



# Seale & Associates

RESTAURANT FRANCHISE INDUSTRY  
Q4 2023  
VALUATION UPDATE

25 years

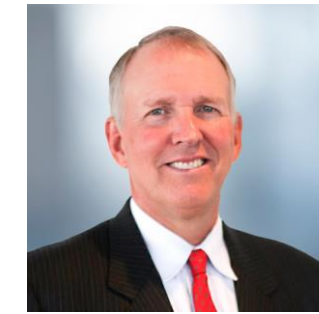
# Introduction

We are pleased to share our Restaurant Franchise Industry Multiples Valuation Update for Q4 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.

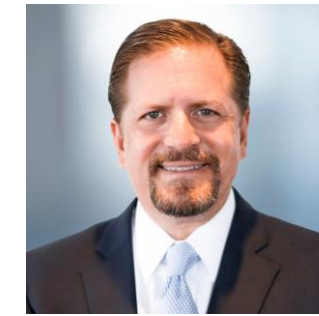
Over the course of 25+ years, we have successfully served clients all over the world, and we are delighted to continue providing investment banking advisory services to our clients who are looking to grow through acquisitions or optimize their portfolios through strategic divestitures.

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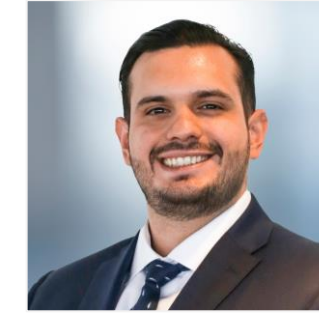
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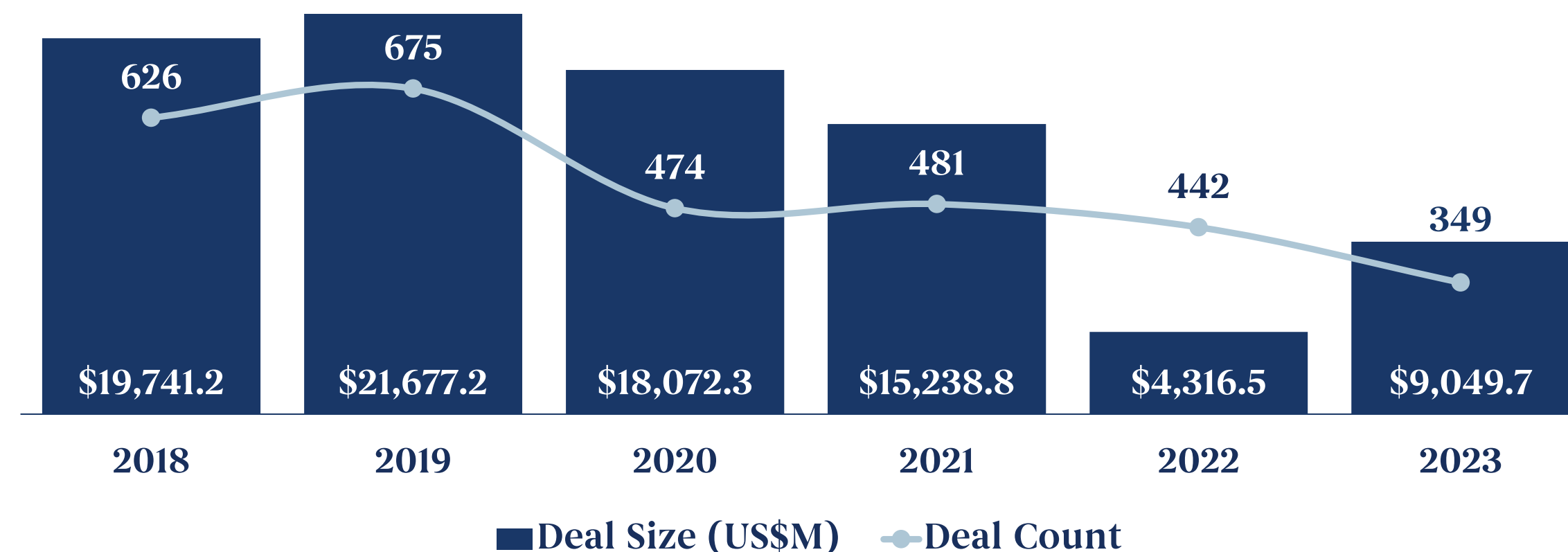
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# Restaurant Franchise Industry Overview, M&A Trends and Market Intelligence

