

# Seale & Associates

Creative Solutions. Trusted Advice.

RESTAURANT  
FRANCHISE  
INDUSTRY

Q1  
**2021**

VALUATION  
UPDATE

# INTRODUCTION

We are pleased to share our Restaurant Franchise Industry Valuation Update for Q1 2021.

At Seale & Associates, we are committed to provide process-driven solutions designed to optimize value and achieve our clients' strategic objectives on a range of transactions including mergers, acquisitions, divestitures and carve-outs, business sales, recapitalizations, and joint ventures, among others.

Over the course of 20 years we have been successfully serving the U.S. and Latin American markets, and we are delighted to provide investment banking advisory to our clients that are looking to tap into the enormous potential of the restaurant franchise industry, whether through acquisitions or inorganically.

## Food & Beverage / Consumer Experience

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# KFC COSTA RICA

*Target:* Franchise of KFC in Costa Rica (KFC Costa Rica)

*Transaction Type:* Buy-side advisory

*Industries:* Restaurants

*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.

# COMPARABLE PUBLIC COMPANIES – FRANCHISEES

Company	Country	Market Cap. US\$MM	Enterprise Value US\$MM	Revenue US\$MM	EBITDA Margin	Annual Average EV/EBITDA		First Quarter Mar. 31, 2021		
						2019	2020	EV/ EBITDA	EV/ Revenue	
Alsea, S.A.B. de C.V.	 MEX	\$1,091	\$3,850	\$1,791	17.9%	9.9x	6.9x	10.5x	1.8x	
AmRest Holdings SE	 ESP	\$1,624	\$3,340	\$1,750	3.9%	12.3x	9.1x	12.5x	1.7x	
Arcos Dorados Holdings, Inc.	 URY	\$1,043	\$2,459	\$1,928	3.3%	9.3x	9.6x	16.8x	1.2x	
Carrols Restaurant Group, Inc.	 USA	\$327	\$1,610	\$1,586	7.0%	7.8x	9.0x	7.8x	1.1x	
Café de Coral Holdings, Ltd.	 HKG	\$1,248	\$1,459	\$894	5.0%	11.6x	8.5x	9.8x	1.6x	
CMR, S.A.B. de C.V.	 MEX	\$63	\$174	\$83	-21.7%	6.7x	9.0x	7.8x	1.5x	
Collins Foods, Ltd.	 AUS	\$867	\$1,295	\$732	12.0%	11.2x	12.0x	10.2x	1.6x	
Create Restaurants Holdings, Inc.	 JPN	\$1,122	\$2,092	\$698	9.3%	14.8x	13.1x	16.9x	2.0x	
Hotland Co., Ltd.	 JPN	\$252	\$295	\$255	8.3%	14.7x	12.9x	18.2x	1.1x	
Mitchells & Butlers PLC	 GBR	\$1,401	\$4,739	\$899	-28.2%	8.0x	9.1x	36.9x	2.4x	
Recipe Unlimited Corporation	 CAN	\$741	\$1,700	\$627	14.7%	10.4x	9.8x	13.3x	2.2x	
Restaurant Brands New Zealand, Ltd.	 NZL	\$1,037	\$1,433	\$666	10.7%	13.6x	14.5x	14.1x	2.3x	
Skylark Holdings Co., Ltd.	 JPN	\$3,056	\$4,349	\$2,410	12.4%	10.2x	8.4x	13.0x	1.5x	
The Restaurant Group PLC	 GBR	\$517	\$2,071	\$623	-4.6%	9.8x	7.1x	12.5x	1.9x	
- - Excluded from mean and median						<b>Mean</b>	<b>10.7x</b>	<b>9.9x</b>	<b>12.6x</b>	<b>1.7x</b>
						<b>Median</b>	<b>10.3x</b>	<b>9.1x</b>	<b>12.5x</b>	<b>1.6x</b>



