



# Founders Advisors Restaurant M&A Update Q3 2023

FOUNDERS  
ADVISORS



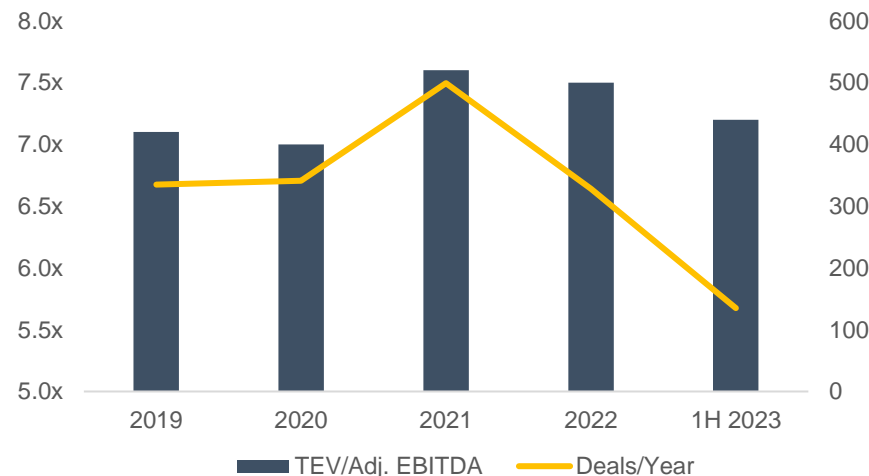
# Restaurant M&A Overview

## Founders Advisors Commentary

Our team is pleased to share this curated collection of data with our friends in the restaurant industry. In this report, you will find a collection of macro economic trends, the latest restaurant valuations, and alerts about major recent transactions. We hope this information proves valuable. Let us know how we can help you.

– Nathan Kelly, Director

## Average Middle Market Multiples and Deal Volume



Source: GF Data

## What We Are Reading

**CAVA**

Cava Stock Soars 99% in Stock-Market Debut, Lifting Hopes for New Listings

**SUBWAY**

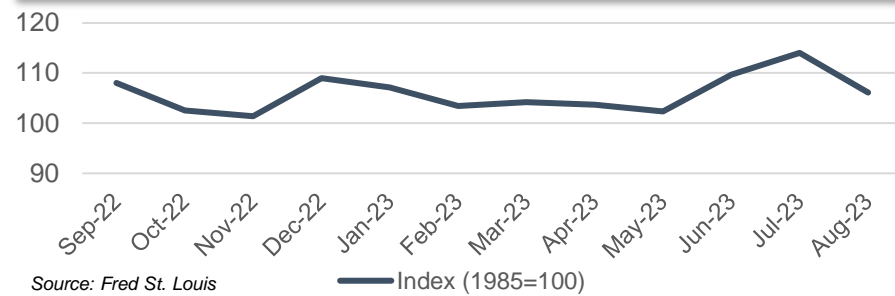
Subway has been Sold for Billions in One of the Biggest Fast-Food Acquisitions Ever

Seller	Acquirer	Date
SMOKEY BONES	FAT BRANDS	Sep 2023
SUBWAY	ROARK CAPITAL GROUP	Aug 2023
RUTH'S CHRIS STEAK HOUSE	DARDEN	Jun 2023

