



Seale & Associates

RESTAURANT FRANCHISE
INDUSTRY
Q3 2024
VALUATION UPDATE

25 years

Introduction

We are pleased to share our Restaurant Franchise Industry Multiples Valuation Update for Q3 2024.

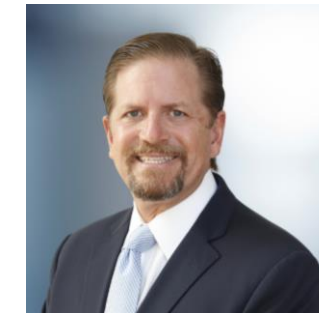
At Seale & Associates, we are committed to providing process-driven solutions designed to optimize value and achieve our client's strategic objectives in a range of transactions, including **Mergers, Acquisitions, Divestitures and Carve-Outs, Business Sales, Recapitalizations, and Joint Ventures**, among 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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Table of Contents

Industry Overview **4**

Global Comparable Public Companies **5**

Global Transactions **8**

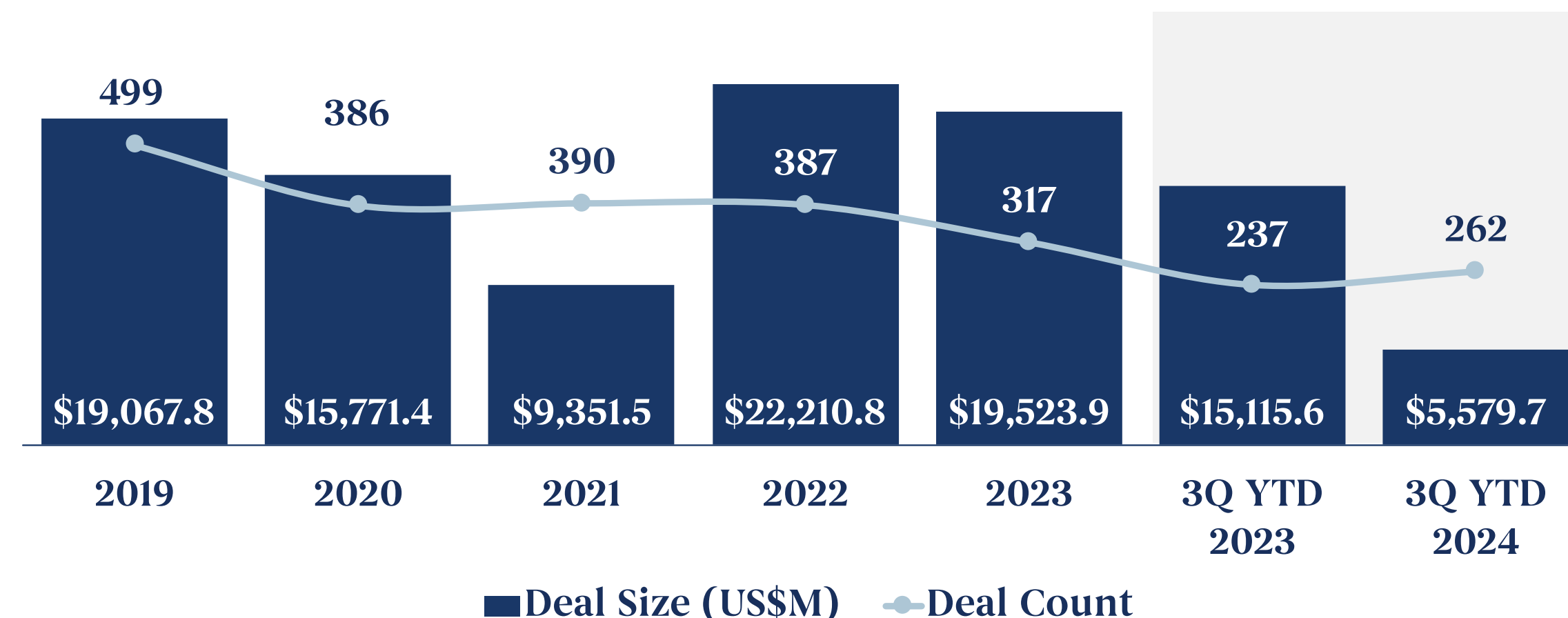
About Seale **9**

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

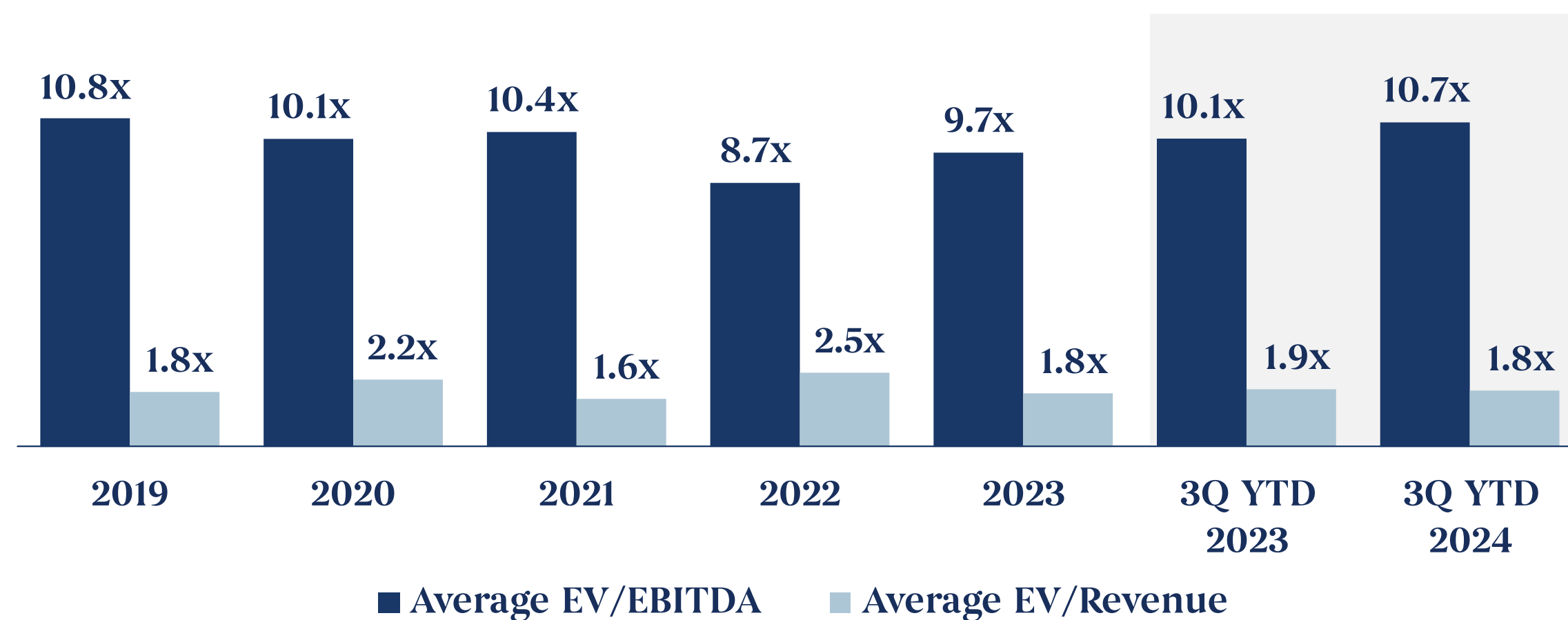
Restaurant Franchise Industry

- 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

Franchises Global Comparable Public Companies

Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		Third Quarter Sep. 30, 2024		
						2022	2023	EV/EBITDA	EV/Revenue	
Alsea, S.A.B. de C.V.	 MEX	\$2,248	\$4,562	\$4,001	21.0%	6.3x	6.0x	5.4x	1.1x	
AmRest Holdings SE	 ESP	\$1,308	\$2,893	\$2,810	15.5%	7.1x	6.3x	6.7x	1.0x	
