



Seale & Associates

RESTAURANT FRANCHISE INDUSTRY
Q2 2023
VALUATION UPDATE

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 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 OPORTUNIDADES. 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		Second Quarter Jun. 30, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
Alsea, S.A.B. de C.V.	 MEX	\$2,639	\$5,158	\$3,950	20.0%	10.4x	6.3x	6.2x	1.2x	
AmRest Holdings SE	 ESP	\$1,240	\$2,798	\$2,756	9.2%	12.6x	7.1x	6.4x	1.0x	
Arcos Dorados Holdings Inc.	 URY	\$2,157	\$3,518	\$3,819	10.6%	15.3x	6.6x	6.6x	0.9x	
Bloomin' Brands, Inc.	 USA	\$2,347	\$4,343	\$4,521	11.8%	11.1x	6.0x	6.0x	1.0x	
Brinker International, Inc.	 USA	\$1,621	\$3,777	\$4,079	8.1%	9.5x	6.2x	6.6x	0.9x	
Café de Coral Holdings Limited	 HKG	\$744	\$946	\$1,022	7.5%	11.3x	7.9x	12.7x	0.9x	
CMR, S.A.B. de C.V.	 MEX	\$92	\$195	\$192	9.1%	105.3x	21.5x	6.2x	1.0x	
Collins Foods Limited	 AUS	\$768	\$1,273	\$891	7.2%	11.2x	9.5x	13.1x	1.4x	
Create Restaurants Holdings, Inc.	 JPN	\$1,418	\$1,821	\$920	12.0%	29.1x	39.7x	14.9x	2.2x	
Restaurant Brands International Inc.	 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.	 USA	\$38,806	\$50,924	\$6,940	33.8%	21.5x	19.6x	21.0x	7.3x	
						Mean	12.4x	11.2x	9.5x	1.2x
						Median	11.3x	7.9x	6.6x	1.0x

■ Excluded from mean and median
 NM - Not Meaningful

Sources: Capital IQ, Mergermarket, TTR

Franchisors Global Comparable Public Companies

Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		Second Quarter Jun. 30, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
BJ's Restaurants, Inc.		USA	\$749	\$1,245	\$1,326	6.0%	10.5x	22.5x	8.7x	0.9x
Chipotle Mexican Grill, Inc.		USA	\$59,015	\$61,724	\$8,983	18.4%	33.1x	41.4x	28.6x	6.9x
Chuy's Holdings, Inc.		USA	\$737	\$847	\$434	11.1%	9.2x	12.9x	11.5x	2.0x
Cracker Barrel Old Country Store, Inc.		USA	\$2,064	\$3,245	\$3,436	6.7%	19.5x	55.0x	9.4x	0.9x
Darden Restaurants, Inc.		USA	\$20,205	\$25,797	\$10,488	15.1%	13.0x	19.7x	13.1x	2.5x
Denny's Corporation		USA	\$690	\$1,089	\$471	17.0%	15.7x	53.6x	12.3x	2.3x
Dine Brands Global, Inc.		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.		USA	\$316	\$561	\$474	10.1%	10.5x	10.6x	7.7x	1.2x
Jack in the Box Inc.		USA	\$1,989	\$5,023	\$1,724	19.3%	9.4x	8.8x	8.3x	2.9x
McDonald's Corporation		USA	\$217,867	\$264,159	\$23,415	53.4%	17.4x	19.2x	18.7x	11.3x
Noodles & Company		USA	\$157	\$426	\$523	6.3%	9.5x	14.3x	6.2x	0.8x