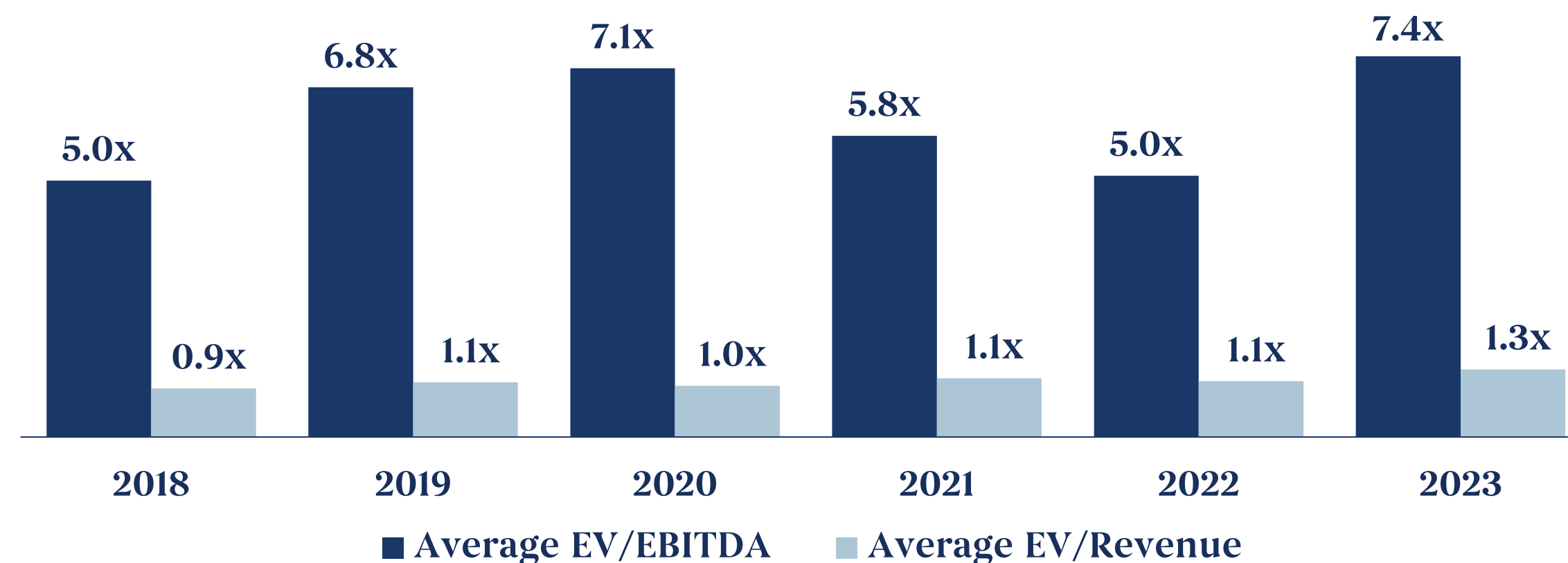
## Restaurant Franchise Overview

- The restaurant franchise industry is a major segment within the broader food service sector, offering **established brand recognition**, operational support, and a proven business model to aspiring restaurateurs (franchisees).
- The global restaurant franchise market was valued at **US\$687.8 billion in 2022** and is projected to reach **US\$1,023.4 billion by 2028**, growing at a **CAGR of 7.2%**.
- The **United States markets holds a significant share**, but the **Asia-Pacific region is expected to witness the fastest growth** due to rising disposable income and increasing urbanization.
- Franchises are likely to **adapt to changing consumer preferences** through menu innovation, online ordering, delivery options, and loyalty programs.
- **Sustainability and ethical sourcing are expected to become even more crucial factors for success.**
- **The M&A market is expected to grow in 2024 after a slow 2022 and 2023.** Buyers and sellers are coming together on valuations as the business readjust to higher interest rates and lower profit margins.
- **The industry is highly competitive**, with established players. Quick service restaurants like McDonald's, KFC, and Subway hold a substantial market share.

