

Seale & Associates

Creative Solutions. Trusted Advice.



**RESTAURANT
FRANCHISE
INDUSTRY**

**Q2
2021
VALUATION
UPDATE**

INTRODUCTION

We are pleased to share our Restaurant Franchise Industry Valuation Update for Q2 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.

FRANCHISEES GLOBAL COMPARABLE PUBLIC COMPANIES

The following table includes those companies that primarily own, operate, and franchise multiple quick service restaurants, coffee shops, casual diners, family dining restaurants, among others























Company	Country	Market Cap. US\$MM	Enterprise Value US\$MM	Revenue US\$MM	EBITDA Margin	Annual Average EV/EBITDA		Second Quarter Jun. 30, 2021		
						2019	2020	EV/ EBITDA	EV/ Revenue	
Alsea, S.A.B. de C.V.	 MEX	\$1,493	\$4,291	\$1,791	17.9%	9.9x	6.9x	13.1x	2.3x	
AmRest Holdings SE	 ESP	\$1,486	\$3,117	\$1,750	3.9%	12.3x	9.1x	13.0x	1.7x	
Arcos Dorados Holdings Inc.	 URY	\$1,237	\$2,667	\$1,928	3.3%	9.3x	9.6x	22.3x	1.4x	
Carrols Restaurant Group, Inc.	 USA	\$300	\$1,571	\$1,586	7.0%	7.8x	9.0x	6.8x	1.0x	
Café de Coral Holdings Limited	 HKG	\$1,191	\$1,338	\$864	4.2%	11.6x	8.9x	36.1x	1.5x	
Collins Foods Limited	 AUS	\$1,003	\$1,432	\$821	12.4%	11.2x	12.0x	11.0x	1.8x	
Create Restaurants Holdings, Inc.	 JPN	\$1,535	\$2,325	\$734	10.6%	14.8x	13.1x	ND	3.5x	
HOTLAND Co.,Ltd.	 JPN	\$257	\$283	\$255	8.3%	14.7x	12.9x	13.4x	1.1x	
Recipe Unlimited Corporation	 CAN	\$967	\$1,897	\$627	14.7%	10.4x	9.8x	14.7x	3.0x	
Restaurant Brands New Zealand Limited	 NZL	\$1,250	\$1,802	\$666	10.7%	13.6x	14.5x	19.9x	2.8x	
Skylark Holdings Co., Ltd.	 JPN	\$3,163	\$4,436	\$2,410	12.4%	10.2x	8.4x	14.9x	1.8x	
- - Excluded from mean and median						Mean	11.4x	10.4x	16.5x	2.0x
ND: Not Disclosed						Median	11.2x	9.6x	14.1x	1.8x




























FRANCHISORS

GLOBAL COMPARABLE PUBLIC COMPANIES

The following table includes those companies that primarily own the trademarks and business models of quick service restaurants, coffee shops, casual diners, family dining restaurants, among others

