

Bowlero Corp: Continue Cleaning Up SPAC Debris

July 4, 2022 | By Alex Gavrish, Etalon Capital Ltd; author of "Story Investing"

We wrote about SPACs a few times, back in 2018 ["Investing in SPACs: How To Do It Right"](#) and even back in December 2016 we suggested an attractive investment opportunity in shares of Nomad Foods ["Nomad Foods: Story and Narrative For A 100% Return"](#) as an example of our approach and what type of SPAC might be attractive to investors.

After the huge wave of SPACs that followed in 2019-2021, we wrote that ["SPACs Revolution Turns Into Public Equity Market Transformation"](#) and both [cautioned](#) investors but also emphasized the fact that SPACs possess certain characteristics similar to spin-offs and with due caution attractive investment opportunities could be found in this niche as well.

We feel that now is a good time to start cleaning up SPAC debris and start looking for attractive and sound investment opportunities in this space.

Merger or acquisition by SPAC vehicle of an operating business represents an important corporate event. Similar to spin-off it becomes an important turning point in the company's [story](#).

Many companies that merge with SPACs try to sell investors a growth or transformation [story](#) for the next three or five years.

Recently we [highlighted](#) Ardagh Metal Packaging and a luxury fashion company [Ermenegildo Zegna](#), and [APi Group Corporation](#) as interesting examples of investment opportunities in the SPACs space.

Today we continue with Bowlero Corp.

In July 2021 Isos Acquisition Corp special purpose acquisition company [announced the acquisition](#) of Bowlero Corp, owner and operator of bowling centers at the implied enterprise value of approximately \$2.6 billion.

The acquisition was [completed](#) in December 2021.

Bowlero Corp currently has a market capitalization of about \$2,113 mil (based on a total of 192 mil shares outstanding and assuming all warrants conversion and all earnout shares issued) and we estimate Enterprise Value at about \$2,813 mil.

Company currently trades at an EV/EBITDA valuation multiple of x10.2 (based on the company's TTM Adjusted EBITDA) and x6.5 multiple (based on the company's Q3 2022 annualized Adjusted EBITDA).

It is worthy to note that Dave & Buster's Inc [recently acquired](#) Main Event, the operator of 50 family entertainment centers with offerings of bowling, laser tag, and games, for \$835 million.

So it is reasonable to assume that Bowlero Corp's business is attractive from a macro-economy perspective and also coincides well with the end of covid and the reopening of the leisure industry in general.

We think that Bowlero Corp is an interesting option for investors looking at the SPAC space from an event-driven and value investment perspective and it has an interesting [story](#).

