



Seale & Associates

RESTAURANT FRANCHISE INDUSTRY
Q1 2023
VALUATION UPDATE

Introduction

We are pleased to share our Restaurant Franchise Industry Multiples Valuation Update for Q1 2023.

At Seale & Associates, we are committed to providing process-driven solutions designed to optimize value and achieve our clients' 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 23+ 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 that 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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SEALE & ASSOCIATES' SECTOR RELEVANT EXPERIENCE

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.



intelectiva
MEJORES IDEAS. MEJORES REALIDADES.

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.

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, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
Alsea, S.A.B. de C.V.	 MEX	\$1,950	\$4,424	\$3,529	20.4%	10.4x	6.3x	5.7x	1.2x	
AmRest Holdings SE	 ESP	\$959	\$2,387	\$2,588	9.6%	12.6x	7.1x	5.8x	0.9x	
Arcos Dorados Holdings Inc.	 URY	\$1,624	\$2,910	\$3,619	10.6%	15.3x	6.6x	6.2x	0.8x	
Bloomin' Brands, Inc.	 USA	\$2,247	\$4,330	\$4,417	11.7%	11.1x	6.0x	6.1x	1.0x	
Brinker International, Inc.	 USA	\$1,674	\$3,944	\$3,976	7.7%	9.5x	6.2x	7.2x	1.0x	
Carrols Restaurant Group, Inc.	 USA	\$121	\$1,415	\$1,730	3.1%	7.3x	8.6x	7.9x	0.8x	
Café de Coral Holdings Limited	 HKG	\$769	\$989	\$960	5.9%	11.3x	7.9x	6.4x	1.0x	
CMR, S.A.B. de C.V.	 MEX	\$87	\$186	\$172	11.6%	105.3x	21.5x	5.2x	1.0x	
Collins Foods Limited	 AUS	\$653	\$1,115	\$788	11.1%	11.2x	9.5x	9.0x	1.3x	
Create Restaurants Holdings, Inc.	 JPN	\$1,597	\$2,039	\$869	NM	29.1x	39.7x	NM	2.5x	
International Meal Company Alimentação S.A.	 BRA	\$109	\$292	\$424	5.5%	25.6x	8.6x	5.8x	0.7x	
Restaurant Brands International Inc.	 CAN	\$20,677	\$35,709	\$6,505	34.0%	18.1x	15.3x	16.5x	5.5x	
Restaurant Brands New Zealand Limited	 NZL	\$525	\$1,130	\$823	11.0%	17.2x	13.2x	9.8x	1.4x	
Skylark Holdings Co., Ltd.	 JPN	\$2,961	\$4,410	\$2,303	12.4%	12.3x	17.6x	15.6x	1.9x	
Yum! Brands, Inc.	 USA	\$36,997	\$49,265	\$6,842	34.0%	21.5x	19.6x	20.5x	7.2x	
■ Excluded from mean and median						Mean	12.4x	11.0x	8.6x	1.2x
NM - Not Meaningful						Median	11.3x	8.6x	7.2x	1.0x










Franchisors 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, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
BJ's Restaurants, Inc.		USA	\$686	\$1,193	\$1,284	5.3%	10.5x	22.5x	9.1x	0.9x
Chipotle Mexican Grill, Inc.		USA	\$47,186	\$50,018	\$8,635	17.0%	33.1x	41.4x	25.5x	5.8x
Chuy's Holdings, Inc.		USA	\$645	\$763	\$422	10.9%	9.2x	12.9x	10.7x	1.8x
Cracker Barrel Old Country Store, Inc.		USA	\$2,516	\$3,682	\$3,394	6.7%	19.5x	55.0x	10.7x	1.1x
Darden Restaurants, Inc.		USA	\$18,884	\$24,543	\$10,322	14.7%	13.0x	19.7x	12.9x	2.4x
Denny's Corporation		USA	\$630	\$1,036	\$456	17.3%	15.7x	53.6x	12.1x	2.3x
Dine Brands Global, Inc.		USA	\$1,063	\$2,536	\$909	23.6%	12.5x	17.1x	11.8x	2.8x
Domino's Pizza, Inc.		USA	\$11,685	\$16,877	\$4,537	18.2%	24.5x	25.3x	18.7x	3.7x
El Pollo Loco Holdings, Inc.		USA	\$352	\$584	\$470	9.5%	10.5x	10.6x	8.5x	1.2x
Jack in the Box Inc.		USA	\$1,804	\$4,820	\$1,650	19.3%	9.4x	8.8x	8.3x	2.9x
McDonald's Corporation		USA	\$204,534	\$250,741	\$23,183	52.7%	17.4x	19.2x	18.2x	10.8x
Noodles & Company		USA	\$225	\$491	\$509	5.6%	9.5x	14.3x	7.7x	1.0x

Franchisors Global Comparable Public Companies (Continued)

Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		First Quarter Mar. 31, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
Papa John's International, Inc.		USA	\$2,597	\$3,375	\$2,102	9.6%	20.0x	20.6x	13.7x	1.6x
Red Robin Gourmet Burgers, Inc.		USA	\$229	\$837	\$1,267	4.3%	6.8x	14.2x	5.8x	0.7x
Ruth's Hospitality Group, Inc.		USA	\$524	\$767	\$506	15.0%	8.3x	15.1x	6.7x	1.5x
Shake Shack Inc.		USA	\$2,182	\$2,616	\$900	5.4%	25.0x	50.0x	21.3x	2.9x
Starbucks Corporation		USA	\$119,677	\$140,247	\$32,914	18.2%	17.3x	21.9x	15.7x	4.3x
Texas Roadhouse, Inc.		USA	\$7,244	\$7,841	\$4,015	11.4%	16.1x	23.5x	14.7x	2.0x
The Wendy's Company		USA	\$4,619	\$8,154	\$2,096	22.4%	20.5x	18.4x	16.2x	3.9x
TORIDOLL Holdings Corporation		JPN	\$1,782	\$2,499	\$1,344	14.0%	10.1x	13.4x	13.4x	1.9x
Xiabuxiabu Catering Management (China) Holdings Co., Ltd.		CHN	\$989	\$1,127	\$687	2.4%	9.3x	11.9x	38.1x	1.7x
Wingstop Inc.		USA	\$5,502	\$6,048	\$358	29.1%	66.1x	68.6x	56.2x	16.9x
■ Excluded from mean and median						Mean	13.1x	16.1x	11.5x	2.3x
						Median	11.5x	16.1x	11.8x	1.9x

Restaurant Franchise – Q1 Global Transactions

Date	Target	Country	Description	Buyer	Seller	% Aquired	Size US\$M	EV/ EBITDA	EV/ Revenue
Mar-23		USA	Operates and franchises juice bars		-	100.0%	-	-	-
Mar-23		THA	Operates Japanese restaurants internationally		-	20.3%	\$129.5	8.8x	1.5x
Mar-23	Domino's Pizza Deutschland GmbH	DEU	Operates pizza stores in Germany	Domino's Pizza Enterprises Limited		33.3%	\$95.2	-	-
Mar-23		GBR	Operates Asian cuisine restaurants		-	100.0%	-	-	-
Feb-23		JPN	Operates a chain of fast food restaurants		LOTTE	100.0%	-	-	-
Feb-23		USA	Operates fast food supply chain restaurants		-	100.0%	-	-	-
Feb-23		KOR	Operates a chain of fast food restaurants in South Korea			100.0%	-	-	-
Jan-23		DEU	Operates a chain of coffee bars		-	100.0%	-	-	-
Jan-23	KFC Korea Co. Ltd	KOR	Operates a chain of fast food restaurants		Smart Insu Co. Ltd.	32.6%	\$14.7	-	-
Jan-23	KFC Korea Co. Ltd	KOR	Operates a chain of fast food restaurants		KG Suning Life Co. Ltd.	67.4%	\$30.5	-	-
Jan-23	Barack Group of Companies	GBR	Operates KFC restaurants across England		-	100.0%	-	-	-

Representative Global Engagements

 has acquired 	 has acquired 	 has sold Triumph Processing - Embee Division to All Metals Processing of Orange County	 has sold Triumph Air Repair & Triumph Engines businesses to 	 has acquired unified brands from 	 has partnered with ROVENSA — WELL-BALANCED AGRICULTURE — a company backed by 	 has acquired 	 has sold the North American guarding business of to 	 has sold to 	 has sold to 	 a subsidiary of has sold HTPG A division of Carrier Commercial Refrigeration, Inc. to
 has sold to Daives Baird Pty Ltd a sister company of 	 has acquired Wabi Development Corporation	 has sold to Code Flower Inc.	 has sold its GRACE Membranes Business UOP a subsidiary of 	 has sold BURNBY KALIBURN and CIC Cleveland Motion Controls to LINCOLN ELECTRIC	 has sold a controlling interest to WM WASTE MANAGEMENT	 has been acquired by ENSTRUCTURE	 has sold SENSI-CARE and ALOE+VESTA to MEDLINE	 has sold their Sanitaryware Manufacturing Plant to corona	 has acquired Multiple snack companies WISE DEEPRIVER Capital Center Brands	 has sold UNITEC ELEVATOR SAFETY • INTEGRITY • EXPERIENCE to PACIFIC AVENUE CAPITAL PARTNERS
 has sold Commercial Flight Training Business to ALTEON A BOEING COMPANY	 has been acquired by DHL	 has sold Oxbow Sulphur, Inc. to H.J.BAKER	 has been acquired by Fortune Brands Home & Security	 has sold NEVEX to KPAC Holdings, Inc. A private investment group	 Engineers & Constructors has acquired ALEGRO PROJECTS LIMITED	 has acquired CENTURY 21 REALTY holding real estate	 has acquired StirlingLloyd	 has sold its SYCAR Resins business to National Starch & Chemical A member of the ICI Group	 has sold NEGRI BOSSI™ to Private Equity Partners	 has been acquired by ACSmith.
 has agreed to sell VITROMEX to MOHAWK INDUSTRIES, INC.	 has acquired KFC KFC Costa Rica from QSR	 has been acquired by LAMOSA	 has sold Enginetics to Enjet AERO	 has sold the Films Business of ATPlastics to bpi	 has been acquired by IMCD	 has sold CUPRUM PRODUCTOS PLASTICOS to NMM	 Oxbow's Senior Subordinated debt issued by H.J.BAKER was refinanced by BMO	 has sold maestro health to MARPAI	 has acquired Fulflex YOUR ELASTICS EXPERT from THE MOORE COMPANY	 sold its concrete pumping business to PUMPING TEAM

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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.

Founded in 1999, Seale & Associates is a leading global investment bank with extensive experience in mergers and acquisitions and corporate finance advisory services. Seale has an outstanding track record closing hundreds of sell-side and buy-side transactions, more than US\$50 billion in value, across a wide range of industries around the world. Our professionals are trusted advisors maintaining the highest quality and utmost integrity.

+20

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Trusted Advisor to Leading Companies Worldwide

We have worked repeatedly with many of the most well-known companies in the world...

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



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Creative Solutions. Trusted Advice.