Company	Country	Market Cap. US\$MM	Enterprise Value US\$MM	Revenue US\$MM	EBITDA Margin	Annual Average EV/EBITDA		Second Quarter Jun. 30, 2021		
						2019	2020	EV/ EBITDA	EV/ Revenue	
Bloomin' Brands, Inc.		USA	\$2,385	\$4,664	\$3,150	6.2%	7.5x	8.5x	12.1x	1.5x
Brinker International, Inc.		USA	\$2,830	\$4,942	\$2,892	7.9%	7.3x	7.3x	11.0x	1.7x
Chipotle Mexican Grill, Inc.		USA	\$43,643	\$45,834	\$6,843	13.3%	25.9x	33.1x	44.4x	7.3x
Chuy's Holdings, Inc.		USA	\$745	\$865	\$314	12.1%	9.8x	8.4x	12.8x	2.8x
Cracker Barrel Old Country Store, Inc.		USA	\$3,522	\$4,575	\$2,532	6.9%	10.8x	19.5x	16.3x	1.8x
Darden Restaurants, Inc.		USA	\$19,102	\$22,905	\$7,196	14.0%	12.8x	12.8x	16.2x	3.2x
Dine Brands Global, Inc.		USA	\$1,531	\$3,151	\$687	20.4%	12.5x	12.5x	20.3x	4.6x
Domino's Pizza, Inc.		USA	\$18,113	\$22,200	\$4,340	19.1%	22.2x	24.5x	26.2x	5.3x
Jack in the Box Inc.		USA	\$2,477	\$4,604	\$1,093	29.8%	12.1x	9.4x	8.8x	4.2x
McDonald's Corporation		USA	\$172,359	\$218,886	\$19,618	47.2%	16.9x	17.4x	20.1x	11.2x
Noodles & Company		USA	\$567	\$840	\$403	3.1%	9.4x	9.5x	16.5x	2.1x
Papa John's International, Inc.		USA	\$3,816	\$4,457	\$1,915	9.5%	16.0x	20.0x	20.2x	2.3x
Restaurant Brands International Inc.		CAN	\$19,781	\$34,156	\$5,003	36.0%	13.6x	14.4x	19.4x	6.8x
Ruth's Hospitality Group, Inc.		USA	\$791	\$1,021	\$256	6.4%	9.1x	8.3x	19.2x	4.0x
Shake Shack Inc.		USA	\$4,186	\$4,433	\$535	1.1%	22.4x	25.0x	67.2x	8.3x
Starbucks Corporation		USA	\$131,746	\$151,270	\$23,843	14.2%	19.0x	17.3x	24.3x	6.3x
Texas Roadhouse, Inc.		USA	\$6,709	\$7,070	\$2,546	8.3%	12.8x	16.1x	26.0x	2.8x
The Wendy's Company		USA	\$5,184	\$8,515	\$1,445	31.1%	18.3x	20.5x	18.7x	5.9x
TORIDOLL Holdings Corporation		JPN	\$1,467	\$2,538	\$1,218	13.0%	13.9x	10.1x	16.9x	2.1x
Xiabuxiabu Catering Management (China) Holdings Co., Ltd.		CHN	\$1,129	\$1,268	\$841	9.5%	11.2x	9.1x	7.4x	1.5x
Wingstop Inc.		USA	\$4,687	\$5,123	\$264	27.0%	55.8x	66.1x	68.9x	19.4x
Yum! Brands, Inc.		USA	\$34,268	\$45,273	\$5,875	34.5%	21.6x	19.5x	21.5x	7.7x
-- Excluded from mean and median						Mean	13.9x	14.5x	16.1x	3.5x
						Median	12.8x	13.6x	16.7x	2.8x

RESTAURANT FRANCHISES – Q2 GLOBAL TRANSACTIONS

Date	Target	Country	Description	Buyer	Seller	Stake %	Size US\$MM	EV/ EBITDA	EV/ Revenue
Jun-21	 GLOBAL FRANCHISE GROUP	USA	Owns and manages a portfolio of franchise brands of quick service restaurants			100.0%	\$442.5	-	-
Jun-21	Mercury Cafe LLC	USA	Owns and operates a restaurant	Private investors	-	100.0%	-	-	-
Jun-21	 jamaicablue fine coffees	MYS	Operates cafes	Intermark Resources Sdn Bhd		100.0%	-	-	-
Jun-21	 SOGOOD	FRA	Owns and operates restaurants	classcroute		100.0%	-	-	-
May-21	 FSC FOOD SERVICES CO.	QAT	Operates cafes and pastry shops under the brand Opera	ND		49.0%	-	-	-
May-21	 Grimaldi's	USA	Owns and operates a restaurant offering dine-in, takeaway, and delivery services	ND	-	100.0%	-	-	-
May-21	 Tursi's	USA	Owns and operates an Italian restaurant that offers dining and drinking facilities	Private investors	-	100.0%	-	-	-
May-21	 MADISONS NEW YORK GRILL & BAR	USA	Owns and operates a restaurant	ND	-	100.0%	\$16.3	-	-
May-21		USA	Owns and operates a coffee house	Private investors	-	100.0%	-	-	-
May-21	 OBICA Mozzarella Bar, Pizzeria & Cucina	ITA	Owns and operates casual and contemporary Italian restaurants and pizzerias	Private investors		100.0%	-	-	-
Apr-21	Hakkasan Holdings, LLC,	USA	Operates restaurants, nightclubs, and others			100.0%	-	-	-
Apr-21	 LEON. NATURALLY FAST FOOD	USA	Owns and operates a restaurant that offers breakfast meals	ND	-	100.0%	-	-	-
Apr-21	 LEON. NATURALLY FAST FOOD	GBR	Owns and operates fast food restaurants			100.0%	\$138.2	-	-
Apr-21	Shirley's Tippy Canoe	USA	Offers dine-in services	Private investors	-	100.0%	-	-	-
Apr-21	 NESTOR	FRA	Prepares and delivers fresh meals through its website		-	100.0%	-	-	-
Apr-21	 UMOE RESTAURANTS	NOR	Owns and operates a chain of restaurants and cafes	Jordanes As		100.0%	-	-	-

