Some Multi-Unit Franchisees are Public Companies

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While most of the private equity and public offering activity of franchise companies focuses on franchise brands and systems, every now and then a large, multi-unit franchisee will go public or seek private equity financing. Public company franchisees may trade at lower multiples than those of franchisors because the franchisees do not control the brand. But publicly-traded multi-unit franchisees can nevertheless be significant companies in their own right.

Publicly-traded franchisees include the following companies:

- Carrols Restaurant Group trades on Nasdaq. It owns and operates approximately 675 Burger King franchises. Burger King, the franchisor, has an ownership interest of approximately 28% in the company.
- Diversified Restaurant Holdings is a Nasdaq company.It owns and operates Buffalo Wild Wings franchises as well as its own brand, Bagger Dave's Burger Tavern restaurants.
- Arcos Dorados Holdings trades on the NYSE. It is an Argentina company that owns and operates more than 1,800 McDonald's restaurants in 20 Latin American countries.
- Meritage Hospitality Group trades over-the-counter.It owns and operates more than 120 Wendy's and Twisted Rooster restaurants.
- HMS Host operates franchises and affiliate-owned brands in airports and highway rest stops.It is owned by Autogril SpA, a public company in Italy, with worldwide operations.

Private equity firms also have multi-unit franchisee holdings, including the following:

- Sun Capital owns Heartland Automotive Services, Inc., the largest Jiffy Lube franchisee
- Sentinel Capital owns Border Foods, a Taco Bell franchisee;
- Sterling Investment Partners owns Southern California Pizza Company, a Pizza Hut franchisee with more than 220 locations.

Other notable large multi-unit franchisees are privately held:

- NPC International operates more than 1,250 Pizza Hut franchises and 140 Wendy's franchises. NPC was acquired by an entity controlled by Olympus Growth Fund V, L.P. and certain affiliates in December 2011. At the time of the acquisition, NPC obtained debt financing that is registered with the SEC.

- Morgan’s Foods Inc., the owner of 68 KFC, Taco Bell and Pizza Hut Express franchises, was a public company until it was acquired in May 2014 by Apex Restaurant Management Inc. for roughly $20 million.Apex is one of the largest franchisees of Yum! Brands (KFC, Pizza Hut and Taco Bell) and Long John Silver’s restaurants.

- Falcon Holdings, LLC operates approximately 100 Church’s Chicken restaurants.It is privately held.