Arcos Dorados Holdings Inc.	 URY	\$1,837	\$3,395	\$4,501	14.6%	6.6x	5.9x	5.2x	0.8x	
Bloomin' Brands, Inc.	 USA	\$1,405	\$3,605	\$4,547	15.1%	6.0x	5.9x	5.3x	0.8x	
Brinker International, Inc.	 USA	\$3,425	\$5,360	\$4,542	15.1%	6.2x	6.6x	7.8x	1.2x	
CMR, S.A.B. de C.V.	 MEX	\$35	\$115	\$184	16.0%	21.5x	5.5x	3.9x	0.6x	
create restaurants holdings inc.	 JPN	\$1,656	\$2,004	\$1,042	17.0%	39.5x	16.5x	11.3x	1.9x	
Restaurant Brands International Inc.	 CAN	\$23,342	\$40,246	\$7,930	31.9%	15.3x	16.6x	15.9x	5.1x	
Skylark Holdings Co., Ltd.	 JPN	\$3,669	\$4,134	\$2,694	19.4%	17.6x	14.4x	7.9x	1.5x	
Yum! Brands, Inc.	 USA	\$39,282	\$50,774	\$7,223	37.5%	19.6x	19.9x	18.8x	7.0x	
■ Excluded from mean and median						Mean	11.8x	7.2x	7.1x	1.6x
						Median	11.2x	6.5x	7.2x	1.2x

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		Third Quarter Sep. 30, 2024		
						2022	2023	EV/EBITDA	EV/Revenue	
BJ's Restaurants, Inc.		USA	\$754	\$1,243	\$1,330	12.3%	10.7x	9.1x	7.6x	0.9x
Chipotle Mexican Grill, Inc.		USA	\$78,909	\$81,698	\$10,985	24.7%	27.4x	25.5x	30.1x	7.4x
Cracker Barrel Old Country Store, Inc.		USA	\$1,007	\$2,197	\$3,471	8.7%	9.0x	9.2x	7.3x	0.6x
Darden Restaurants, Inc.		USA	\$19,285	\$26,087	\$11,416	19.6%	11.9x	12.7x	11.7x	2.3x
Denny's Corporation		USA	\$331	\$717	\$453	17.7%	13.8x	11.4x	8.9x	1.6x