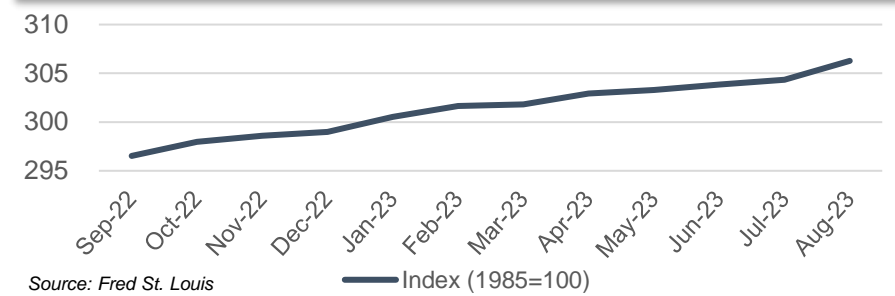


# Consumer Macroeconomics

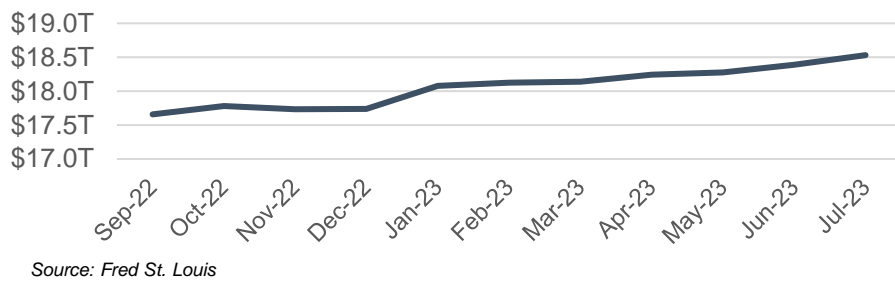
**Consumer Confidence**



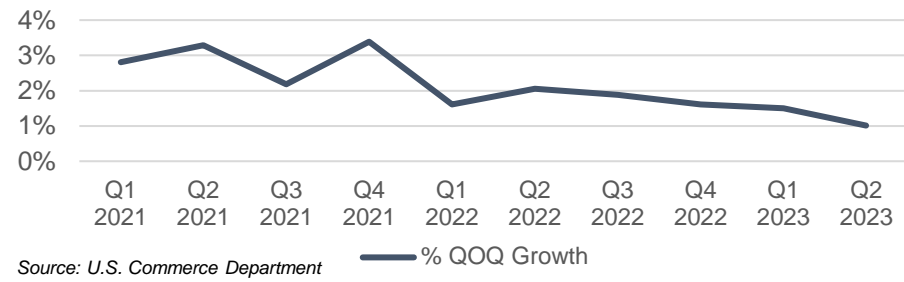
**Consumer Price Index**



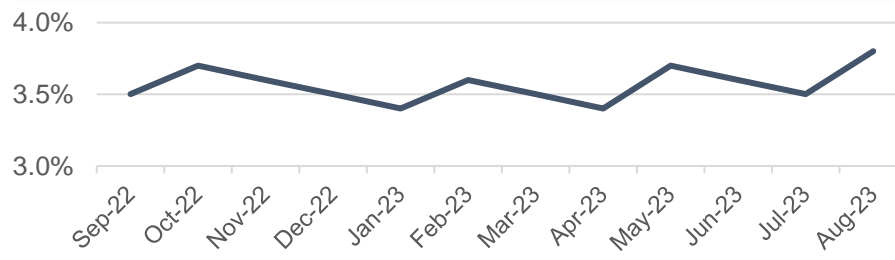
**Consumer Spending**



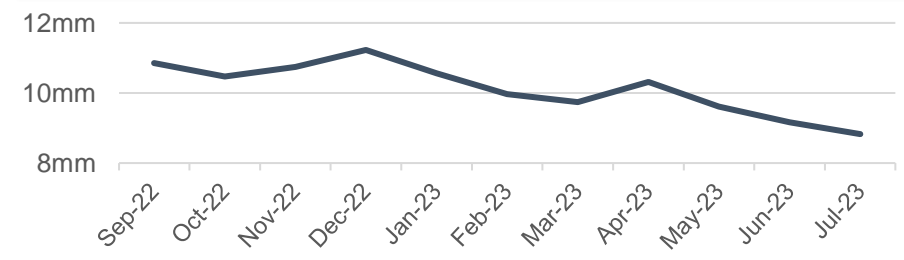
