



Seale & Associates

RESTAURANT FRANCHISES INDUSTRY
Q3 2023
VALUATION UPDATE

Introduction

We are pleased to share our Restaurant Franchise Industry Multiples Valuation Update for Q3 2023.

At Seale & Associates, we are committed to providing process-driven solutions designed to optimize value and achieve our client's strategic objectives in a range of transactions, including **Mergers, Acquisitions, Divestitures and Carve-Outs, Business Sales, Recapitalizations, and Joint Ventures**, among other corporate finance and strategy consulting services.

Over the course of 25+ years, we have successfully served clients all over the world, and we are delighted to continue providing investment banking advisory services to our Restaurant Franchise Industry clients who are looking to grow through acquisitions or optimize their portfolios through strategic divestitures.

Seale has extensive experience advising leading multinational companies, private equity firms, and family-owned businesses across a wide range of industries.



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Franchisees Global Comparable Public Companies





Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		Third Quarter Sep. 30, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
Alsea, S.A.B. de C.V.	 MEX	\$2,960	\$5,352	\$4,320	19.1%	10.4x	6.3x	6.5x	1.2x	
AmRest Holdings SE	 ESP	\$1,265	\$2,714	\$2,830	14.3%	12.6x	7.1x	6.7x	1.0x	
Arcos Dorados Holdings Inc.	 URY	\$1,993	\$3,435	\$4,175	14.2%	15.3x	6.6x	5.8x	0.8x	
Bloomin' Brands, Inc.	 USA	\$2,142	\$4,148	\$4,572	16.2%	11.1x	6.0x	5.6x	0.9x	
Brinker International, Inc.	 USA	\$1,410	\$3,555	\$4,190	13.9%	9.5x	6.2x	6.1x	0.8x	
CMR, S.A.B. de C.V.	 MEX	\$84	\$177	\$203	15.6%	105.3x	21.5x	5.6x	0.9x	
create restaurants holdings inc.	 JPN	\$1,607	\$2,001	\$916	11.3%	29.1x	39.7x	19.4x	2.2x	
Restaurant Brands International Inc.	 CAN	\$21,287	\$36,323	\$6,891	32.4%	18.1x	15.3x	16.2x	5.3x	
Skylark Holdings Co., Ltd.	 JPN	\$3,114	\$3,675	\$2,313	12.6%	12.3x	17.6x	12.6x	1.6x	
Yum! Brands, Inc.	 USA	\$35,010	\$46,852	\$7,059	34.8%	21.5x	19.6x	19.1x	6.6x	
						Mean	15.5x	11.8x	7.0x	1.2x
						Median	13.9x	11.2x	6.6x	1.1x

■ Excluded from mean and median

Franchisors Global Comparable Public Companies (1/2)





















Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		Third Quarter Sep. 30, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
BJ's Restaurants, Inc.		USA	\$553	\$1,060	\$1,346	11.3%	22.5x	10.7x	7.0x	0.8x
Chipotle Mexican Grill, Inc.		USA	\$50,536	\$53,068	\$9,536	24.0%	41.4x	27.4x	23.2x	5.6x
Chuy's Holdings, Inc.		USA	\$642	\$750	\$449	17.2%	12.9x	7.3x	9.7x	1.7x
Cracker Barrel Old Country Store, Inc.		USA	\$1,489	\$2,628	\$3,443	10.3%	55.0x	9.0x	7.4x	0.8x
Darden Restaurants, Inc.		USA	\$17,231	\$23,977	\$10,772	18.7%	19.7x	11.9x	11.9x	2.2x
Denny's Corporation		USA	\$470	\$856	\$469	18.7%	53.6x	13.8x	9.8x	1.8x
Dine Brands Global, Inc.		USA	\$769	\$2,256	\$833	25.5%	17.1x	11.2x	10.6x	2.7x
Domino's Pizza, Inc.		USA	\$13,293	\$18,443	\$4,469	20.9%	25.3x	21.4x	19.7x	4.1x
El Pollo Loco Holdings, Inc.		USA	\$295	\$536	\$472	15.6%	10.6x	7.6x	7.2x	1.1x
Jack in the Box Inc.		USA	\$1,389	\$4,378	\$1,723	35.1%	8.8x	8.3x	7.2x	2.5x

Franchisors Global Comparable Public Companies (2/2)