# COMPARABLE PUBLIC COMPANIES – FRANCHISORS

Company	Country	Market Cap. US\$MM	Enterprise Value US\$MM	Revenue US\$MM	EBITDA Margin	Annual Average EV/EBITDA		First Quarter Mar. 31, 2021		
						2019	2020	EV/ EBITDA	EV/ Revenue	
Bloomin' Brands, Inc.	 USA	\$1,678	\$4,115	\$3,150	6.2%	7.5x	8.5x	10.4x	1.2x	
BJ's Restaurants, Inc.	 USA	\$859	\$1,410	\$747	-0.4%	8.0x	10.5x	16.2x	1.6x	
Brinker International, Inc.	 USA	\$2,562	\$4,842	\$2,892	7.9%	7.3x	7.3x	9.8x	1.6x	
Chipotle Mexican Grill, Inc.	 USA	\$38,801	\$40,886	\$6,315	10.4%	25.9x	33.1x	45.0x	7.0x	
Chuy's Holdings, Inc.	 USA	\$522	\$665	\$314	12.1%	9.8x	8.4x	10.3x	1.9x	
Cracker Barrel Old Country Store, Inc.	 USA	\$3,129	\$4,326	\$2,532	6.9%	10.8x	19.5x	48.2x	1.8x	
Darden Restaurants, Inc.	 USA	\$15,509	\$19,884	\$6,187	8.0%	12.8x	12.8x	19.9x	2.9x	
Dine Brands Global, Inc.	 USA	\$952	\$2,698	\$687	20.4%	12.5x	12.5x	15.5x	3.7x	
Domino's Pizza, Inc.	 USA	\$15,108	\$19,122	\$4,228	18.9%	22.2x	24.5x	24.0x	4.9x	
Jack in the Box, Inc.	 USA	\$2,109	\$4,242	\$1,093	29.8%	12.1x	9.4x	9.9x	4.2x	
McDonald's Corporation	 USA	\$159,886	\$207,489	\$19,618	47.2%	16.9x	17.4x	19.4x	10.9x	
Noodles & Company	 USA	\$351	\$632	\$403	3.1%	9.4x	9.5x	12.1x	1.6x	
Papa John's International, Inc.	 USA	\$2,796	\$3,429	\$1,915	9.5%	16.0x	20.0x	18.3x	1.9x	
Restaurant Brands International, Inc.	 CAN	\$18,571	\$32,607	\$5,003	36.0%	13.6x	14.4x	17.5x	6.4x	
Ruth's Hospitality Group, Inc.	 USA	\$607	\$867	\$256	6.4%	9.1x	8.3x	13.9x	2.6x	
Shake Shack, Inc.	 USA	\$3,264	\$3,478	\$535	1.1%	22.4x	25.0x	43.1x	6.7x	
Starbucks Corporation	 USA	\$125,562	\$146,332	\$23,843	14.2%	19.0x	17.3x	24.9x	6.2x	
Texas Roadhouse, Inc.	 USA	\$5,431	\$5,946	\$2,546	8.3%	12.8x	16.1x	25.4x	2.4x	
The Cheesecake Factory, Inc.	 USA	\$1,689	\$3,397	\$1,996	-0.2%	8.6x	10.1x	12.3x	1.6x	
The Wendy's Company	 USA	\$4,913	\$8,285	\$1,445	31.1%	18.3x	20.5x	21.3x	6.1x	
TORIDOLL Holdings Corporation	 JPN	\$1,157	\$2,339	\$1,218	15.3%	13.9x	10.1x	11.1x	1.7x	
Xiabuxiabu Catering Management	 CHN	\$2,465	\$2,621	\$841	9.5%	11.2x	9.1x	17.6x	3.5x	
Wingstop, Inc.	 USA	\$3,935	\$4,219	\$264	27.0%	55.8x	66.1x	62.7x	17.7x	
Yum! Brands, Inc.	 USA	\$32,749	\$42,890	\$5,875	34.9%	21.6x	19.5x	22.2x	7.7x	
-- Excluded from mean and median						<b>Mean</b>	<b>14.0x</b>	<b>14.1x</b>	<b>16.6x</b>	<b>3.6x</b>
						<b>Median</b>	<b>12.8x</b>	<b>12.8x</b>	<b>16.9x</b>	<b>2.8x</b>