ND: Not Disclosed



REPRESENTATIVE GLOBAL ENGAGEMENTS

<p>Honeywell</p> <p>has sold</p> <p>TENSOR</p> <p>to</p> <p>GE Power Systems</p>	<p>Rheem</p> <p>has acquired</p> <p>HTPG</p>	<p>gcp applied technologies</p> <p>has acquired</p> <p>StirlingLloyd</p>	<p>Hertz</p> <p>has acquired</p> <p>DONLEN</p>	<p>KPAC</p> <p>has sold</p> <p>JBI JAMES BURN INTERNATIONAL</p> <p>to</p> <p>spiral</p> <p>and</p> <p>JBI Holding SAS</p>	<p>state WATER HEATERS</p> <p>has been acquired by</p> <p>ACSmith</p>
<p>caffenio</p> <p>has partnered with</p> <p>OXXO</p> <p>a subsidiary of</p> <p>FEMSA</p>	<p>ARCACONTINENTAL</p> <p>has acquired</p> <p>WISE</p>	<p>ARCACONTINENTAL</p> <p>has acquired</p> <p>DEEP RIVER SNACKS</p>	<p>ZN ZINC NACIONAL JGI</p> <p>has acquired</p> <p>The Zinc Recycling Business</p> <p>of</p> <p>HMG Recyclex Group</p>	<p>ANDES CHEMICAL CORP</p> <p>has been acquired by</p> <p>IMCD</p>	<p>Grupo Educativo IEJV</p> <p>UNIVERSIDAD JOSE VASCONCELOS</p> <p>ITM</p> <p>has been acquired by</p> <p>NACER GLOBAL</p>
<p>Carrier</p> <p>a subsidiary of</p> <p>United Technologies</p> <p>has sold</p> <p>HTPG</p> <p>A Division of Carrier Commercial Refrigeration, Inc.</p> <p>to</p> <p>MONOMOY and Starboard Capital Partners</p>	<p>HARRISON GYPSUM LLC</p> <p>has been recapitalized by</p> <p>H I G PRIVATE EQUITY</p>	<p>tyco</p> <p>has sold the North American guarding business of</p> <p>GARDA</p>	<p>KENTZ</p> <p>Engineers & Constructors</p> <p>has acquired</p> <p>ALEGRO PROJECTS LIMITED</p>	<p>Wood Crafters</p> <p>has been acquired by</p> <p>Fortune Brands Home & Security</p>	<p>ConvaTec</p> <p>has sold</p> <p>SENSI CARE and ALOE VESTA</p> <p>to</p> <p>MEDLINE</p>
<p>GRUPO SI CELUB LUBRI TECH</p> <p>has been acquired by</p> <p>COLFAX</p>	<p>COSMOCEL</p> <p>has sold</p> <p>Cosmoceel Química</p> <p>to</p> <p>ICL Performance Products IP</p> <p>a business unit of</p> <p>ICL</p>	<p>intelectiva</p> <p>has acquired</p> <p>KFC Costa Rica</p> <p>from</p> <p>QSR</p>	<p>CEMEX</p> <p>has sold its concrete pumping business to</p> <p>PUMPING TEAM</p>	<p>GRUPO TAMPICO</p> <p>has acquired</p> <p>SEAT HONDA</p> <p>dealerships from</p> <p>GRUPO FRBL</p>	<p>INVEKRA</p> <p>Holding company of</p> <p>sanfer</p> <p>has acquired a majority stake in</p> <p>Portugal 1864</p>
<p>GBM</p> <p>has been acquired by</p> <p>Arysta LifeScience</p>	<p>INMAGUSA</p> <p>Grupo Galaz, S.A de C.V.</p> <p>has been acquired by</p> <p>IOCHPE - MAXION</p>	<p>DLG Grupo</p> <p>has acquired</p> <p>Workshop and store in Mexico City from</p> <p>GREENBRIER RAIL SERVICES</p>	<p>Anne Sullivan</p> <p>has been acquired by</p> <p>Discovery Americas</p>	<p>GRUPO TAMPICO</p> <p>has merged its beverage division with</p> <p>Coca-Cola FEMSA</p>	<p>GRUPO INDUSTRIAL SALTILLO</p> <p>has sold</p> <p>Its sanitaryware businesses</p> <p>ST. THOMAS CREATIONS</p> <p>and</p> <p>VITROMEX</p> <p>to</p> <p>Villeroy & Boch</p>

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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