Restaurant Franchise Industry M&A Deal Size and Volume



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



# Franchisees Global Comparable Public Companies

Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		Fourth Quarter Dec. 31, 2023 EV/		
						2021	2022	EBITDA	Revenue	
Alsea, S.A.B. de C.V.	 MEX	\$3,073	\$5,525	\$4,417	19.9%	10.4x	6.3x	6.3x	1.3x	
AmRest Holdings SE	 ESP	\$1,478	\$2,924	\$2,688	16.7%	12.6x	7.1x	6.5x	1.1x	
Arcos Dorados Holdings Inc.	 URY	\$2,673	\$4,065	\$4,175	16.3%	15.3x	6.6x	6.0x	1.0x	
Bloomin' Brands, Inc.	 USA	\$2,444	\$4,497	\$4,671	15.9%	11.1x	6.0x	6.0x	1.0x	
Brinker International, Inc.	 USA	\$1,909	\$4,046	\$4,245	14.9%	9.5x	6.2x	6.4x	1.0x	
CMR, S.A.B. de C.V.	 MEX	\$94	\$189	\$209	18.1%	105.3x	21.5x	5.0x	0.9x	
create restaurants holdings inc.	 JPN	\$1,631	\$2,037	\$1,012	11.8%	29.1x	39.5x	17.0x	2.0x	
Restaurant Brands International Inc.	 CAN	\$24,379	\$39,222	\$7,022	32.6%	18.1x	15.3x	17.1x	5.6x	
Skylark Holdings Co., Ltd.	 JPN	\$3,331	\$3,874	\$2,516	14.7%	12.3x	17.6x	10.5x	1.5x	
Yum! Brands, Inc.	 USA	\$36,625	\$48,215	\$7,076	36.4%	21.5x	19.6x	18.7x	6.8x	
						<b>Mean</b>	15.5x	11.8x	6.7x	1.2x
						<b>Median</b>	13.9x	11.2x	6.5x	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		Fourth Quarter Dec. 31, 2023 EV/		
						2021	2022	EBITDA	Revenue	
BJ's Restaurants, Inc.		USA	\$837	\$1,339	\$1,354	11.5%	22.5x	10.7x	8.6x	1.0x
Chipotle Mexican Grill, Inc.		USA	\$62,765	\$65,329	\$9,872	23.9%	41.4x	27.4x	27.7x	6.6x
Chuy's Holdings, Inc.		USA	\$663	\$780	\$461	16.9%	12.9x	7.3x	10.0x	1.7x
Cracker Barrel Old Country Store, Inc.		USA	\$1,710	\$2,926	\$3,427	10.1%	55.0x	9.0x	8.5x	0.9x
Darden Restaurants, Inc.		USA	\$19,768	\$26,581	\$11,013	18.8%	19.7x	11.9x	12.8x	2.4x
Denny's Corporation		USA	\$578	\$966	\$464	19.1%	53.6x	13.8x	10.9x	2.1x
Dine Brands Global, Inc.		USA	\$767	\$2,255	\$831	25.5%	17.1x	11.2x	10.7x	2.7x
Domino's Pizza, Inc.		USA	\$14,379	\$19,508	\$4,479	21.1%	25.3x	21.4x	20.6x	4.4x
El Pollo Loco Holdings, Inc.		USA	\$291	\$545	\$472	16.3%	10.6x	7.6x	7.1x	1.2x
Jack in the Box Inc.		USA	\$1,611	\$4,616	\$1,692	34.2%	8.8x	8.3x	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		Fourth Quarter Dec. 31, 2023 EV/		
						2021	2022	EBITDA	Revenue	
McDonald's Corporation		USA	\$215,071	\$261,399	\$25,494	59.5%	19.2x	17.3x	17.2x	10.3x
Noodles & Company		USA	\$142	\$427	\$516	13.5%	14.3x	8.1x	6.2x	0.8x
Papa John's International, Inc.		USA	\$2,497	\$3,474	\$2,136	11.6%	20.6x	15.7x	14.0x	1.6x
Red Robin Gourmet Burgers, Inc.		USA	\$193	\$767	\$1,303	11.6%	14.2x	5.4x	5.1x	0.6x
Shake Shack Inc.		USA	\$2,925	\$3,434	\$1,088	19.9%	50.0x	22.5x	15.9x	3.2x
Starbucks Corporation		USA	\$109,135	\$129,829	\$36,687	27.7%	21.9x	13.1x	12.8x	3.5x
Texas Roadhouse, Inc.		USA	\$8,163	\$8,866	\$4,632	12.2%	23.5x	12.9x	15.6x	1.9x
The Wendy's Company		USA	\$4,018	\$7,606	\$2,182	25.1%	18.4x	16.5x	13.9x	3.5x
TORIDOLL Holdings Corporation		JPN	\$2,507	\$3,404	\$1,558	16.0%	13.4x	10.4x	13.6x	2.2x
Wingstop Inc.		USA	\$7,547	\$8,197	\$460	29.1%	68.6x	50.6x	61.2x	17.8x
						<b>Mean</b>	16.7x	10.5x	9.9x	2.1x
						<b>Median</b>	19.4x	11.2x	10.7x	2.2x