**Gross Domestic Product Growth**



**Unemployment Rate**



**Job Openings**







# Industry Valuation Trends

## Restaurant Public Company Ratios

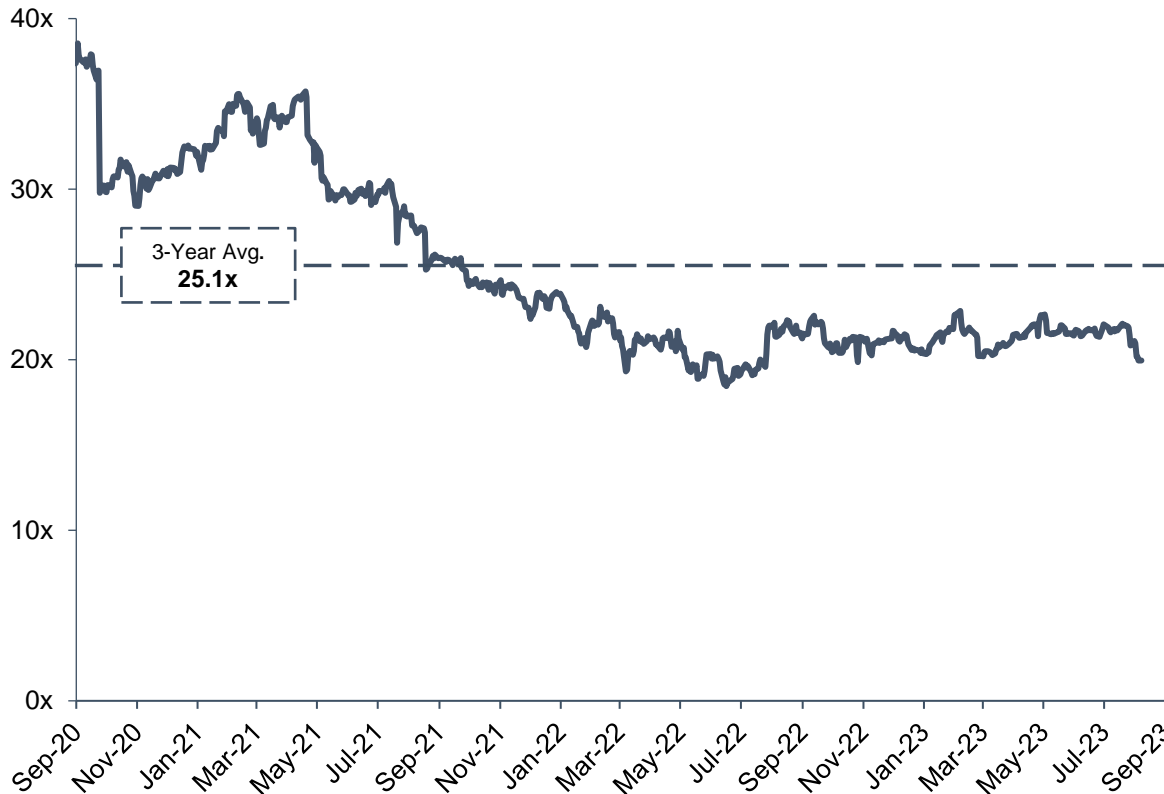
### Enterprise Value (EV) / EBITDA

EV / EBITDA  
3-Year Avg.  
**25.1x EBITDA**

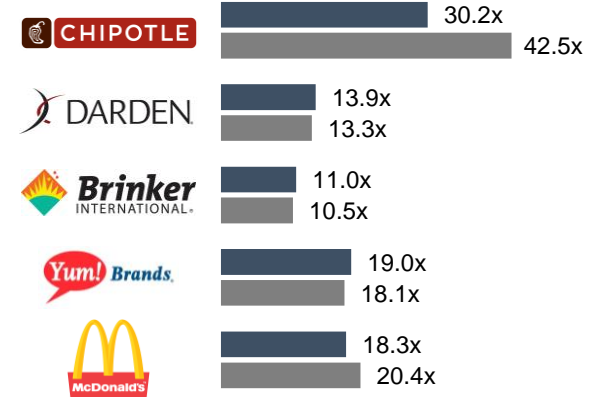
Current Valuation  
Relative to 3-Year  
Avg.  
**77%**