# RESTAURANT FRANCHISE INDUSTRY – Q1 GLOBAL TRANSACTIONS

Date	Target	Country	Description	Seller	Buyer	Additional Notes
Mar-21	1848 BBQ	USA	Operates a full-service restaurant	1848 BBQ	Private investors	-
Mar-21	Pizza-Pizza ehf.	ISL	Owens and operates Domino's franchise stores		ND	Acquired for US\$18.9 million
Mar-21	Naf Naf Grill, LLC	USA	Owens and operates restaurants in Illinois		ND	Acquired a minority stake
Mar-21	Foodbasket	RUS	Provides ready-made food delivery services	Foodbasket	Private investors	Acquired a minority stake
Mar-21	The Simple Greek, LLC	USA	Owens and operates a restaurant chain			-
Mar-21	Freddy's, LLC	USA	Owens and operates burger restaurants in the United States			-
Feb-21	Kyotaru Co., Ltd.	JPN	Operates a restaurant chain in Japan			-
Feb-21	Groupe ETLB SAS	FRA	Owens and operates a restaurant chain	Groupe ETLB SAS		-
Feb-21	Forks Over Knives, LLC	USA	Provides ready-to-eat plant based meals		Spinach Holdings, Corp.	-
Feb-21	Dynac Holdings Corporation	JPN	Operates and manages multi-business restaurants			Acquired the remaining 31% stake for US\$26.7 million. EV/Revenue: 0.9x
Feb-21	Mr. Charlie's Chicken Fingers LLC	USA	Owens and operates a fast food restaurant		Private investors	Acquired a 50% stake
Feb-21	McKenzie Invest OÜ	EST	Operates ethnic eateries	McKenzie Invest OÜ	Private investors	Acquired a 34% stake
Jan-21	Chop'd Ltd.	GBR	Operates salad stores		Inc Retail Group Ltd	-

ND: Not Disclosed



# REPRESENTATIVE GLOBAL ENGAGEMENTS

**Honeywell**  
has sold  
**TENSOR**  
to  
  
**GE Power Systems**

has acquired  
**HTPG**

has acquired  
**StirlingLloyd**

**Hertz**  
has acquired  
**DONLEN**

has sold  
**JBI JAMES BURN INTERNATIONAL**  
to  
**spiral**  
and  
**JBI Holding SAS**

**state**  
WATER HEATERS  
has been acquired by  
**ACSmith**

**caffenio**  
has partnered with  
**OXXO**  
a subsidiary of  
**FEMSA**

has acquired  
**WISE**

has acquired  
**DEEP RIVER**  
SNACKS

**ZN**   
ZINC NACIONAL  
has acquired  
The Zinc Recycling Business  
of  
**HMG**  
Recylex Group

**TORREY**  
has been acquired by  
**FEMSA**

Grupo Educativo IEJV  
**UNIVERSIDAD JOSÉ VASCONCELOS**  
  
has been acquired by  
**NACER GLOBAL**

**Carrier**  
a subsidiary of  
**United Technologies**  
has sold  
**HTPG**  
to  
**MONOMOY** and **Starboard Capital Partners**

**H I G**  
HARRISON GYPSUM LLC  
has been recapitalized by  
**H I G PRIVATE EQUITY**

**tyco**  
has sold the North American guarding business of  
  
to  
**GARDA**

**KENTZ**  
Engineers & Constructors  
has acquired  
**ALEGRO**  
PROJECTS LIMITED

**Wood Crafters**  
has been acquired by  
**Fortune Brands Home & Security**

**ConvaTec**  
has sold  
**SENSI CARE** and **ALOE VESTA**  
to  
**MEDLINE**

**SI CELUB LUBRI TECH**  
has been acquired by  
**COLFAX**

**COSMOCEL**  
sold  
Cosmoceel Quimica  
to  
**ICL Performance Products IP**  
a business unit of  
**ICL**

**intelectiva**  
acquired  
  
KFC Costa Rica  
from  
**QSR**

**CEMEX**  
sold its concrete pumping business to  
**PUMPING TEAM**

**GRUPO TAMPICO**  
acquired  
**SEAT** **HONDA**  
dealerships from  
**GRUPO FRBL**

**INVEKRA**  
Holding company of  
**sanfer**  
acquired a majority stake in  
**Portugal 1864**

**GBM**  
has been acquired by  
**Arysta LifeScience**

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

**DLG**  
acquired  
Workshop and store in Mexico City from  
**GREENBRIER RAIL SERVICES**

**Anne Sullivan**  
has been acquired by  
**Discovery Americas**

**GRUPO TAMPICO**  
merged its beverage division with  
**Coca-Cola FEMSA**

**GRUPO INDUSTRIAL SALTILLO**  
sold  
its sanitaryware businesses  
**ST. THOMAS CREATIONS**  
and  
**VITROMEX**  
to  
**Villeroy & Boch**

# Seale & Associates

Creative Solutions. Trusted Advice.

Since 1999, Seale & Associates has been the trusted advisor to respected public and private companies from around the world. Seale is a global investment bank with extensive experience in mergers and acquisitions (M&A), corporate finance advisory, and enterprise level strategy consulting with a track record of success in a diverse range of industries. Our experienced team of professionals are committed to serving clients with excellence and integrity, while offering innovative ideas and solutions to address complex transactions.

## ADVISOR TO LEADING COMPANIES WORLDWIDE

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