■ Excluded from mean and median

# Restaurant Franchises – Global Transactions

Date	Target	Country	Description	Buyer	Seller	% Acquired	Size US\$M	EV/ EBITDA	EV/ Revenue	
Dec-23		USA	Raising Cane's Restaurant in California	Undisclosed	College West Partners, L.P.	100.0%	\$5.1	-	-	
Dec-23		USA	Operates a chain of casual restaurants in Mississippi, Texas, and Oklahoma		-	100.0%	\$31.6	-	0.2x	
Dec-23		THA	Operates as a restaurant and franchisee of KFC in Thailand		-	49.0%	\$128.9	-	-	
Nov-23		USA	TGI Fridays Restaurant Richmond, Virginia operates as a restaurant	Undisclosed		100.0%	\$3.2	-	-	
Nov-23		NLD	Operates corporate-owned and franchised stores under the Domino's Pizza brand name in Turkey, Russia, Azerbaijan, and Georgia		Multiple sellers	51.2%	\$80.6	10.5x	1.0x	
Oct-23	17 pubs in United Kingdom	GBR	17 pubs in United Kingdom of St. Austell Brewey			100.0%	-	-	-	
Oct-23		CAN	Operates as a quick service restaurant that provides Southeast Asian food		-	100.0%	-	-	-	
Oct-23		GBR	Operates a chain of restaurants		-	100.0%	-	-	-	
Oct-23		GBR	Operates restaurants and pubs in the United Kingdom		Multiple sellers	100.0%	\$617.9	4.6x	0.5x	
Oct-23		PHL	Owns, operates and franchises chains of pizzerias, kiosks and full-service restaurants in the Philippines and worldwide		-	16.8%	\$47.2	-	0.4x	
								<b>Mean</b>	7.5x	0.6x
								<b>Median</b>	7.5x	0.5x

## Selected Transactions Commentary



*"In its pursuit of entering new geographies and simultaneously deepen its presence in existing locations, DIL is committed not only towards expansion of its footprint in Thailand but also ensuring and elevating the consumer's experience in the Thai market and serving local communities."*

**Devyani International Limited**



*"Noodlebox's reputation as a top-tier Quick Service Restaurant brand aligns perfectly with our commitment to providing exceptional dining experiences to our customers. We look forward to working closely with all our new franchisees and driving the growth of the Noodlebox brand across Canada."*

**Peter Mammias, President and CEO of Foodstatic**



*"Our key priority is to triple down on investments behind brand Domino's. The Indian food services market is pegged at about \$51 billion, but the share of the pizza segment is only about \$1 billion. Our job as the leading player is to ensure that the category share gets expanded."*

**Sameer Khetarpal, MD and CEO of Jubilant Foodworks**












*"Shakey's Pizza is deeply grateful for the trust of our shareholders, both outgoing and current. They have been very supportive of our growth plans, especially when we were prudently navigating through the pandemic and when we boldly entered new grounds, and have helped propel the company to greater heights through the years."*

**Vicente L. Gregorio, President and CEO of Shakey'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
 <b>Restaurants and Other Eating Places</b> <i>NAICS 72251 – Restaurants and Other Eating Places</i>	 <b>2018-2020</b>	 <b>\$86.4M</b>	 <b>\$105.3M</b>	 <b>4.4%</b>	 <b>0.9x</b>	 <b>11.5%</b>	 <b>8.0x</b>	 <b>9</b>
<b>Limited-Service Restaurants</b> <i>NAICS 722513– Limited-Service Restaurants</i>	<b>2018-2020</b>	<b>\$93.3</b>	<b>\$136.1M</b>	<b>4.6%</b>	<b>0.6x</b>	<b>9.6%</b>	<b>6.0x</b>	<b>3</b>

