



Seale & Associates

RESTAURANT FRANCHISE
INDUSTRY
Q1 2024
VALUATION UPDATE

25 years

Introduction

We are pleased to share our Restaurant Franchise Industry Multiples Valuation Update for Q1 2024.

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 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.



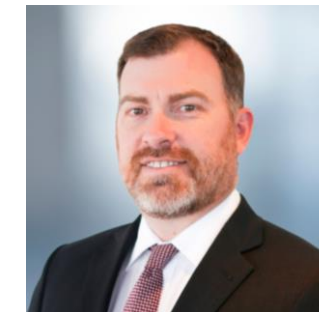
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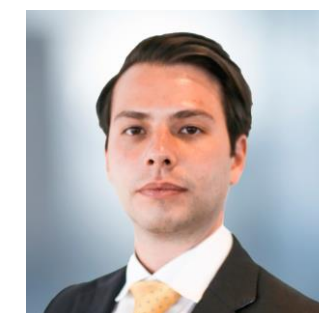
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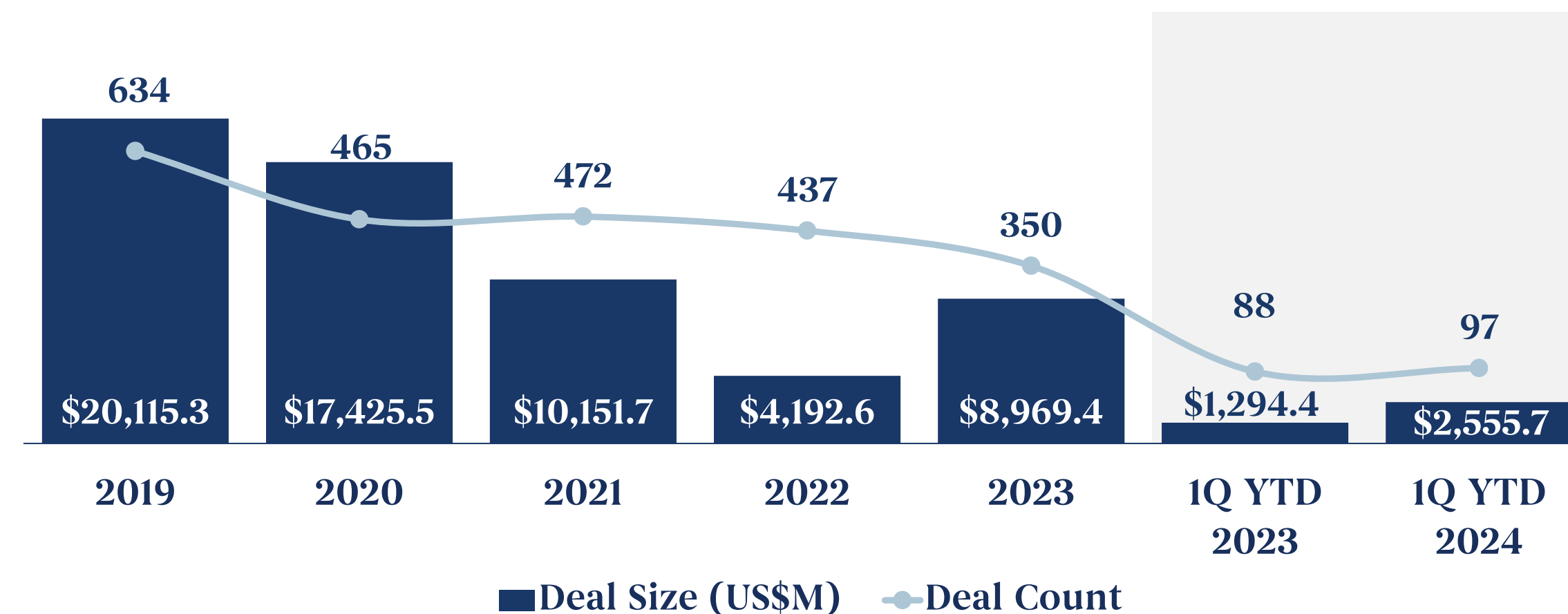
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Restaurant Franchise Industry Overview, M&A Trends and Market Intelligence