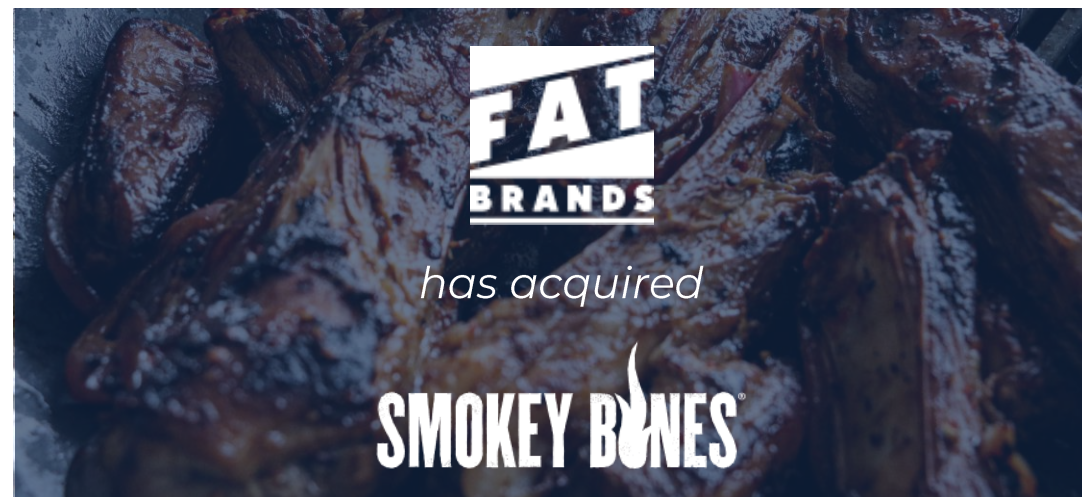
Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		Third Quarter Sep. 30, 2023 EV/		
						2021	2022	EBITDA	Revenue	
McDonald's Corporation		USA	\$191,985	\$238,907	\$25,014	58.6%	19.2x	17.3x	16.3x	9.6x
Noodles & Company		USA	\$114	\$395	\$517	13.0%	14.3x	8.1x	5.9x	0.8x
Papa John's International, Inc.		USA	\$2,233	\$3,211	\$2,091	11.7%	20.6x	15.7x	13.1x	1.5x
Red Robin Gourmet Burgers, Inc.		USA	\$128	\$716	\$1,294	11.4%	14.2x	5.4x	4.9x	0.6x
Shake Shack Inc.		USA	\$2,292	\$2,768	\$1,040	15.0%	50.0x	22.5x	17.8x	2.7x
Starbucks Corporation		USA	\$104,541	\$125,349	\$35,016	27.3%	21.9x	13.1x	13.1x	3.6x
Texas Roadhouse, Inc.		USA	\$6,415	\$7,062	\$4,477	12.6%	23.5x	12.9x	12.6x	1.6x
The Wendy's Company		USA	\$4,272	\$7,847	\$2,159	23.6%	18.4x	16.5x	15.4x	3.6x
TORIDOLL Holdings Corporation		JPN	\$2,151	\$2,800	\$1,399	15.4%	13.4x	10.4x	13.0x	2.0x
Wingstop Inc.		USA	\$5,391	\$5,929	\$438	27.9%	68.6x	50.6x	48.6x	13.5x
						Mean	16.7x	10.5x	8.8x	2.0x
						Median	19.4x	11.2x	9.8x	2.0x

■ Excluded from mean and median

Restaurant Franchises – Global Transactions

Date	Target	Country	Description	Buyer	Seller	% Acquired	Size US\$M	EV/ EBITDA	EV/ Revenue
Sep-23		USA	9 Marco's Pizza stores			100.0%	-	-	-
Sep-23		USA	Operates as a full-service restaurant that delivers barbecue			100.0%	\$31.6	-	0.2x
Sep-23		GBR	7 Pizza Hut branded franchise stores	Undisclosed	Multiple Sellers	100.0%	-	-	-
Sep-23	75 Frankie & Benny's and Chiquito restaurants	GBR	75 Frankie & Benny's and Chiquito restaurants			100.0%	\$9.4	-	-
Sep-23		GBR	Operates a chain of pubs	St Austell Brewery Company Limited	-	100.0%	-	-	-
Sep-23		MYS	Operates as a fast food restaurant chain		Intermark Resources Sdn Bhd	<50.0%	\$14.9	-	-
Aug-23		USA	Operates a chain of sandwich restaurants		-	100.0%	-	-	-
Aug-23		USA	Operates full-service Brazilian steakhouse restaurants			100.0%	\$1,100.0	-	-
Aug-23	6 franchise restaurants	USA	6 Franchise restaurants in Georgia and South California		-	100.0%	\$13.9	-	-
Aug-23	15 Smoothie King restaurants	USA	6 Smoothie King restaurants in Dallas	Mohammed Azaz		100.0%	-	-	-
Jul-23		USA	81 Hardee's restaurants	High Bluff Capital Partners	Summit Restaurant Holdings, LLC	100.0%	-	-	-

Selected Transactions Commentary



“Having a strong player in the barbecue space provides another arrow in our quiver for the polished dining segment and opens the door for additional growth strategies for our sister brands. We look forward to generating impressive results, similar to our Johnny Rockets integration, which we also acquired from an affiliate of Sun Capital Partners.”

Andy Wiederhorn, Chairman and Founder of FAT Brands



“Subway has a bright future with Roark, and we are committed to continuing to focus on a win-win-win approach for our franchisees, our guests and our employees.”