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



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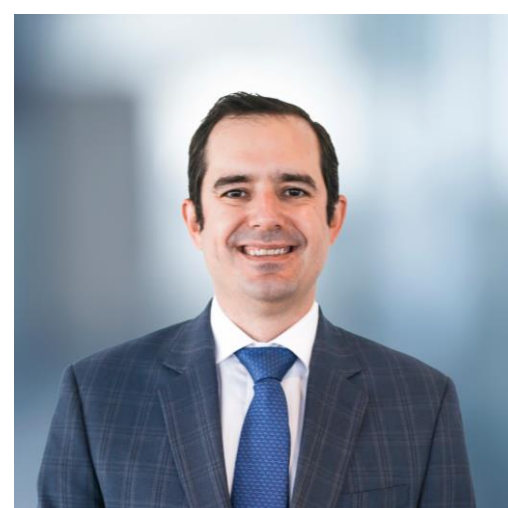


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The George Washington University - MBA International Business and MA - International Affairs  
University of Florida - BA in Political Science with High Honors

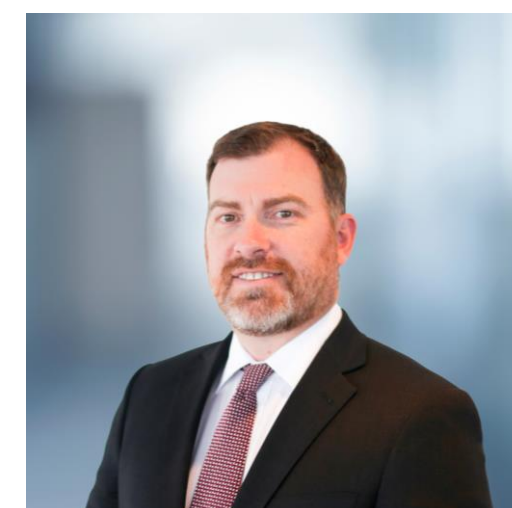


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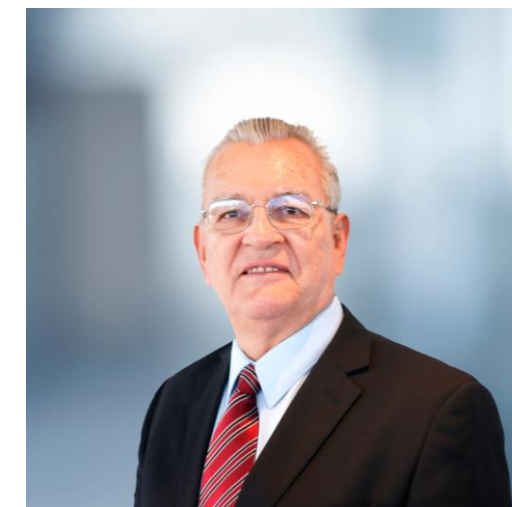