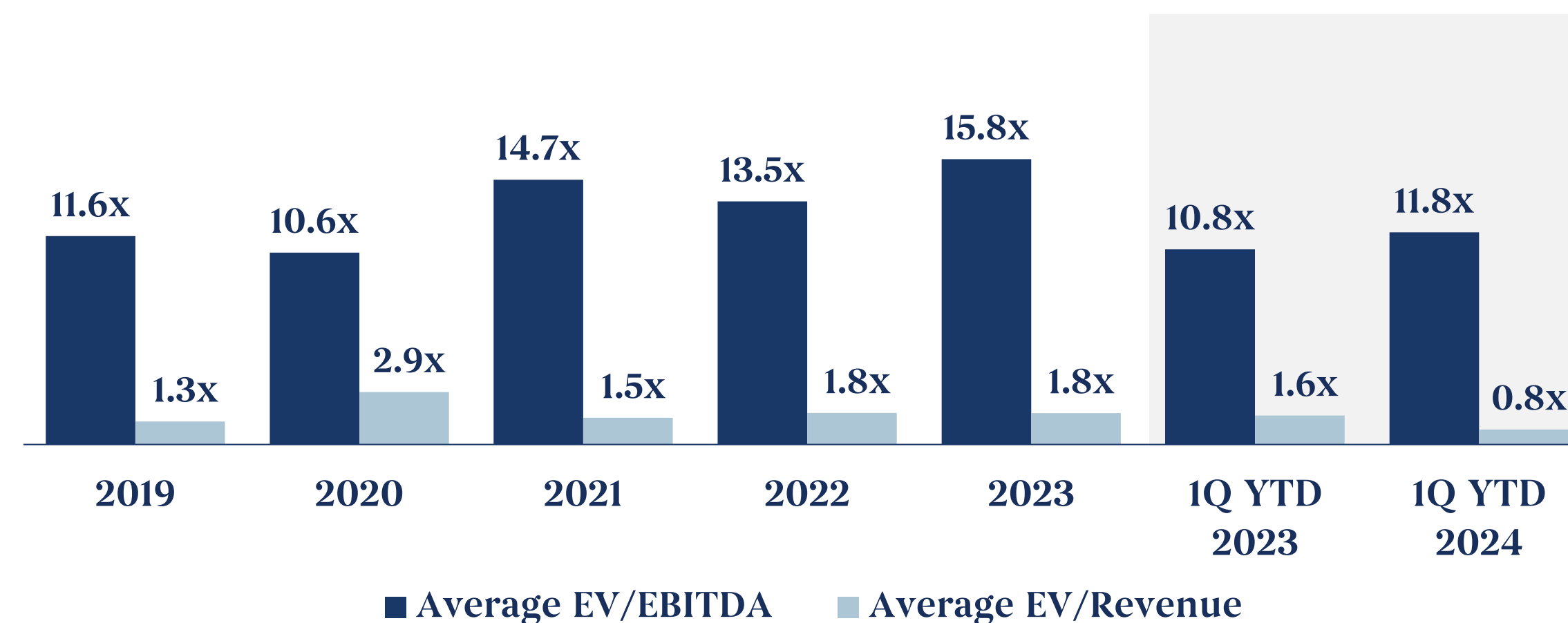
Restaurant Franchise Industry

- The global restaurant franchise market is continuing its robust growth, with sales projected to reach **US\$1.1 trillion in 2024**, marking a significant milestone for the industry
- Restaurants are increasingly adopting **technology** to enhance efficiency and customer experience. This includes **digital ordering, loyalty programs, AI-driven menu recommendations, and POS system upgrades**
- Consumers are **prioritizing** experiences over goods, which benefits the restaurant industry. There is a noticeable shift towards value-conscious dining, with many opting for quick-service restaurants (QSRs) and casual dining over fine dining to manage costs
- After a slow period in 2022 and 2023, **M&A activity** in the restaurant sector is **rebounding**. There is pent-up demand from both buyers and sellers, driven by the need for consolidation and scale
- The industry **remains highly competitive**, with established players like McDonald's, KFC, and Subway holding substantial market shares. These companies continue to innovate and adapt to maintain their dominance