John Chidsey, CEO of Subway



“Fogo is the clear market leader, and we believe the business is poised to continue its rapid growth as consumers increasingly seek unique and authentic dining experiences.”










Adam Nebesar, Partner of Bain Capital



“Throughout this process, we have maintained that the restaurants would be sold to a qualified and well-capitalized buyer with demonstrable success across the restaurant, food and beverage markets.”

Max Wetzel, CEO of CKE (Parent Company of Hardee's)

Private Equity Transactions

INDUSTRY CLASIFICATION	PERIOD	AVERAGE ENTERPRISE VALUE (IN USD)	REVENUE (IN USD)	TTM REVENUE GROWTH	ENTERPRISE VALUE / REVENUE	EBITDA MARGIN	ENTERPRISE VALUE /EBITDA	NUMBER OF TRANSACTIONS
 Restaurants and Other Eating Places <i>NAICS 72251 – Restaurants and Other Eating Places</i>	 2018-2020	 \$86.4M	 \$105.3M	 4.4%	 0.9x	 11.5%	 8.0x	 9
Limited-Service Restaurants <i>NAICS 722513– Limited-Service Restaurants</i>	2018-2020	\$93.3	\$136.1M	4.6%	0.6x	9.6%	6.0x	3

Notes:

- Data obtained via GF Data, a subscription-based information platform, offering detailed information and metrics about the transactions of Private Equity funds in the U.S.
- The data is provided under a blind confidential format. Users of the data are unable to identify the exact company and transaction corresponding to the transaction details. Given this blind approach, the data submitted is less likely to be biased or manipulated.

KFC COSTA RICA

TARGET

Franchise of KFC in Costa Rica (KFC Costa Rica)

TRANSACTION TYPE

Buy-side advisory

INDUSTRIES

Restaurant Franchise

GEOGRAPHY

Costa Rica

SITUATION

Seale & Associates was engaged by Grupo Inversor Intellectiva, a Mexican investment group with diversified interests in media, energy, and real estate, to advise them on the acquisition of the Costa Rican KFC franchise, which was being sold under an auction process.

SEALE & ASSOCIATES' APPROACH

Seale advised Grupo Intellectiva during each step of the acquisition process. First, Seale helped design a non-binding indication of interest that incentivized the seller to complete stores that were under development while mitigating the buyer's risk. This incentive made the seller choose Grupo Intellectiva's indication of interest over another that offered a higher upfront value. Second, Seale proved to be invaluable during negotiations, ensuring that all their clients' needs were met under an open, amicable, and direct discussion setting at all times.

OUTCOME

The process resulted in the acquisition of 32 KFC stores located across the Costa Rican territory. Further, both buyers and sellers developed a good relationship that is expected to create attractive joint investment opportunities in the future.

“We look forward to working with them on our M&A and corporate finance initiatives in the future”

intelectiva

has acquired



KFC Costa Rica

from



“We are excited about the acquisition of the Costa Rica KFC franchise, a highly successful and fast-growing quick-service restaurant chain with fantastic growth prospects in a country we know very well.

We received valuable advice and exceptional service from our advisors at Seale & Associates, and we look forward to working with them on our M&A and corporate finance initiatives in the future.”

Roberto González Alcalá
President of Grupo Inversor Intellectiva, S.A.P.I. de C.V.

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Representative Global Engagements

 <p>INMAGUSA Grupo Galaz, S.A de C.V.</p> <p>has been acquired by</p> 	 <p>has sold</p>  <p>to</p> 	 <p>has sold its Sanitaryware business units ST. THOMAS CREATIONS and VITROMEX to </p>	 <p>has sold</p>  <p>to</p> 	 <p>has sold</p>  <p>to</p> 	 <p>has been acquired by</p> 	  <p>acquired</p> <p>The Zinc Recycling Business of</p> 
 <p>acquired</p>  <p>Automotive dealerships from</p> 	 <p>has sold</p>  <p>to</p> 	 <p>has sold</p> <p>Kidde de Mexico, S.A. de C.V. Fire Safety Solutions Business</p> <p>to an affiliate of</p> 	 <p>has sold its concrete pumping business</p> <p>to</p> 	<p>CORPORACION</p>  <p>has sold</p>  <p>to</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 
 <p>has been acquired by</p> 	<p>intelectiva®</p> <p>has acquired</p>  <p>KFC Costa Rica from</p> 	 <p>Multiple acquisitions</p> 	 <p>has partnered with</p>  <p>a subsidiary of</p> 	 <p>has been acquired by</p> 	 <p>has merged its Beverage Division with</p> 	 <p>has merged its Beverage Division with</p> 

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Please contact us if you would like further information about M&A trends and/or specific transaction multiples for your industry

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Creative Solutions. Trusted Advice.

For over 25 years, Seale & Associates has served leading public and private companies from around the world and operating in a broad range of industries with a high level of quality, integrity and independence while presenting innovative ideas and trusted solutions to address their most complex dealings.

25

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EXPERIENCE

\$50B+

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GLOBALLY

SERVICES AND SOLUTIONS

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