

## The Investor: Mekong Capital



**Fund Manager:** Mekong Capital

**Fund Name:** Mekong Enterprise Fund III

**Fund Size:** USD112.5 million

*Mekong Capital is a private equity firm focused on consumer-driven businesses in Vietnam. Established in 2001, Mekong Capital has invested in 35 companies, 27 of which have been fully exited, through four funds. Mekong Enterprise Fund III, which was launched in May 2015, is seeking to deploy between USD8 million and USD15 million per investment. The private equity firm's team includes over 35 employees, based in Ho Chi Minh City and Hanoi, who hold an average tenure of over five years.*

## The Company: Pizza 4P's



**Company:** Pizza 4P's

**Website:** [www.pizza4ps.com](http://www.pizza4ps.com)

**Industry / Sector:** Food and beverage

**Location:** Vietnam

*Pizza 4P's (or Pizzas for Peace) is a restaurant chain known for its fresh homemade cheese and sustainably sourced local ingredients. Founded in 2011 by a Japanese husband and wife team, the company has grown to operate a chain of 20 Pizza 4P's full-service restaurants, two food trucks, and two franchised Ippudo ramen restaurants targeting upper middle-income customers.*



**Date of Investment:**  
**July 2018**

**Amount:**  
**Undisclosed**

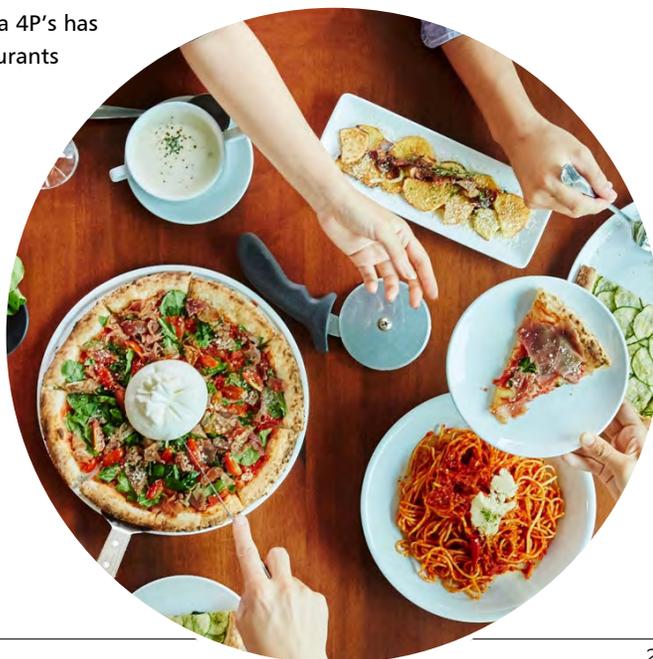
**Participation / Stake:**  
**Minority**

## Opportunity

Mekong Capital began courting the founders of Pizza 4P's in late 2015. The private equity firm had recently exited its investment in Vietnamese restaurant chain operator Golden Gate in August 2014 and was looking to gain new exposure to the food and beverage sector. It identified Pizza 4P's as a clear frontrunner—the pizza chain's customer satisfaction scores were among the highest in the industry and many on the Mekong Capital team were personal fans of its Japanese Italian fusion cuisine. Seat turnover—at just under 5x per day—was more than double its competitors and the private equity firm saw an opportunity to further scale the company, which had already expanded to five restaurants in four years.

Mekong Capital's opportunity emerged in July 2018 when a venture capital firm that had previously invested in Pizza 4P's became interested in selling its stake. Competing against a number of other investors, Mekong Capital successfully won the final round of

bidding on the strength of its track record of growing businesses in Vietnam. More importantly, its vision-driven approach to investing resonated with the company's founders, Yosuke Masuko and his wife Sanae. Since the partnership began, Pizza 4P's has expanded from seven to 22 restaurants and food trucks and serves more than 7,900 customers per day. The company has also become a pioneer in promoting the farm-to-table dining concept in Vietnam, prioritizing organic and sustainably produced ingredients while promoting transparency in its sourcing processes.



