|  |  |  |
| --- | --- | --- |
| **Strength** | **Strong Growth**  Post merger, there is higher projected growth and improved margins. | |
| **Strength** | **Strong Net leverage Ratio**  Pre and post merger, this ratio is below 5 (HSBC’s risk appetite), indicating a strong credit financials. | |
| **Strength** | **Strong Interest Coverage Ratio** Again, pre and post merger, this ratio is above 2 (HSBC’s risk appetite), indicating strong credit financials. |  |

|  |  |
| --- | --- |
| **Risk** | **Financial Risk**  Using leverage for the acquisition could impact margins and Rocketfuels financial standing.  **Mitigant(s)**  The company would be in a strong financial position post merger, reducing the risk of bankruptcy and profitability. |
| **Risk** | **Country Risk**  Could impact the operations of the company in a country, which could impact margins and /or growth.  **Mitigant(s)**  Company invests in “low” risk countries, which reduces the risk, making the investment comfortable. |
| **Risk** | **Sector Risk**  Could significantly impact the business, if there are any changes in the QSR market environment.  **Mitigant(s)**  According to the due diligence report, sector is growing in favor for rocketfuel’s market segment with good growth (5-6%). |