

## Introduction

We are pleased to share our Restaurant Franchise Industry Multiples Valuation Update for Q2 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 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 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 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 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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## Franchisees Global Comparable Public Companies

Company		Country	Market	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		Second Quarter Jun. 30, 2023	
Company		Country	Cap. US\$M				2021	2022	EV/ EBITDA	EV/ Revenue
Alsea, S.A.B. de C.V.	Alsea	MEX	\$2,639	\$5,158	\$3,950	20.0%	10.4x	6.3x	6.2x	1.2x
AmRest Holdings SE	AmRest	ESP	\$1,240	\$2,798	\$2,756	9.2%	12.6x	7.1x	6.4x	1.0x
Arcos Dorados Holdings Inc.	Arcos Dorados	URY	\$2,157	\$3,518	\$3,819	10.6%	15.3x	6.6x	6.6x	0.9x
Bloomin' Brands, Inc.	BLOOMIN BRANDS	USA	\$2,347	\$4,343	\$4,521	11.8%	11.1x	6.0x	6.0x	1.0x
Brinker International, Inc.	B B I W K E B INTERNATIONAL	USA	\$1,621	\$3,777	\$4,079	8.1%	9.5x	6.2x	6.6x	0.9x
Café de Coral Holdings Limited	大京学 POAFÉ DE CORAL	HKG	\$744	\$946	\$1,022	7.5%	11.3x	7.9x	12.7x	0.9x
CMR, S.A.B. de C.V.	CMR	MEX	\$92	\$195	\$192	9.1%	105.3x	21.5x	6.2x	1.0x
Collins Foods Limited	COLLINS FOODS LIMITED	AUS	\$768	\$1,273	\$891	7.2%	11.2x	9.5x	13.1x	1.4x
Create Restaurants Holdings, Inc.	<b>C</b>  2	JPN	\$1,418	\$1,821	\$920	12.0%	29.1x	39.7x	14.9x	2.2x
Restaurant Brands International Inc.	restaurant brands international	CAN	\$24,128	\$39,247	\$6,644	33.8%	18.1x	15.3x	17.8x	5.9x
Skylark Holdings Co., Ltd.		JPN	\$2,833	\$3,477	\$2,416	11.8%	12.3x	17.6x	13.3x	1.6x
Yum! Brands, Inc.	Yum!	USA	\$38,806	\$50,924	\$6,940	33.8%	21.5x	19.6x	21.0x	7.3x
Excluded from mean and median  NM - Not Meaningful						Mean Median	12.4x 11.3x	11.2x 7.9x	9.5x 6.6x	1.2x 1.0x

**Sources:** Capital IQ, Mergermarket, TTR

## Franchisors Global Comparable Public Companies

			Market	Enterprise Value US\$M	Revenue US\$M	EBITDA	Annual Average EV/EBITDA		Second Quarter Jun. 30, 2023	
Company		Country	Cap. US\$M			Margin	2021	2022	EV/ EBITDA	EV/ Revenue
BJ's Restaurants, Inc.	RESTAURANT	USA	\$749	\$1,245	\$1,326	6.0%	10.5x	22.5x	8.7x	0.9x
Chipotle Mexican Grill, Inc.	STORY OF THE STORY	USA	\$59,015	\$61,724	\$8,983	18.4%	33.1x	41.4x	28.6x	6.9x
Chuy's Holdings, Inc.	Chaps	USA	\$737	\$847	\$434	11.1%	9.2x	12.9x	11.5x	2.0x
Cracker Barrel Old Country Store, Inc.	Gacker Barrel OLD COUNTRY STORE	USA	\$2,064	\$3,245	\$3,436	6.7%	19.5x	55.0x	9.4x	0.9x
Darden Restaurants, Inc.	DARDEN	USA	\$20,205	\$25,797	\$10,488	15.1%	13.0x	19.7x	13.1x	2.5x
Denny's Corporation	Denny's	USA	\$690	\$1,089	\$471	17.0%	15.7x	53.6x	12.3x	2.3x
Dine Brands Global, Inc.	DI NE Brands	USA	\$909	\$2,408	\$893	24.0%	12.5x	17.1x	11.2x	2.7x
Domino's Pizza, Inc.		USA	\$11,909	\$16,996	\$4,550	18.4%	24.5x	25.3x	18.5x	3.7x
El Pollo Loco Holdings, Inc.	Pollo	USA	\$316	\$561	\$474	10.1%	10.5x	10.6x	7.7x	1.2x
Jack in the Box Inc.	in the box	USA	\$1,989	\$5,023	\$1,724	19.3%	9.4x	8.8x	8.3x	2.9x
McDonald's Corporation	$\mathbf{M}$	USA	\$217,867	\$264,159	\$23,415	53.4%	17.4x	19.2x	18.7x	11.3x
Noodles & Company	noodles	USA	\$157	\$426	\$523	6.3%	9.5x	14.3x	6.2x	0.8x