Restaurant Franchise Industry M&A Deal Size and Volume



Restaurant Franchise Industry M&A Average EV/EBITDA and EV/Revenue



Source: National Restaurants Association, Bank of America, KPMG

Franchisees Global Comparable Public Companies

Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		First Quarter Mar. 31, 2024		
						2022	2023	EV/EBITDA	EV/Revenue	
Alsea, S.A.B. de C.V.	 MEX	\$4,032	\$6,385	\$4,538	19.7%	6.3x	6.0x	7.1x	1.4x	
AmRest Holdings SE	 ESP	\$1,337	\$2,755	\$2,655	15.5%	7.1x	6.4x	6.7x	1.0x	
Arcos Dorados Holdings Inc.	 URY	\$2,342	\$3,811	\$4,422	12.7%	6.6x	5.9x	6.8x	0.9x	
Bloomin' Brands, Inc.	 USA	\$2,497	\$4,487	\$4,622	16.1%	6.0x	5.9x	6.0x	1.0x	
Brinker International, Inc.	 USA	\$2,197	\$4,267	\$4,282	15.2%	6.2x	6.6x	6.6x	1.0x	
CMR, S.A.B. de C.V.	 MEX	\$68	\$162	\$214	18.1%	21.5x	5.5x	4.2x	0.8x	
create restaurants holdings inc.	 JPN	\$1,460	\$1,808	\$964	12.3%	39.5x	16.5x	15.2x	1.9x	
Restaurant Brands International Inc.	 CAN	\$24,896	\$40,094	\$7,171	32.6%	15.3x	16.6x	17.2x	5.6x	
Skylark Holdings Co., Ltd.	 JPN	\$3,687	\$4,823	\$2,419	18.1%	17.6x	14.4x	11.0x	2.0x	
Yum! Brands, Inc.	 USA	\$39,007	\$50,502	\$7,029	37.3%	19.6x	19.9x	19.3x	7.2x	
						Mean	11.8x	7.3x	6.9x	1.2x
						Median	11.2x	6.5x	7.0x	1.2x

■ 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		First Quarter Mar. 31, 2024		
						2022	2023	EV/EBITDA	EV/Revenue	
BJ's Restaurants, Inc.		USA	\$845	\$1,336	\$1,333	11.7%	10.7x	9.1x	8.6x	1.0x
Chipotle Mexican Grill, Inc.		USA	\$79,707	\$82,463	\$10,205	24.1%	27.4x	25.5x	33.5x	8.1x
Chuy's Holdings, Inc.		USA	\$585	\$704	\$459	18.1%	7.3x	10.3x	8.5x	1.5x
Cracker Barrel Old Country Store, Inc.		USA	\$1,615	\$2,798	\$3,429	9.9%	9.0x	9.2x	8.2x	0.8x
Darden Restaurants, Inc.		USA	\$19,960	\$26,538	\$11,202	19.1%	11.9x	12.7x	12.4x	2.4x
Denny's Corporation		USA	\$468	\$857	\$456	19.3%	13.8x	11.4x	9.7x	1.9x
Dine Brands Global, Inc.		USA	\$718	\$2,158	\$824	27.3%	11.2x	11.2x	9.6x	2.6x
Domino's Pizza, Inc.		USA	\$17,307	\$22,403	\$4,540	21.1%	21.4x	19.2x	23.4x	4.9x
El Pollo Loco Holdings, Inc.		USA	\$305	\$571	\$470	16.1%	7.6x	8.0x	7.6x	1.2x
Jack in the Box Inc.		USA	\$1,338	\$4,470	\$1,653	33.7%	8.3x	8.0x	8.0x	2.7x