## Execution

One of the most important lessons that Mekong Capital learned while investing its first fund was how to work with companies to articulate their business visions, realizing that this process often results in entrepreneurs becoming more receptive to suggestions for change. In the case of Pizza 4P's, the founders were already committed to a higher purpose of spreading smiles and creating opportunities for millions of people to experience inner peace. The challenge for Mekong Capital was translating this vision into operational measures that would enable the company to grow its platform.

Immediately following its investment, Mekong Capital spent considerable time with the founders in fleshing out a set of core values and building a strong corporate culture to ensure those principles were firmly embedded across the company's 1,500 employees. In particular, one of Pizza 4P's core values, *omotenashi*, which means unconditionally incredible hospitality in Japanese and seeks to view each customer's experience uniquely, became harder

to institutionalize with each new opening. To improve customer satisfaction, Mekong Capital and Pizza 4P's launched a project whereby each restaurant produced a daily summary report to capture customer feedback and complaints, which were swiftly reviewed.

Mekong Capital also focused on ensuring that Pizza 4P's had the right leadership both within the company and on the board. The private equity firm played a key role in recruiting talent to the company's management team to support Yosuke and Sanae Masuko in accelerating the pizza chain's growth. To date, Mekong Capital has supported the hiring of approximately 30 people. Furthermore, Mekong Capital implemented a number of changes designed to strengthen the board, including assisting in the onboarding of an independent director, Bryan Pelz. Previously the cofounder of VNG, a Vietnamese technology unicorn, Pelz has been helping Pizza 4P's accelerate its digital transformation process.



## Outlook

Looking forward, Mekong Capital plans to continue supporting Pizza 4P's as it further scales within Vietnam and begins to expand internationally. While the company aims to eventually be in markets such as Japan and the United States, as a first step, it is launching a zero-waste concept restaurant in Cambodia, where it is currently solidifying relationships

with local recycling and composting companies to ensure that no waste generated on site is sent to a landfill. Additional priorities for Mekong Capital will include inspiring the 4P's leadership team to effectively instill the new vision throughout the company, continuing to improve operating efficiencies, and recruiting and retaining high-caliber talent.

## Spotlight: Connecting Sustainability to Vision

Sustainability is central to Pizza 4P's business model and vision. When the company first opened, mozzarella cheese was not produced in Vietnam and therefore had to be imported, so the company made the decision to produce its own natural cheese at a factory located outside of Dalat. Pizza 4P's has additionally developed strong relationships with a number of local organic farms; for example, five years ago, it partnered with the Thien Sinh Farm where rocket leaves are grown exclusively for the company. It also works closely with small- and medium-size farms that utilize sustainable production practices but don't have the budget to obtain a formal organic certificate, which can be extremely costly in Vietnam.

Mekong Capital has also encouraged Pizza 4P's efforts to educate the community on the importance of sustainability, hoping that doing so will inspire people to be more conscientious about their own waste. In 2019, the company opened an "edutainment" restaurant in Ho Chi Minh City that has an urban farm where customers can directly harvest from more than 1,000 pots of herbs and vegetables as well as see the role of aquaponics in reducing waste as water from the fish pond is pumped into the gardens. Earthworms, which are later fed to the fish, are utilized to compost vegetable scraps and produce fertilizer—all of which results in a reduction of approximately 20 kilograms of garbage per day.

Seeking to be more sustainable in terms of materials, the company made the decision in 2017 to eliminate plastic drinking straws and began to incorporate compostable plastic bags into its operations in April 2020. Made out of locally grown cassava starch and biodegradable within six months, these bags were rolled out at an opportune time as lockdowns resulting from the COVID-19 pandemic led to a significant uptick in delivery service. Additional energy conservation efforts undertaken by the company include the use of photovoltaic panels on restaurant rooftops, generating an approximate supply rate of 5%.