## 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		Second Quarter Jun. 30, 2023	
Company							2021	2022	EV/ EBITDA	EV/ Revenue
Papa John's International, Inc.	PAPA JOHNs	USA	\$2,411	\$3,398	\$2,086	10.4%	20.0x	20.6x	12.9x	1.6x
Red Robin Gourmet Burgers, Inc.		USA	\$223	\$812	\$1,289	4.3%	6.8x	14.2x	5.7x	0.6x
Shake Shack Inc.	SHAKE SHACK*	USA	\$3,063	\$3,531	\$950	6.3%	25.0x	50.0x	25.7x	3.7x
Starbucks Corporation	TW.	USA	\$113,556	\$134,658	\$33,998	18.4%	17.3x	21.9x	14.6x	4.0x
Texas Roadhouse, Inc.	TEXAS	USA	\$7,523	\$8,100	\$4,202	11.3%	16.1x	23.5x	14.7x	1.9x
The Wendy's Company	Wendy's	USA	\$4,584	\$8,136	\$2,136	22.9%	20.5x	18.4x	16.3x	3.8x
TORIDOLL Holdings Corporation	TORIDOLL-	⇒ JPN	\$1,888	\$2,564	\$1,417	17.2%	10.1x	13.4x	11.4x	2.0x
Xiabuxiabu Catering Management (China) Holdings Co., Ltd.	<b>伊浦伊浦</b> xlabuxlabu	CHN	\$509	\$647	\$687	2.4%	9.3x	11.9x	6.6x	0.9x
Wingstop Inc.	WING STOP	USA	\$5,999	\$6,530	\$390	29.1%	66.1x	68.6x	55.6x	16.7x
Excluded from mean and median						Mean Median	13.4x 12.5x	16.1x 17.1x	11.6x 11.4x	2.4x 2.0x

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## Restaurant Franchise - Q2 Global Transactions

Date	Target	Country	Description	Buyer	Seller	% Aquired	Size US\$M	EV/ EBITDA	EV/ Revenue
Jun-23	24 Panera Bread restaurants	USA	Operates retail bakery-cafes	HAMRA ENTERPRISES	CSC Investments, LLC	100.0%	-	-	-
Jun-23	20 Taco Bell restaurants	USA	Operates fast food restaurants	RESTAURANT GROUP	-	100.0%	-	-	-
Jun-23	boojum	GBR	Operates a chain of mexican restaurants	AZZURRIGROUP	-	100.0%	-	-	-
Jun-23	58 Taco Bell restaurants and 1 KFC restaurant	USA	Operates fast food restaurants	-	RCGROUP	100.0%	-	-	-
Jun-23	Pizza Hut	AUS	Operates Pizza Hut restaurants in Australia	FLYNN RESTAURANT GROUP	Allegro	100.0%	-	-	-
Jun-23	34 Taco Bell restaurants	USA	Operates fast food restaurants	SOU'THPAW	-	100.0%	-	-	-
Jun-23	48 Arby's restaurants	USA	Operates fast food restaurants	A	-	100.0%	-	-	-
Jun-23	M25 division of Drake Food Service International	GBR	Operates the largest international franchisee of Papa John's	PAPA JOHNs <sup>o</sup>	DRAKE FOOD SERVICE INTERNATIONAL	100.0%	-	-	-
May-23	RUTH'S HOSPITALITY GROUP	USA	Develops, operates, and franchises fine dining restaurants	DARDEN	<del>-</del>	100.0%	\$715.0	9.4x	1.4x
May-23	RED RUNNER COFFEE	USA	Operates a chain of coffee stores	BRE TTY Coffee Co.	-	100.0%	-	-	-
May-23	5 fast food restaurants	USA	Operates fast food restaurants	FIRST WATCH	-	100.0%	-	-	-
Apr-23	Krystal.	USA	Develops and operates quick-service restaurants	SPB HOSPITALITY	Fortress Investment Group LLC; Golden Child Holdings		-	-	-
Apr-23	egiterraneas	GBR	Operates a chain of restaurants	Mitchells & Butlers	-	60.0%	-	-	-
Apr-23	MONGOLIAN	USA	Operates a chain of restaurants	CRAVE WORTHY BRANDS	CMG	100.0%	-	-	-
Apr-23	THE FULHAM SHORE PLC	GBR	Operatess restaurants in the United Kingdom	<b>TORIDOLL→</b> 株式会社トリドールホールディングス	Unicorn Asset Management Ltd.; Canaccord Genuity Asset	100.0%	\$116.8	4.6x	1.1x
Apr-23	PORT OF SUBS	USA	Operates a chain of food service stores	AJ5	-	100.0%	-	-	-
-							Mean Median	7.0x 7.0x	1.2x 1.2x

### **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
	0-0-0-0	\$	\$	\$ \$ \equiv \text{\$}	\$	\$	\$ \frac{1}{2}	\$
Restaurants and Other Eating Places  NAICS 72251 – Restaurants and Other Eating Places	2018-2020	\$86.4M	\$105.3M	4.4%	0.9x	11.5%	8.0x	9
Limited-Service Restaurants  NAICS 722513— Limited-Service Restaurants	2018-2020	\$93.3M	\$63.6M	3.9%	0.6x	10.9%	6.0x	14

#### **Source:** GF Data

#### 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.

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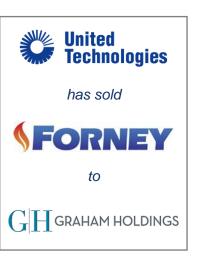




























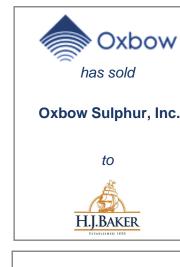












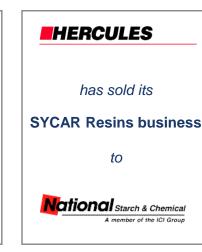




















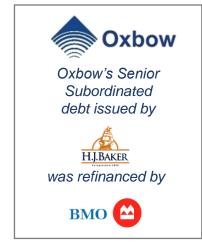


















## Advisor to Leading Companies Worldwide









































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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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