



Fast Food Industry Report

June 2018

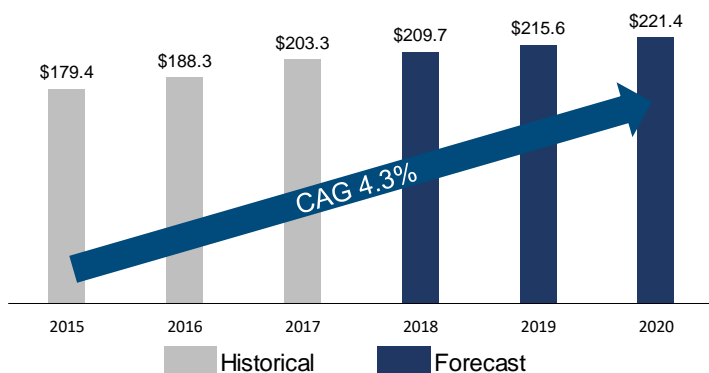


Industry Overview

- The industry is made up by all the fast food participants in Mexico, including restaurant chains, franchises, food retail chains, convenience stores and street vendors
- The approximate industry value in 2017 was MX\$203 billion, while outlets numbers increased to more than 262 thousand
- The fast food industry in Mexico is expected to have a value of MXN\$234 billion in 2022, with a compound annual growth of 3%
- Fomento Económico Mexicano led sales in 2017, posting a value share of 8%

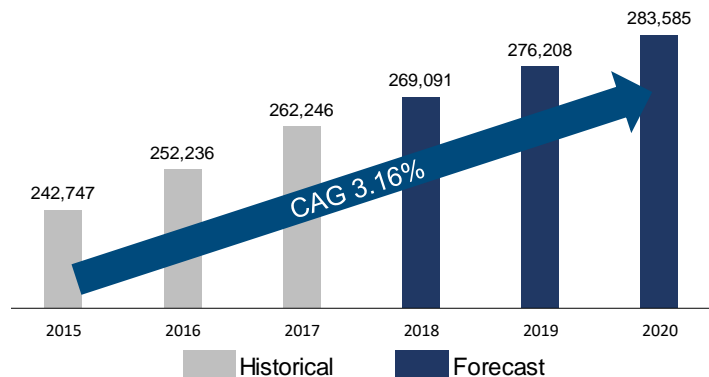
Industry Sales

MXN Billion



Industry Outlets

Units

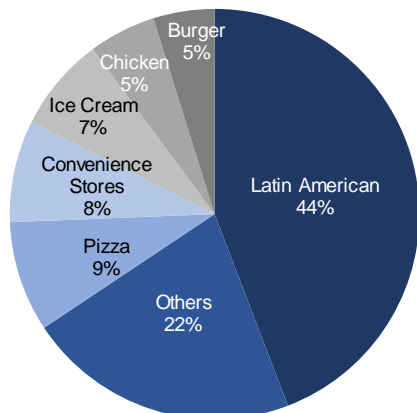


Industry Trends:

- Fast food restaurants are offering more value packs for breakfast, lunch and dinner, thus increasing options for consumers who eat at home, in order to compete against small local restaurants and convenience stores
- The increasing preference among consumers for healthy food has benefited several brands that offer salads and other healthy options, changing the industry perception
- The actual growth of the fast food industry in Mexico is driven by the great performance of the convenience stores
- Convenience store OXXO remains as the leading company, it expects to continue growing over the short term as its sales increase remarkably. It reached over 16,000 stores in 2017, eight times more than closest competitor 7-Eleven