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		First Quarter Mar. 31, 2024		
						2022	2023	EV/EBITDA	EV/Revenue	
McDonald's Corporation		USA	\$203,582	\$252,152	\$25,765	59.8%	17.3x	17.5x	16.4x	9.8x
Noodles & Company		USA	\$87	\$384	\$503	13.5%	8.1x	6.9x	5.7x	0.8x
Papa John's International, Inc.		USA	\$2,194	\$3,136	\$2,123	12.6%	15.7x	13.8x	11.8x	1.5x
Red Robin Gourmet Burgers, Inc.		USA	\$119	\$714	\$1,303	12.1%	5.4x	5.3x	4.5x	0.5x
Shake Shack Inc.		USA	\$4,107	\$4,611	\$1,125	16.9%	22.5x	20.4x	24.2x	4.1x
Starbucks Corporation		USA	\$103,474	\$124,591	\$36,530	28.7%	13.1x	14.6x	11.9x	3.4x
Texas Roadhouse, Inc.		USA	\$10,323	\$11,008	\$4,779	12.3%	12.9x	14.1x	18.7x	2.3x
The Wendy's Company		USA	\$3,871	\$7,495	\$2,188	27.8%	16.5x	15.7x	12.3x	3.4x
TORIDOLL Holdings Corporation		JPN	\$2,399	\$3,214	\$1,534	16.4%	10.4x	12.6x	12.8x	2.1x
Wingstop Inc.		USA	\$10,749	\$11,392	\$497	27.2%	50.6x	53.2x	84.2x	22.9x
						Mean	12.4x	12.2x	9.3x	2.1x
						Median	12.4x	12.6x	9.6x	2.1x

■ Excluded from mean and median

Restaurant Franchises – Global Transactions

Date	Target	Country	Description	Buyer	Seller	% Acquired	Size US\$M	EV/ EBITDA	EV/ Revenue	
Mar-24		USA	Owns and operates a Chinese cuisine restaurant		-	100.0%	-	-	-	
Mar-24		USA	Operates making pizza through automatized processes			100.0%	-	-	-	
Mar-24		GBR	Owns and operates restaurants		-	100.0%	-	-	-	
Mar-24		USA	Owns and operates a chain of stores that serve fries		-	100.0%	-	-	-	
Mar-24	Shorecal Limited	IRL	Owns and operates Domino's pizza franchises			85.0%	\$100.3	-	-	
Feb-24		USA	9 Del Taco restaurants		-	100.0%	\$585.0	-	-	
Feb-24		USA	10 Burger King restaurants in Illinois	MJG Enterprises, LLC	-	100.0%	-	-	-	
Jan-24		ITA	Owns and operates a chain of restaurants			100.0%	-	-	-	
Jan-24		USA	21 Applebee's Restaurants			100.0%	-	-	-	
Jan-24		USA	Operates restaurants in the United States		-	85.0%	\$1,709.1	6.5x	0.9x	
Jan-24	8 Restaurants	USA	8 restaurants in the Northeast of the United States	Ray Blanchatte		100.0%	-	-	-	
								Mean	6.5x	0.9x
								Median	6.5x	0.9x

Selected Transactions Commentary



"We're extremely proud to join forces with the Jack in the Box brand and are excited to have found a partner that shares a similar culture and passion for what we do. We expect this transaction will significantly strengthen and grow our beloved brands."

John D. Cappasola, Jr., President and CEO of Del Taco



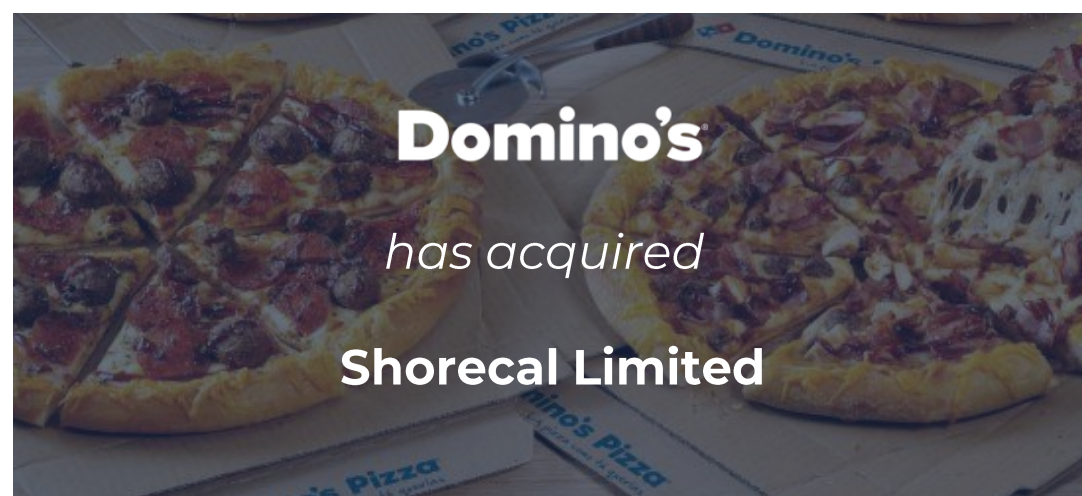
"We believe there is significant growth potential through franchising to expand the Burrito Picante brand UK wide and internationally through a franchising model."