3-Year CAGR  
**-16.4%**

Current Avg. Public  
Comp Multiple  
**19.3x**

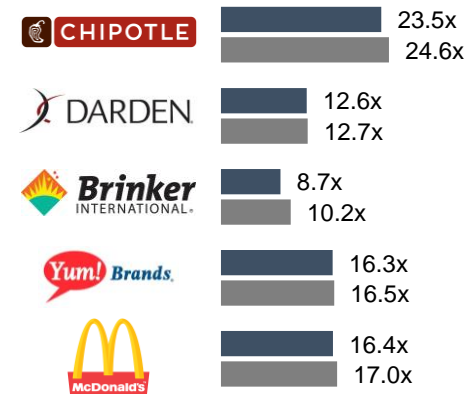


## EV / LTM EBITDA Multiple



■ September 2023 ■ September 2022

## EV / NTM EBITDA Multiple

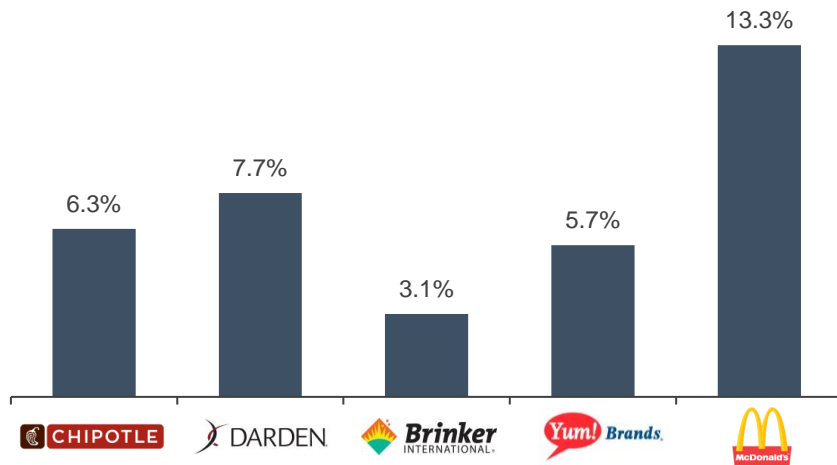


■ September 2023 ■ September 2022

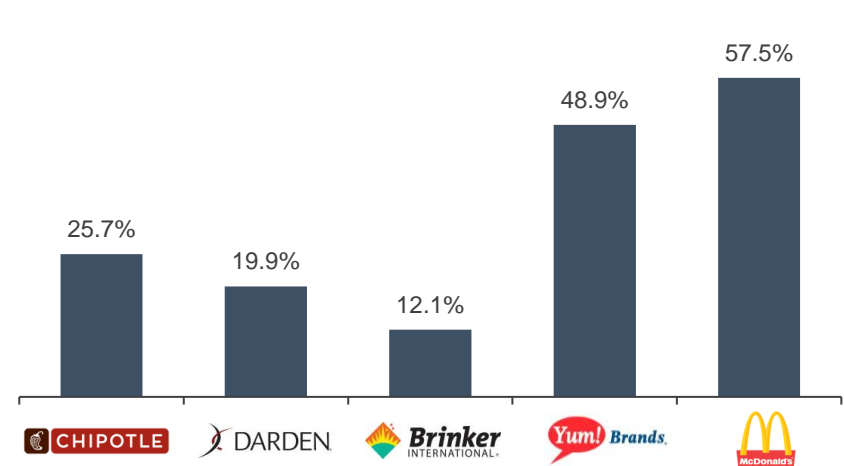


# Industry Valuation Trends

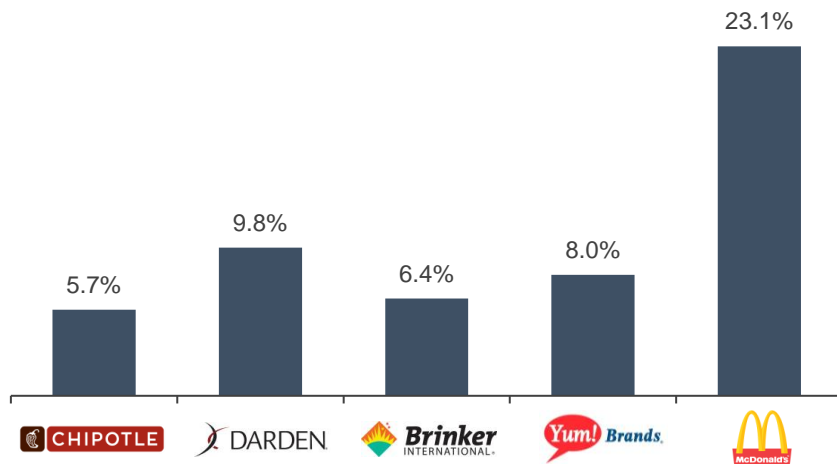
Revenue Growth Forecast (Next Twelve Months)