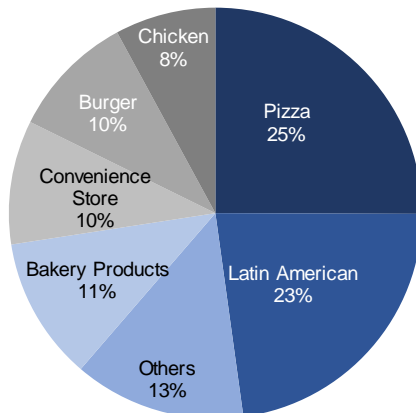
Outlets by Category

270,842 Units



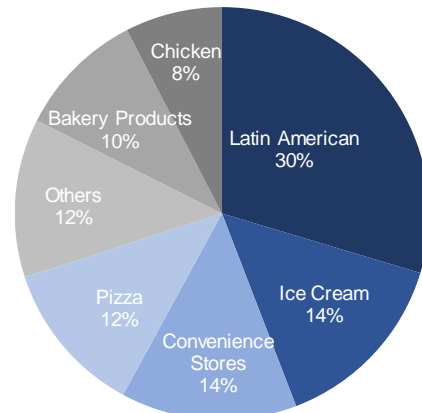
Sales by Category

MXN\$203 Billions



Transactions by Category





















4,044 Transactions



Fast Food Industry – Current Market Situation

The following section presents financial and market value information of public companies in the fast food industry whose enterprise value is above US\$1 billion. Also, this report includes information of public companies whose enterprise value is less than US\$1 billion in the markets related to the fast food industry trading on different stock exchanges around the world.

























Comparable Public Companies – Company Value > US\$1 Billion

Company	Country	Price 2018-06-20	Revenue US\$M	EBITDA Margin	Market Cap. US\$M	Enterprise Value	Average EV / EBITDA				2018-06-20		
							2014	2015	2016	2017	EV / EBITDA	EV / Revenue	
McDonald's Corporation		USA	\$162.56	\$22,283	44.2%	\$127,638	\$156,058	10.5x	11.8x	13.9x	15.2x	15.6x	7.0x
YUM! Brands, Inc.		USA	\$80.86	\$5,832	34.0%	\$26,135	\$34,619	12.1x	13.5x	12.2x	16.3x	17.5x	5.9x
Restaurant Brands International Limited Partnership		CAN	\$0.00	\$4,829	44.1%	\$25,291	\$36,288	0.0x	27.5x	17.6x	19.4x	17.4x	7.8x
Yum China Holdings, Inc.		CHN	\$40.07	\$7,439	15.9%	\$15,470	\$14,001	0.0x	0.0x	9.5x	11.2x	11.2x	1.9x
Restaurant Brands International Inc.		CAN	\$60.81	\$4,829	44.1%	\$15,152	\$28,578	14.0x	20.0x	13.8x	14.5x	13.3x	5.9x
Chipotle Mexican Grill, Inc.		USA	\$465.50	\$4,556	10.4%	\$12,938	\$12,407	26.5x	21.9x	22.6x	34.6x	NR	2.7x
Dairy Farm Int. Holdings Limited		USA	\$287.90	\$2,949	19.2%	\$12,173	\$15,278	16.8x	18.9x	20.3x	NR	NR	5.2x
McDonald's Holdings Company (Japan), Ltd.		JPN	\$54.12	\$2,445	12.0%	\$7,196	\$7,154	17.4x	75.0x	109.3x	28.7x	NR	3.0x
The Wendy's Company		USA	\$17.84	\$1,318	30.4%	\$4,268	\$6,888	11.8x	12.3x	12.5x	15.5x	16.9x	5.2x
Jubilant FoodWorks Limited		IND	\$20.00	\$464	14.2%	\$2,638	\$2,582	32.4x	41.0x	26.6x	32.8x	NR	0.0x
Alsea, S.A.B. De C.V.		MEX	\$3.23	\$2,392	14.0%	\$2,690	\$3,413	17.8x	15.5x	14.8x	12.4x	11.4x	1.6x
AmRest Holdings SE		POL	\$118.20	\$1,641	11.7%	\$2,507	\$2,918	9.3x	11.0x	12.5x	15.3x	16.6x	1.9x
Xiabuxiabu Catering		CHN	\$2.02	\$565	18.2%	\$2,177	\$1,950	12.3x	6.7x	4.7x	10.7x	19.0x	3.5x
Domino's Pizza Group plc		GBR	\$4.54	\$641	21.4%	\$2,156	\$2,301	18.2x	23.1x	21.8x	18.3x	16.6x	3.7x
Shake Shack Inc.		USA	\$69.22	\$381	15.9%	\$1,925	\$1,905	0.0x	57.2x	34.3x	20.9x	NR	5.0x
Arcos Dorados Holdings Inc.		URU	\$7.15	\$3,388	6.1%	\$1,509	\$1,886	7.4x	5.6x	5.9x	8.5x	9.1x	0.6x
Café de Coral Holdings Limited		HKG	\$2.50	\$1,042	11.5%	\$1,448	\$1,352	15.6x	15.8x	14.6x	14.5x	11.4x	1.3x
Ohsho Food Service Corp.		JPN	\$56.30	\$736	11.1%	\$1,054	\$1,018	7.5x	8.3x	7.6x	8.5x	13.0x	1.4x
MTY Food Group Inc.		CAN	\$37.78	\$215	35.3%	\$950	\$1,136	15.2x	14.4x	15.7x	15.2x	15.5x	NR
Famous Brands Limited		RSE	\$8.26	\$597	15.6%	\$826	\$994	17.3x	17.3x	16.4x	14.5x	12.3x	1.9x
NR: Not Relevant											Mean	14.4x	3.5x
											Median	15.5x	3.0x