Dine Brands Global, Inc.		USA	\$478	\$1,912	\$814	27.4%	11.2x	11.2x	8.6x	2.3x
Domino's Pizza, Inc.		USA	\$15,043	\$19,962	\$4,665	21.3%	21.4x	19.2x	20.0x	4.3x
El Pollo Loco Holdings, Inc.		USA	\$410	\$675	\$471	17.0%	7.6x	8.0x	8.4x	1.4x
Jack in the Box Inc.		USA	\$890	\$4,050	\$1,571	34.7%	8.3x	8.0x	7.4x	2.6x
McDonald's Corporation		USA	\$218,438	\$269,703	\$25,939	59.8%	17.3x	17.5x	17.4x	10.4x

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		Third Quarter Sep. 30, 2024		
						2022	2023	EV/EBITDA	EV/Revenue	
Noodles & Company		USA	\$55	\$346	\$501	13.7%	8.1x	6.9x	5.0x	0.7x
Papa John's International, Inc.		USA	\$1,758	\$2,710	\$2,100	13.2%	15.7x	13.8x	9.8x	1.3x
Red Robin Gourmet Burgers, Inc.		USA	\$69	\$634	\$1,275	10.5%	5.4x	5.3x	4.7x	0.5x
Shake Shack Inc.		USA	\$4,127	\$4,646	\$1,210	17.7%	22.5x	20.4x	21.7x	3.8x
Starbucks Corporation		USA	\$110,476	\$132,420	\$36,176	28.8%	13.1x	14.6x	12.7x	3.7x
Texas Roadhouse, Inc.		USA	\$11,775	\$12,401	\$5,100	13.4%	12.9x	14.1x	18.2x	2.4x
The Wendy's Company		USA	\$3,561	\$7,199	\$2,213	27.3%	16.5x	15.7x	11.9x	3.3x
TORIDOLL Holdings Corporation		JPN	\$2,269	\$3,150	\$1,766	17.4%	10.4x	12.6x	10.2x	1.8x
Wingstop Inc.		USA	\$12,193	\$12,867	\$591	28.1%	50.6x	53.2x	77.6x	21.8x
■ Excluded from mean and median						Mean	12.7x	12.3x	8.3x	1.9x
						Median	12.9x	12.7x	8.6x	2.3x