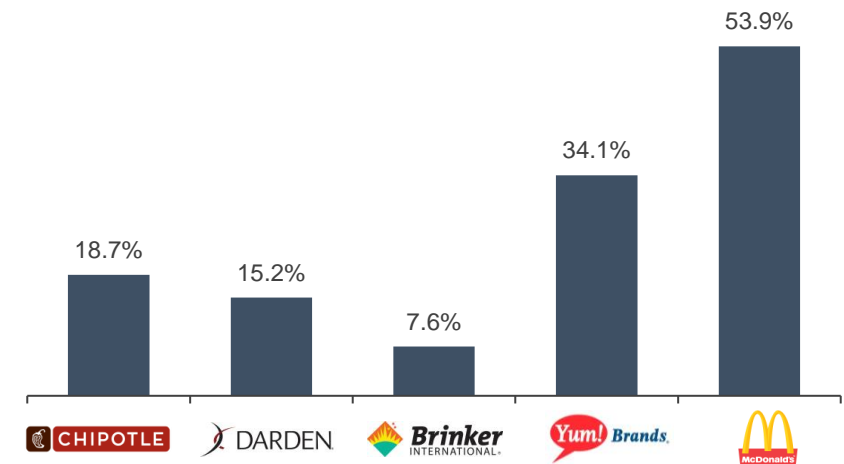
Gross Profit Margin (Last Twelve Months)



EBITDA Growth Forecast (Next Twelve Months)



























EBITDA Margin (Last Twelve Months)