Comparable Public Companies – Company Value < US\$1 Billion

Company	Country	Price 2018-06-20	Revenue US\$M	EBITDA Margin	Market Cap. US\$M	Enterprise Value	Average EV / EBITDA				2018-06-20		
							2014	2015	2016	2017	EV / EBITDA	EV / Revenue	
MOS Food Services, Inc.		JPN	\$29.83	\$672	8.4%	\$920	\$833	13.8x	20.6x	14.2x	14.5x	15.5x	1.3x
Pepper Food Service Co., Ltd.		JPN	\$45.36	\$399	7.6%	\$943	\$933	35.0x	49.8x	53.8x	43.8x	NR	2.4x
Westlife Development Limited		IND	\$5.13	\$174	6.4%	\$797	\$814	141.4x	150.0x	86.4x	77.1x	NR	NR
Herfy Food Services Company		KSA	\$12.35	\$312	24.4%	\$798	\$865	18.8x	20.0x	12.4x	12.5x	11.4x	2.8x
Restaurant Brands New Zealand Limited		NZL	\$5.50	\$560	12.5%	\$680	\$788	7.7x	8.6x	10.4x	11.5x	12.0x	1.5x
Telepizza Group, S.A.		ESP	\$6.68	\$446	17.9%	\$673	\$809	0.0x	0.0x	15.2x	15.7x	10.8x	1.9x
Dairy Farm Int. Holdings Limited		HKG	\$3.92	\$350	13.3%	\$502	\$423	7.5x	8.5x	10.5x	NR	NR	1.2x
Collins Foods Limited		AUS	\$4.09	\$531	12.4%	\$477	\$589	6.3x	6.6x	7.9x	9.2x	9.5x	1.2x
Carrols Restaurant Group, Inc.		USA	\$13.25	\$1,120	8.1%	\$475	\$726	12.0x	11.8x	8.1x	8.2x	8.0x	0.6x
NR: Not Relevant											Mean	11.2x	1.6x
											Median	11.1x	1.4x