Calum Melville, CEO of Edison Capital, parent company of MMI Raptor



"CVC Funds will support the further growth journey of the Company, expanding its presence in Italy whilst diversifying across other quick-service formats as well as internationally."










Alessandro Baccarin, Director at CVC



"I'm delighted that we have been able to move quickly on the first part of the growth plan we set out in December and agree terms to acquire the remaining shares in Shorecal. We believe there is a significant opportunity for us in Ireland and we are now in an even stronger position to accelerate our growth, open new stores, and provide great service and great tasting products to our customers."

Andrew Rennie, CEO of Dominos Pizza Group

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>	 2019-2024	 \$84.8M	 \$101.7M	 5.2%	 1.0x	 13.7%	 7.7x	 9
Limited-Service Restaurants <i>NAICS 722513– Limited-Service Restaurants</i>	2019-2024	\$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 Franchises

GEOGRAPHY

Costa Rica

SITUATION

Seale & Associates was engaged by Grupo Inversor Intelectiva, 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 Intelectiva 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 Intelectiva'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 Intelectiva, S.A.P.I. de C.V.

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Global M&A Representative Engagements

<p>BEIJER REF</p> <p>has been acquired by</p>  <p>HERITAGE DISTRIBUTION HOLDINGS</p>	<p>avangardinnovative MOVING THE CIRCULAR ECONOMY FORWARD</p> <p>has sold a controlling interest to</p>  <p>WASTE MANAGEMENT</p>	<p>ZN ZINC NACIONAL</p> <p>has sold</p> <p>GSDKO</p> <p>Zinc Oxide Corporation a subsidiary of</p> <p>Korea Zinc</p>	<p>Electrolux PROFESSIONAL</p> <p>has acquired</p> <p>unified brands a DOVER company</p> <p>from</p> <p>DOVER</p>	<p>Port Contractors STEVEDORES - TERMINAL OPERATORS</p> <p>has been acquired by</p>  <p>ENSTRUCTURE</p>	<p>Oxbow</p> <p>Oxbow's Senior Subordinated debt issued by</p>  <p>H.J. BAKER ESTABLISHED 1880</p> <p>was refinanced by</p> <p>BMO </p>	<p>Hertz</p> <p>has acquired</p>  <p>DONLEN</p>
<p>Standex</p> <p>has sold</p> <p>Enginetics</p> <p>to</p> <p>Enjet AERO</p>	<p>ITT</p> <p>has sold</p> <p>BURNY KALIBURN PLASMA CUTTING INNOVATION</p> <p>and</p> <p>CNC Cleveland Motion Controls</p> <p>to</p> <p>LINCOLN ELECTRIC</p>	<p>Honeywell</p> <p>has sold</p> <p>TENSOR</p> <p>to</p>  <p>GE Power Systems</p>	<p>TRIUMPH™</p> <p>has sold</p> <p>Triumph Processing - Embee Division</p> <p>to</p> <p>AMP ALL METALS PROCESSING</p>	<p>TRIUMPH™</p> <p>has sold</p> <p>Triumph Air Repair, the APU Overhaul Operations of Triumph Aviation Services - Asia, and Triumph Engines businesses</p> <p>to</p> <p>TGG THE GORES GROUP</p>	<p>Rheem</p> <p>has acquired</p> <p>HTPG</p>	<p>GRACE</p> <p>has sold its GRACE Membranes business</p> <p>Uop a subsidiary of</p> <p>Honeywell</p>
<p>convatec - forever caring -</p> <p>has sold</p> <p>SENSI CARE</p> <p>and</p> <p>ALOE VESTA™</p> <p>to</p> <p>MEDLINE</p>	<p>United Technologies</p> <p>has sold</p> <p>MobileView</p> <p>to</p> <p>SAFE FLEET Driving Safety Forward™</p>	<p>United Technologies</p> <p>has sold</p> <p>HTPG A division of Carrier Commercial Refrigeration, Inc.</p> <p>to</p> <p>MONOMOY CAPITAL PARTNERS and Starboard Capital Partners</p>	<p>LOCKHEED MARTIN</p> <p>has sold</p> <p>Commercial Flight Training Business</p> <p>to</p> <p>ALTEON A BOEING COMPANY</p>	<p>FLOWSERVE</p> <p>has sold</p> <p>D&B</p> <p>to</p> <p>DB DaviesBaird</p>	<p>KBR</p> <p>has acquired</p> <p>Wabi Wabi Development Corporation</p>	<p>H I G HARRISON GYPSUM, LLC</p> <p>has been recapitalized by</p> <p>H. I. G. PRIVATE EQUITY</p>