# Relevant Recent Restaurant Transactions

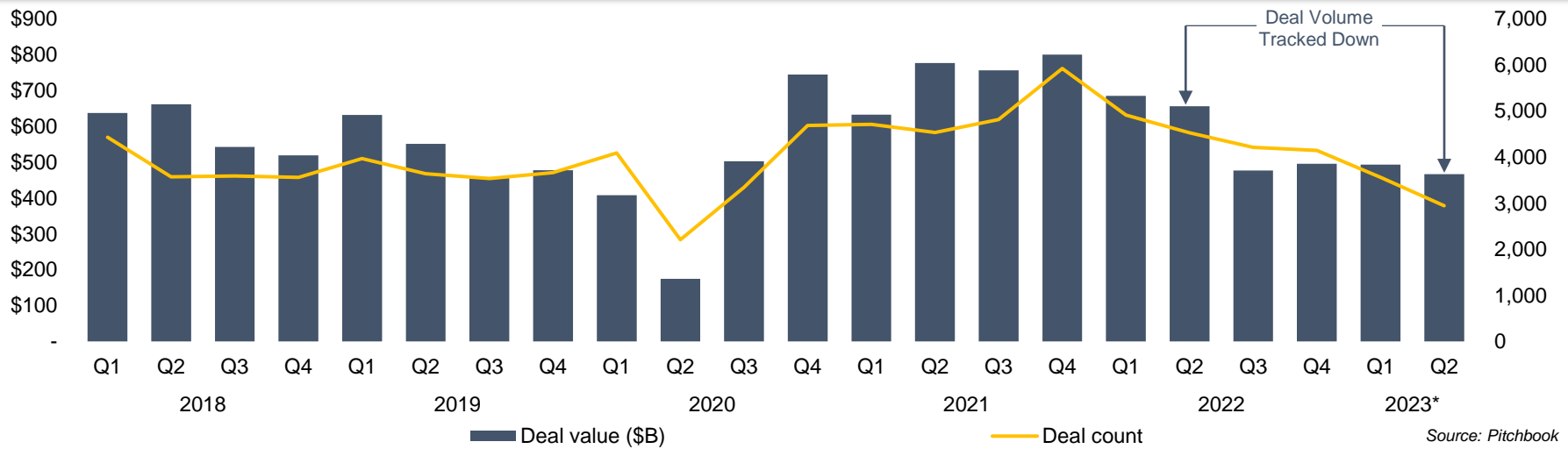
**FOUNDERS**  
ADVISORS

Seller	Acquirer	Date	Description of Seller
		Sep. 26, 2023	Operator of a chain of barbecue restaurants across the Eastern and Midwestern United States.
		Aug. 24, 2023	Operator of a global quick-service restaurant chain based in Milford, Connecticut.
		Aug. 07, 2023	Fiesta Restaurant Group Inc owns two fast-casual restaurant brands: Pollo Tropical and Taco Cabana.
		Jun. 14, 2023	Operates or franchises more than 150 fine-dining restaurants under the name Ruth's Chris Steak House.
		Mar. 29, 2023	Provide cafeteria-style meals to daycares, charter schools, private schools, and head start programs
		Mar. 28, 2023	Offers health-conscious juices, smoothies, smoothie bowls, juice shots, cleanses and food options.
		Dec. 2, 2022	Offer various types of fast-casual Mexican starters, salads, tacos, nachos, and other dishes..
		Jun. 29, 2022	Offer a range of family and corporate entertainment events.
		May 24, 2022	Operate and run cafes serving coffee, fresh baked treats, and ice cream desserts.
		Apr. 11, 2022	Offer group and private fine dining services as well as takeout and delivery solutions.
		Mar. 8, 2022	Offer fresh and fast made-to-order cuisine, including both Mexican and American dishes.
		Dec. 15, 2021	Serve fresh sandwiches, salads, chips, and other food related items at affordable costs.
		Nov. 2, 2021	Provide oven-roasted chicken wings, large homemade meatballs, and traditional and specialty pizzas.

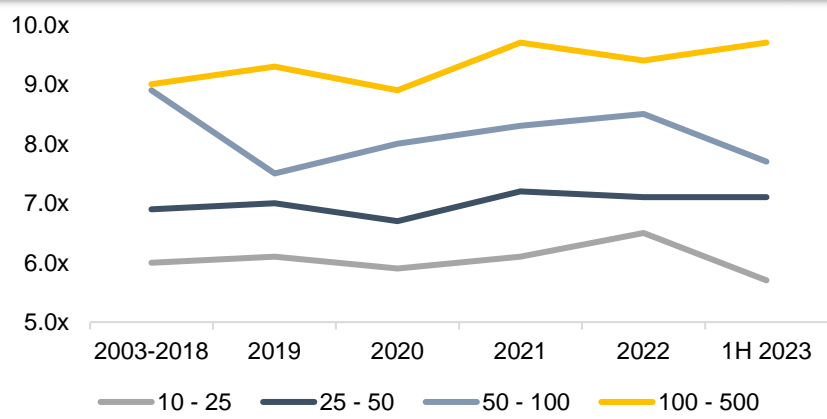


# Global M&A Overview

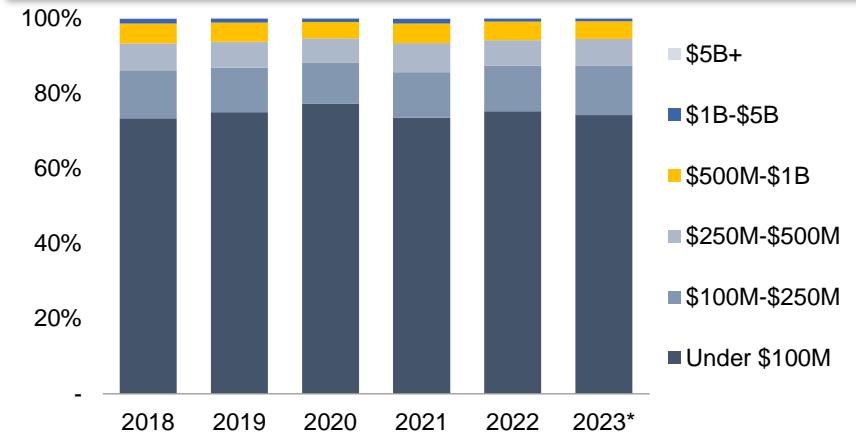
## Global Deal Activity has Slowed Amid Macroeconomic Conditions



## Lower Middle Market EBITDA Multiples Remain Strong



## Deals Under \$500MM Dominate Deal Volumes







# Restaurant Private Equity Buyer Universe

**FOUNDERS**  
ADVISORS

**Berkshire**  
**Partners**  
(Berkshire Partners)

**capital**spring  
(Capital Spring)

CENTRE  
LANE  
PARTNERS  
(Centre Lane Partners)

