M&A Consumer

Restaurant M&A: Darden Restaurants acquires Chuy's Holdings for $605M

Jul. 17, 2024 4:14 PM ET | **Darden Restaurants, Inc. (DRI) Stock**, **CHUY Stock**, **EATZ** | CAKE, DENN | By: Clark Schultz, SA News Editor

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Darden Restaurants (NYSE:DRI) announced on Wednesday that it is acquiring Chuy's Holdings (NASDAQ:CHUY) for $37.50 per share. The all-cash transaction will have an enterprise value of approximately $605 million. The purchase price represents a 10.3X implied multiple of Chuy's (CHUY) latest twelve month adjusted EBITDA. Darden (DRI) expects pre-tax net synergies of approximately $15 million by the end of fiscal 2026. The deal price was 48% above where Chuy's (CHUY) closed at on Wednesday, but below the 52-week high of $42.89.

Chuy's will join Darden's (DRI) stable portfolio of brands that already includes Olive Garden, LongHorn Steakhouse, Yard House, Ruth's Chris Steak House, Cheddar's Scratch Kitchen, The Capital Grille, Seasons 52, Eddie V's, and Bahama Breeze.

Chuy's Holdings (CHUY) was founded in 1982 by Mike Young and John Zapp in Austin, Texas. The first Chuy's restaurant in an old barbecue joint, with seating for about 60 people. The founders aimed to create a fun and funky Tex-Mex restaurant serving fresh, authentic food in a unique atmosphere. Over the years, Chuy's (CHUY) expanded beyond Texas, opening its first out-of-state location in Franklin, Tennessee, in 2009. The company went public with a $75.8 million IPO on July 24, 2012.

Chuy's (CHUY) had 101 restaurants in operation across 15 states as of July 16. For the latest twelve months ending March 31, Chuy's (CHUY) generated total revenue over $450 million, an average annual restaurant volume of $4.5 million.

Darden (DRI) CEO Rick Cardenas: "Chuy's is a differentiated brand within the full-service dining industry with strong performance and growth potential... Based on our criteria for adding a brand to the Darden portfolio, we believe Chuy's is an excellent fit that supports our winning strategy."

Denny's (DENN) and Cheesecake Factory (CAKE) are the two restaurant stocks that traded with the closest multiples as Chuy's (CHUY) before the deal.

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