Global Transactions – Fast Food

Date	Objective	Country	Description	Buyer	Size (US\$M)	EV/ EBITDA	EV/ Revenue
Apr-18	Smashburger Master LLC	USA 	Hamburguer restaurant	Jollibee Worldwide Pte. Ltd.	\$100	-	-
Mar-18	Imvescor Restaurant Group Inc.	CAN 	Franchises	MTY Food Group Inc.	\$215	16.5x	5.5x
Feb-18	Burger King (RUS) LLC	RUS 	Burger King in Russia	Investment Capital Ukraine LLC	\$80	-	NR
Feb-18	Wuxi KFC Co., Ltd.	CHN 	Fast Food restaurants	Yum China Holdings, Inc.	\$98	-	-
Feb-18	Buffalo Wild Wings, Inc.	USA 	Operates and develops franchises	Arby's Restaurant Group, Inc.	\$2,892	11.2x	1.4x
Nov-17	Bento Inc.	CAN 	Operates restaurants	YO! Sushi Group Ltd.	\$78	9.5x	1.3x
May-17	Daojia.com.cn	CHN 	Daojia.com.	Yum China Holdings, Inc.	\$62	-	-
Apr-17	Checkers Drive-In Restaurants, Inc.	USA 	Drive-In restaurants	Oak Hill Capital Partners	\$525	-	-
Mar-17	Popeyes Louisiana Kitchen, Inc.	USA 	Franchises	Restaurant Brands International Inc.	\$1,827	20.5x	6.8x
Mar-17	Pacific Island Restaurants, Inc.	USA 	Fast Food restaurants	Comprador no revelado	\$105	5.5x	0.9x
Nov-16	Hyundai Logistics Co., Ltd. (nka:LOTTE Global Logistics Co., Ltd)	KOR 	Properties	Comprador no revelado	\$635	NR	0.6x
Oct-16	The Eat Out Group, S.L.	ESP 	Fast Food restaurants	Ibersol, S.G.P.S., S.A.	\$117	6.4x	0.5x
Oct-16	Gourmet Burger Kitchen	GBR 	Fast Food chain	Famous Brands Limited	\$160	12.5x	-
Sep-16	AmRest Holdings SE	POL 	Operates restaurants	Finaccess México, SA de CV	\$856	13.5x	1.8x
Jul-16	Kahala Brands, Ltd.	USA 	Fast Food restaurants	MTY Food Group Inc.	\$340	10.4x	2.4x
Apr-16	QSR Pty Ltd.	AUS 	Operates fast food restaurants	Domino's Pizza Group plc	\$59	5.4x	0.8x
Apr-16	Country Style Cooking Restaurant Chain Co., Ltd.	CHN 	Operates restaurants	Sky Success Venture Holdings Limited	\$61	2.6x	0.2x
Apr-16	BKR Co., Ltd.	KOR 	Fast Food restaurants	Affinity Equity Partners	\$170	-	-
Apr-16	Nordic Service Partners Holding AB	SWE 	Fast Food	LGT Capital Partners AG; Crown Co-investment Opportunities plc; entre otros	\$54	7.9x	0.5x
Mar-16	SAS Financière Frères Blanc	FRA 	Operates restaurants	Groupe Bertrand	\$87	-	-
Feb-16	Joey's Pizza Service (Deutschland) GmbH	GER 	Pizza shops	Domino's Pizza Group plc; Domino's Pizza Enterprises Limited	\$137	21.0x	0.9x
Oct-15	Smashburger Master LLC	USA 	Hamburguer restaurant	Jollibee Worldwide Pte. Ltd.	\$99	-	-
Aug-15	AmRest Holdings SE	POL 	Franchises	Finaccess México, SA de CV	\$300	11.5x	1.4x
Dec-14	Tim Hortons Inc.	CAN 	Coffee franchises	Burger King Worldwide	\$13,442	17.5x	4.4x
					Mean	9.9x	1.6x
					Median	9.5x	0.9x

* = Announced Transactions NR: Not Relevant

Representative Transaction – Fast Food Industry

Seale & Associate acted as a financial advisor of Grupo Inversor Intelactiva for the acquisition of KFC Costa Rica, from QDR Internacional, L.L.C.

- On September 10, 2015, **Seale & Associates** acted as a financial advisor for **Grupo Inversor Intelactiva** for the acquisition of KFC franchise in Costa Rica, from **QSR Internacional, L.L.C.**
- The Seale & Associates professionals conducted a full analysis of the situation and determined an ideal transaction that resolved the concerns of both parties
- The process resulted in the acquisition of the KFC franchise that includes 32 stores located throughout the Costa Rican territory
- Each store will measure about 280 square meters and will invest \$350,000 in each one. It is also expected to employ between 60 and 65 people

intelectiva
INTELECTIVAS - INTELACTIVAS

has acquired



KFC Costa Rica

from



Finance Advisor:

**Seale &
Associates**

“
We are very excited about the acquisition of the KFC franchise in Costa Rica, a highly successful chain of fast food restaurants with important growth prospects in a country that we know very well.”

Roberto González Alcalá, Intelactiva President.