Restaurant Franchises – Global Transactions

Date	Target	Country	Description	Buyer	Seller	% Acquired	Size US\$M	EV/ EBITDA	EV/ Revenue	
Sep-24	McDonald's Korea	KOR	Al Mana Group , a Qatari conglomerate with interests in retail, real estate, and food services, acquired McDonald's Korea , encompassing 400 restaurants, to expand its global footprint in the fast-food industry			100.0%	-	-	-	
Jul-24	Sofinsod	FRA	Bellon SA , a family-owned holding company and major shareholder of Sodexo, acquired Sofinsod , a Sodexo subsidiary, simplifying Sodexo's shareholder structure and monetizing an illiquid asset	Bellon S.A.		100.0%	\$999.1	-	-	
Jul-24		KOR	Jollibee , a global fast-food company, acquired a 70% stake in South Korea's Compose Coffee , a coffeehouse chain with over 2,600 stores, enhancing their presence in the international coffee market	Jollibee Foods CORPORATION	-	70.0%	\$238.0	-	4.1x	
Jul-24		USA	Darden , a leading American multi-brand restaurant operator, acquired Chuy's Holdings , a Tex-Mex restaurant chain with over 100 locations across 15 states		-	100.0%	\$605.0	9.7x	1.7x	
								Mean	9.7x	2.9x
								Median	9.7x	2.9x

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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<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>CMC 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 G HARRISON GYPSUM, LLC</p> <p>has been recapitalized by</p> <p>H. I. G. PRIVATE EQUITY</p>