Sources: Capital IQ, Mergermarket, TTR

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		
						2021	2022	EV/EBITDA	EV/Revenue	
Papa John's International, Inc.	 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.	 USA	\$3,063	\$3,531	\$950	6.3%	25.0x	50.0x	25.7x	3.7x	
Starbucks Corporation	 USA	\$113,556	\$134,658	\$33,998	18.4%	17.3x	21.9x	14.6x	4.0x	
Texas Roadhouse, Inc.	 USA	\$7,523	\$8,100	\$4,202	11.3%	16.1x	23.5x	14.7x	1.9x	
The Wendy's Company	 USA	\$4,584	\$8,136	\$2,136	22.9%	20.5x	18.4x	16.3x	3.8x	
TORIDOLL Holdings Corporation	 JPN	\$1,888	\$2,564	\$1,417	17.2%	10.1x	13.4x	11.4x	2.0x	
Xiabuxiabu Catering Management (China) Holdings Co., Ltd.	 CHN	\$509	\$647	\$687	2.4%	9.3x	11.9x	6.6x	0.9x	
Wingstop Inc.	 USA	\$5,999	\$6,530	\$390	29.1%	66.1x	68.6x	55.6x	16.7x	
■ Excluded from mean and median						Mean	13.4x	16.1x	11.6x	2.4x
						Median	12.5x	17.1x	11.4x	2.0x










Sources: Capital IQ, Mergermarket, TTR

Restaurant Franchise – Q2 Global Transactions

Date	Target	Country	Description	Buyer	Seller	% Acquired	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	JAI 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	-	THE RC GROUP	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	SOUTHPAW	-	100.0%	-	-	-
Jun-23	48 Arby's restaurants	USA	Operates fast food restaurants	PAPA JOHN'S	-	100.0%	-	-	-
Jun-23	M25 division of Drake Food Service International	GBR	Operates the largest international franchisee of Papa John's	DRAKE FOOD SERVICE INTERNATIONAL	-	100.0%	-	-	-
May-23	RUTH'S HOSPITALITY GROUP	USA	Develops, operates, and franchises fine dining restaurants	DARDEN	-	100.0%	\$715.0	9.4x	1.4x
May-23	RED RUNNER COFFEE	USA	Operates a chain of coffee stores	BREVITY 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	Merger	-	-	-
Apr-23	ego mediterranean	GBR	Operates a chain of restaurants	Mitchells & Butlers	-	60.0%	-	-	-
Apr-23	MONGOLIAN CONCEPTS	USA	Operates a chain of restaurants	GRAVEWORTHY BRANDS	CMG COMPANIES	100.0%	-	-	-
Apr-23	THE FULHAM SHORE PLC	GBR	Operates restaurants in the United Kingdom	TORIDOLL 株式会社トリド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	A15	-	100.0%	-	-	-
							Mean	7.0x	1.2x
							Median	7.0x	1.2x

Sources: Capital IQ, Mergermarket, TTR

Private Equity Transactions

INDUSTRY CLASSIFICATION	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 <small>NAICS 72251 – Restaurants and Other Eating Places</small>	 2018-2020	 \$86.4M	 \$105.3M	 4.4%	 0.9x	 11.5%	 8.0x	 9
Limited-Service Restaurants <small>NAICS 722513– Limited-Service Restaurants</small>	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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One of our core capabilities is to deliver sector-specific intelligence designed specifically for industry leaders, private equity firms, and their advisors. Our industry reports and featured articles deliver real-time access to key industry data, including:



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S U S C R I B E

Representative Global Engagements

 has acquired 	 has acquired 	 has sold Triumph Processing - Embee Division to 	 has sold Triumph Air Repair & Triumph Engines businesses to 	 has acquired unified brands from 	 has partnered with 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 to
 has sold to Daives Baird Pty Ltd a sister company of 	 has acquired 	 has sold to Code Flower Inc.	 has sold its GRACE Membranes Business a subsidiary of 	 has sold and to 	 has sold a controlling interest to 	 has been acquired by 	 has sold SENSI CARE and ALOE+VESTA to 	 has sold their Sanitaryware Manufacturing Plant to 	 has acquired Multiple snack companies 	 has sold to
 has sold Commercial Flight Training Business to 	 has been acquired by 	 has sold Oxbow Sulphur, Inc. to 	 has been acquired by 	 has sold to 	 has acquired 	 has acquired 	 has acquired 	 has sold its SYCAR Resins business to 	 has sold to Private Equity Partners	 has been acquired by
 has sold to 	 has acquired KFC Costa Rica from 	 has been acquired by 	 has sold to 	 has sold the Films Business of to 	 has been acquired by 	 has sold to 	 Oxbow's Senior Subordinated debt issued by was refinanced by 	 has sold to 	 has acquired from THE MOORE COMPANY	 sold its concrete pumping business to

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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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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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