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University of Florida - BA in Political Science with High Honors

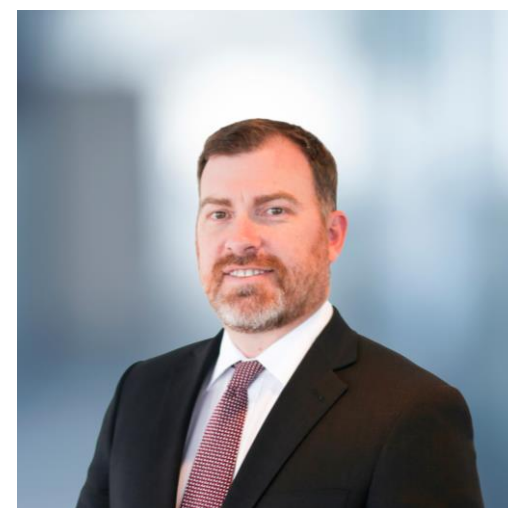


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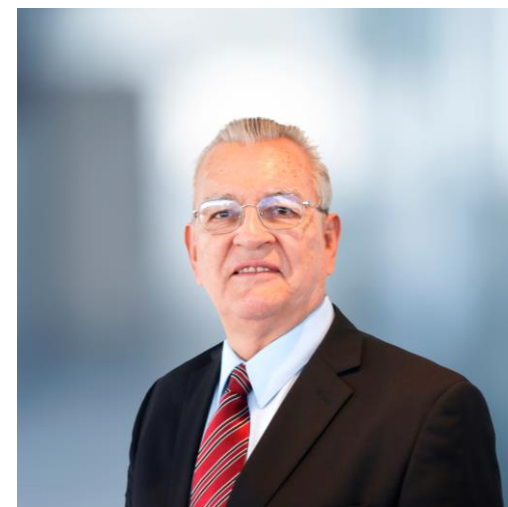