The KFC franchise includes 32 stores throughout the Costa Rican territory

Representative Transaction – Fast Food Industry

Arby's Restaurant Group Inc. announced the acquisition of Buffalo Wild Wings Inc. for US\$2,892 millones

- On November 28, 2017, **Arby's Restaurant Group Inc.**, american fast food franchise company, announced the acquisition of **Buffalo Wild Wings Inc.**, american franchisee of restaurants, for US\$2,892 million, with an implied enterprise value 11.2x EBITDA and 1.4x revenue
- The two restaurants will be operated separately under the name of a new company called “Inspire Brands Inc.”
- Arby's has more than 3,400 restaurants in seven countries, and Buffalo Wild Wings has more than 1,200 restaurants in ten countries

Buyer:



Objective:



Company Value:

US\$2,892 M

Multiple EV/Revenue: Multiple EV/EBITDA:

1.4x 11.2x



Buffalo Wild Wings had a revenue of US\$2,067 million in 2017



Arby's paid US\$157 per share in cash to Buffalo Wild Wings


REPRESENTATIVE MEXICAN ENGAGEMENTS

intelectiva
has acquired




KFC Costa Rica
from
QSR


ARCACONTINENTAL
has acquired



ARCACONTINENTAL
has acquired



CHEN
has merged with




a business of
alfa

FOQUE
GRUPO FOMENTO QUERETANO
merged its beverage division with



GRUPO TAMPICO
merged its beverage division with



caffenio
has partnered with



a subsidiary of
FEMSA

caffenio
has partnered with



Ragasa.
Acquisition
Advisory
Services

Fonterra
Acquisition
Advisory
Services

TORREY
has acquired



Nestlé
Sale of Parma
Ham Business

GRUPO INDUSTRIAL SÓLTILLO
has formed a partnership in the casting tools business between



AMERICAN STANDARD COMPANIES
sold
Calo-Rex
to
GRUPO INDUSTRIAL SÓLTILLO

CEMEX
has carved out and sold its concrete pumping assets in Mexico
to
PUMPING TEAM

CEMEX
has formed a partnership to market and develop oil storage and distribution in Mexico with
ZENITH ENERGY

FEMSA
sold
QUIMIPRODUCTOS
to
ECOLAB

grupo protexa
Corporate
Finance
Advisory
Services

GRUPO SJC LUBRI TECH
has been acquired by
COLFAX

COSMOCEL
has sold
Cosmocel Química
to
ICI Performance Products LP
a business unit of
ICI

FORTACERO
Corporate
Finance
Advisory
Services

Pinturas Berel
Corporate
Finance
Advisory
Services

GRUPO TAMPICO
has acquired
SEAT **HONDA**
dealers of
GRUPO FRAL

INVEKRA
Holding company of
sanfer
acquired a 61% stake on
Portugal 1864

GBM
has been acquired by
Arysta LifeScience

INMAGUSA
Grupo Galaz, S.A de C.V.
has been acquired by
IOCHPE - MAXION

DLG
has acquired
workshop and store in Mexico City from
GREENBRIER RAIL SERVICES

LOUISVILLE LADDER
has acquired
CENTURY

ALen
Acquisition
Advisory
Services

GRUPO INDUSTRIAL SÓLTILLO
has sold
its sanitaryware business
ST. THOMAS CREATIONS
and
VITROMEX
to
Villeroy & Boch

Seale & Associates

Creative Solutions. Trusted Advice.

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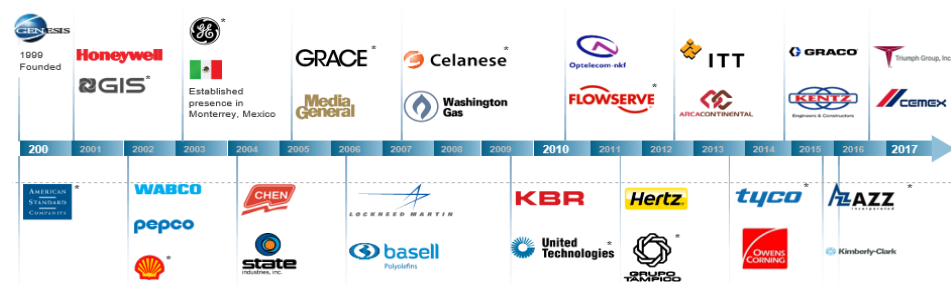
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Since 1999, Seale & Associates has been the trusted advisor to highly respected public and private companies from around the world, with a track record of success in a diverse range of industries. Seale is an elite boutique global investment banking firm with extensive experience in mergers and acquisitions (M&A), corporate finance advisory, and enterprise level strategy consulting. Our experienced team of professionals are committed to serving clients with excellence and integrity, while offering innovative ideas and solutions to address complex dealings. All securities related transactions are cleared through Seale Capital, Inc., a registered broker dealer and member of FINRA and SIPC.

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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