

He said Nando's has been on the radar screen of major international brands over the past five years.

"We have a large presence in the UK — we're certainly part of their landscape. Hopefully we'll continue being noticed and being a threat, and bite into the area where they operate. At the end of the day we're all after the same consumer."

The plan is to ensure that Nando's works and is profitable in the US. "Once we can do that we'll look at rolling out a strategy," said Duarte.

"It is likely to take much involvement over the next three years.

"We need to understand the American culture and mind set. It's very different to that of the UK and South Africa in the way they think and live," Duarte added.

He said the company hoped to find the business model that would make Nando's a household brand within the US market.

Nando's executives have had discussions with Brinker International, the American operator behind the Chili's and Romano's Macaroni Grill chains, in order to gain a better understanding of the US market.

"It's quid pro quo. We help each other. But once we're on the field, we're competitors. There's no reason why off the field we can't exchange views," said Duarte.

Nando's was founded by Duarte and Robert Brozin in 1987 with a restaurant in the Johannesburg southern suburb of Rosettenville, and is now South Africa's most successful restaurant group export.

Source: Business Times

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