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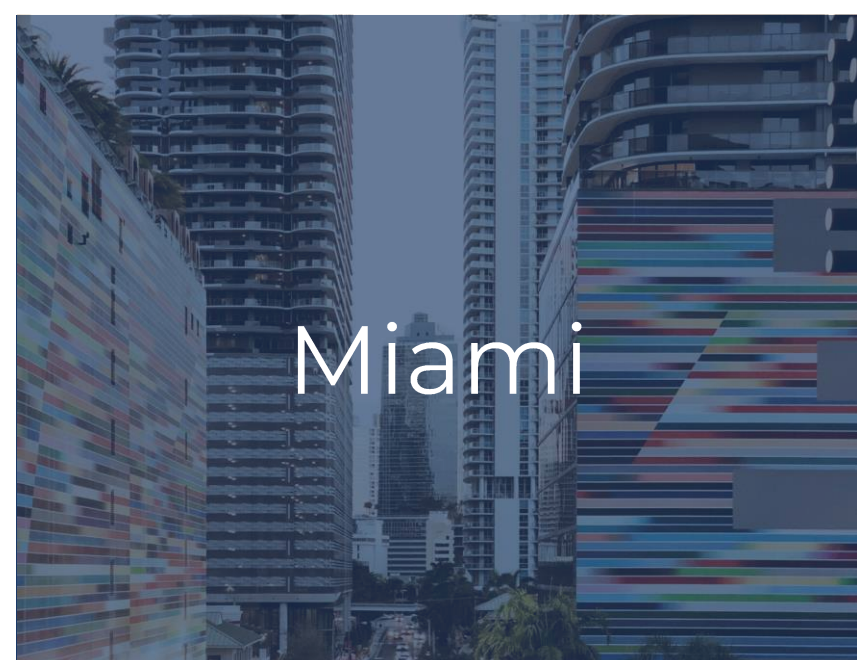
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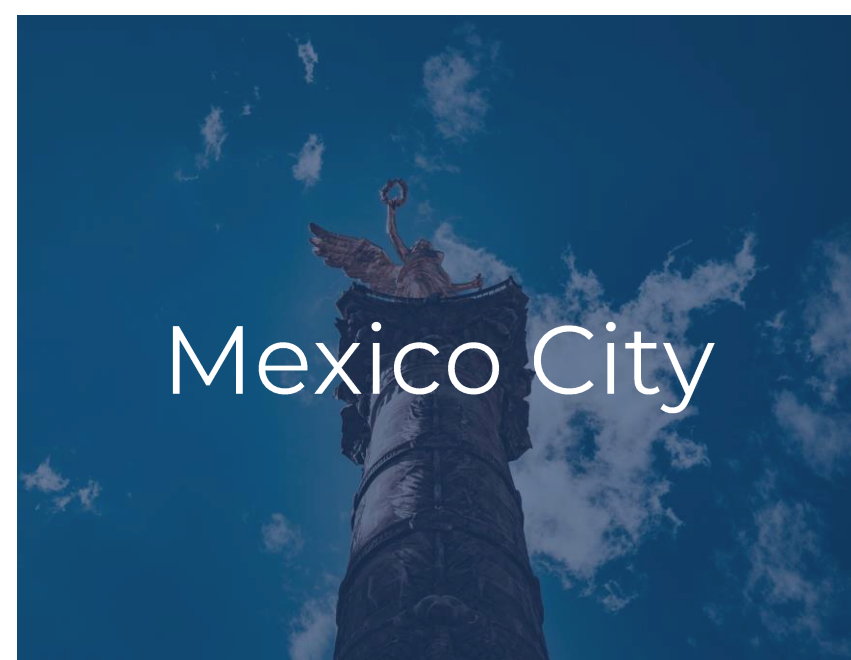
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MBA and BS in Industrial Engineering



Washington D.C.



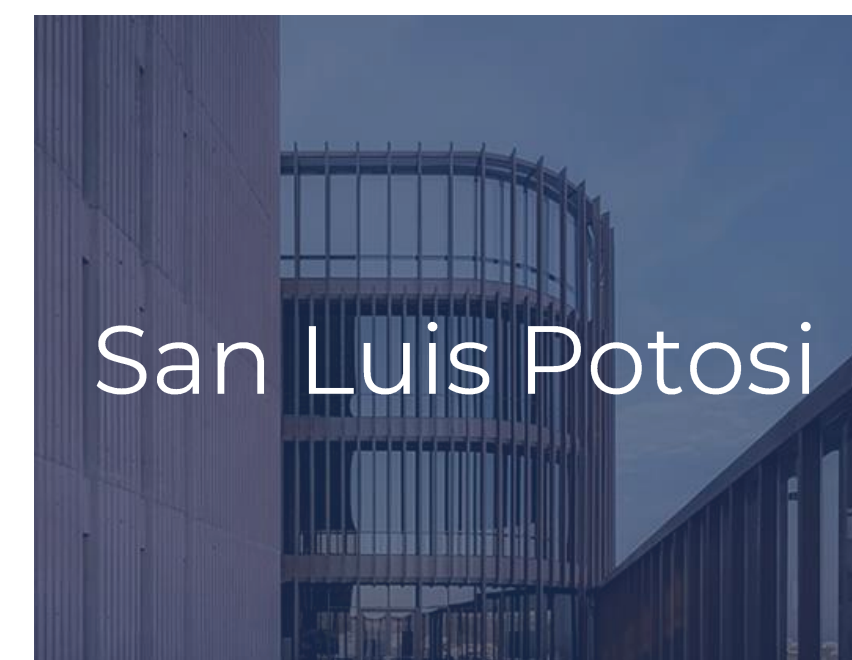
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Monterrey



San Luis Potosi

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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...as well as with reputable funds, family-offices and privately held companies.



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