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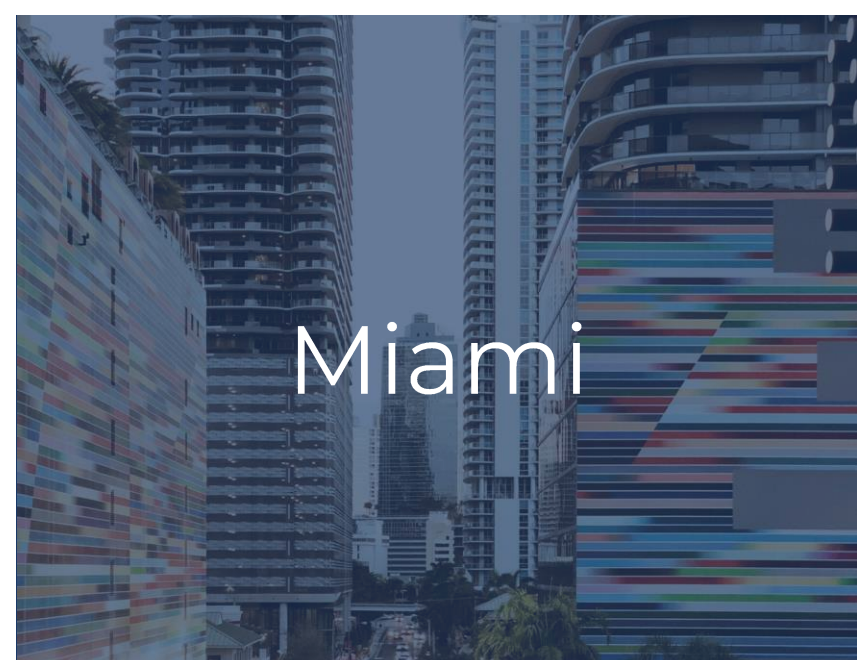
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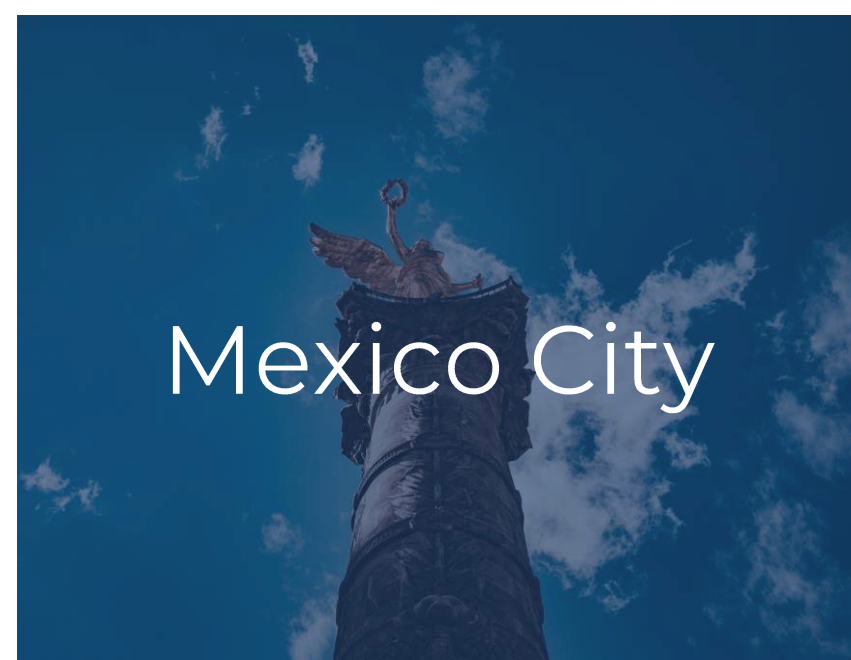
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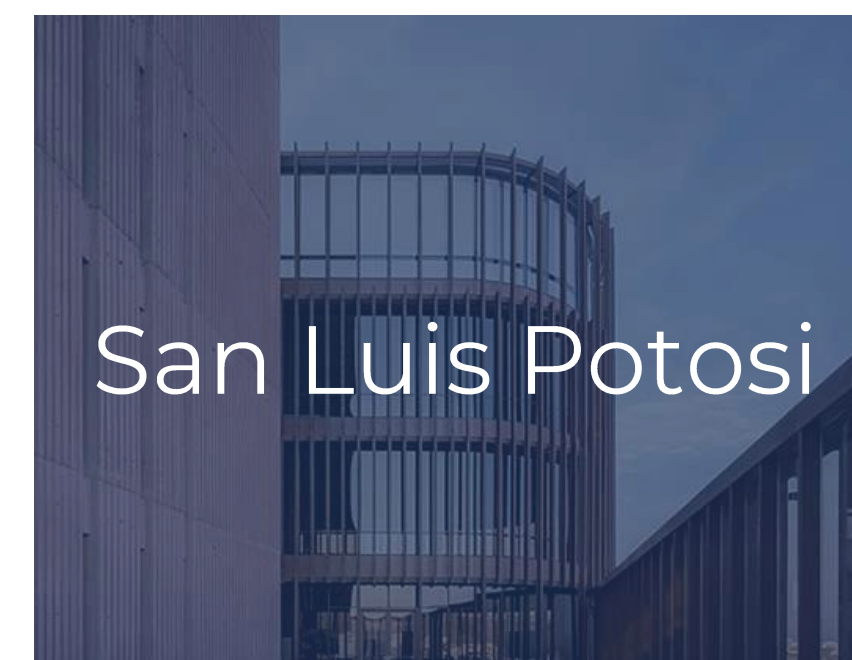
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25

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