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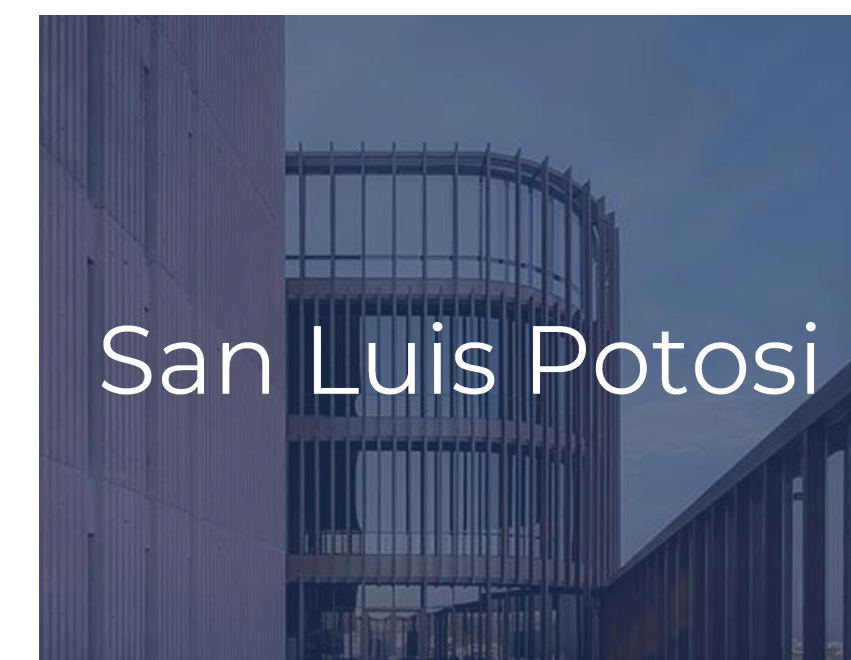
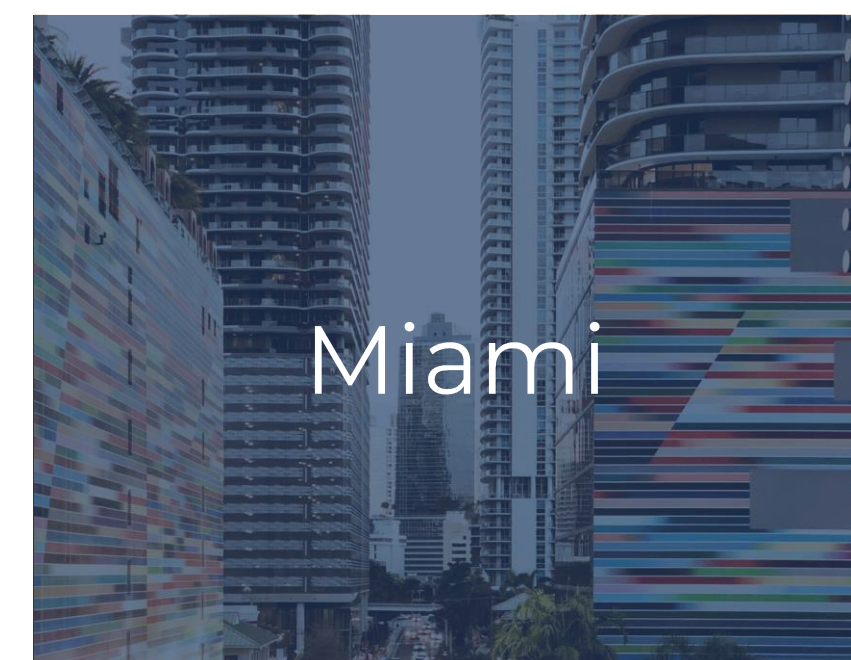
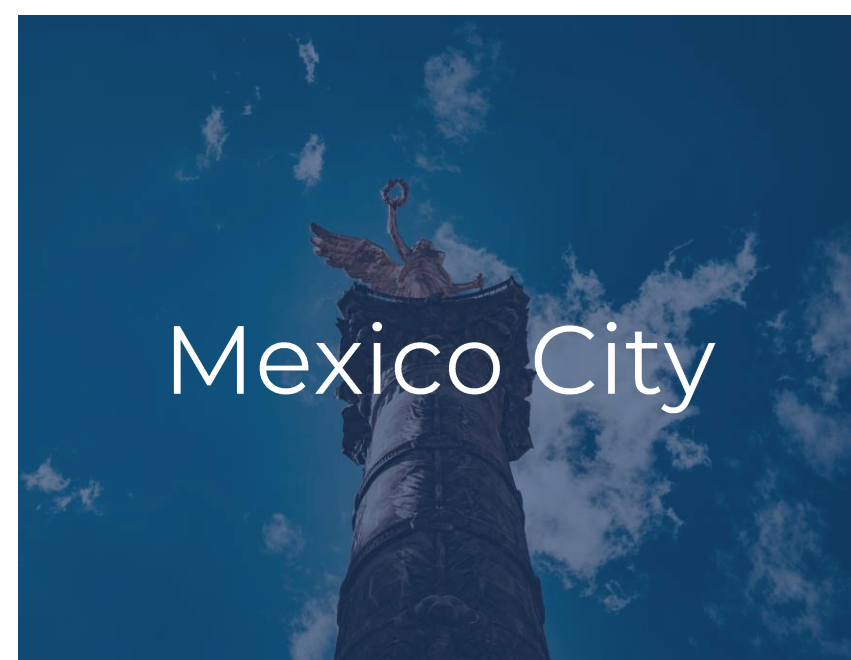


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For over 25 years, Seale & Associates has served leading public and private companies from around the world and operating in a broad range of industries with a high level of quality, integrity and independence while presenting innovative ideas and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

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