**EAGLE**  
MERCHANT PARTNERS  
(Eagle Merchant Partners)

**GSP** Garnett  
Station  
Partners  
(Garnett Station Partners)

**H H H**  
**HARGETT HUNTER**  
(Hargett Hunter Capital  
Management)

**LL** LEVINE  
LEICHTMAN  
CAPITAL PARTNERS  
(Levine Leichtman  
Capital Partners)

**MRE**  
(MRE Capital)

**NEWSPRING**  
(NewSpring Capital)

**North Castle**  
Partners  
(North Castle Partners)

**ROARK**  
CAPITAL GROUP  
(Roark Capital Group)

**PRINCETON**  
EQUITY GROUP  
(Princeton Equity Group)

**SAVORY**  
FUND  
(Savory Fund)

**strand**  
equity  
(Strand Equity)

**Tamarix**  
(Tamarix Capital)

**Riverside.**  
(The Riverside Company)

**Triloma.**  
(Triloma Financial Group)

**TRISPAN**  
(TriSpan)

**WC**  
WYNNCHURCH | CAPITAL  
(Wynnchurch Capital)

**39N**  
39 NORTH  
CAPITAL  
(39 North Capital)





## Brands Y'all Consumer Summit: For Operators

FOUNDERS  
ADVISORS



The Founders Advisors team is excited to share the dates of our 2024 event for owners of consumer-focused businesses. Brands Y'all offers founder/owners an opportunity to learn from industry leaders and network with like-minded entrepreneurs in a fun and relaxing environment. Our past guests rated our previous events among their all-time favorites.

Brands Y'all Consumer Summit is scheduled for April 22nd – April 24th, 2024 and will be held at Ross Bridge Resort & Spa in Birmingham, Alabama.

Join our Waitlist [HERE](#)



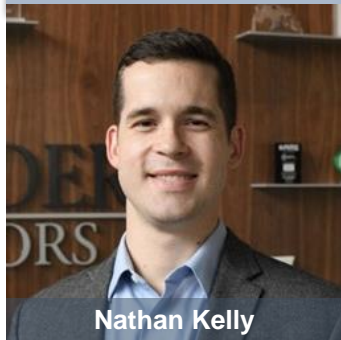
# Founders Advisors Consumer Team

FOUNDERS  
ADVISORS

## Founders Restaurant Sector Coverage Leader

## Select Transactions

### DIRECTOR



Nathan Kelly

Nathan Kelly, Director of the Founders Advisors Consumer Group, is an experienced advisor to founder-based restaurant brands. Nathan serves restaurant owners who need help finding capital for growth and for exit/succession planning. Prior to joining Founders over eight years ago, Nathan led sales and financial teams for banking, retail, and restaurant companies. Nathan attended Samford University's MBA program where he finished first in his class after completing a business degree with Troy University. Nathan and his family live in Birmingham, Alabama.



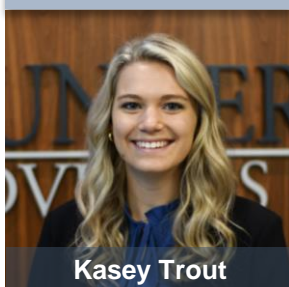
## Consumer Team

### DIRECTOR



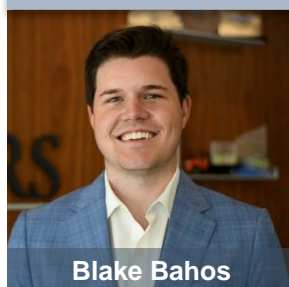
Wayne Vacek

### ANALYST



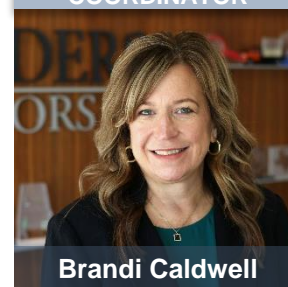
Kasey Trout

### ANALYST



Blake Bahos

### PRACTICE GROUP COORDINATOR



Brandi Caldwell

# FOUNDERS

---

## ADVISORS

BIRMINGHAM | DALLAS

2400 Fifth Avenue South, Suite 100 · Birmingham, AL 35233 · 205.949.2043

*In order to provide securities-related services discussed herein, certain principals of Founders Advisors, LLC are licensed with Founders M&A Advisory, LLC, member [FINRA](#) & [SIPC](#). Founders M&A Advisory is a wholly owned subsidiary of Founders Advisors. Neither Founders M&A Advisory nor Founders Advisors provide investment advice.*