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Darden Restaurants acquires Chuy's

The Tex-Mex chain was bought for \$605 million

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An iconic Austin eatery and a fastcasual titan have announced a team-up after Darden Restaurants Inc., the company that owns the Olive Garden chain, among other restaurants, and Chuy's Holdings Inc. jointly announced Wednesday that Darden will acquire all the outstanding shares of Chuy's for \$37.50 per share.

According to a release from Darden, the agreement was made as an all-cash transaction with an enterprise value of approximately \$605 million. Chuy's will be the latest addition to Darden's portfolio of familiar American food brands, which currently houses 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 is a differentiated brand within the full-service dining industry with strong performance and growth potential," said Darden's president and CEO, Rick Cardenas. "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. I am excited to welcome their 7,400 team members to Darden and diversify the Darden portfolio into a new dining category."

A hometown hero enters its next phase

Founded in Austin in 1982, Chuy's quickly became a fan favorite for its creative dips, cheap drinks and authentic, made-from-scratch, Tex-Mex-inspired dishes. Chuy's is also known for its maximalist and gaudy interior design and atmosphere.

As of July 16, Chuy's has 101 restaurants in 15 states and, in the 12 months ending March 31, 2024, generated total revenues over \$450 million and average annual restaurant volumes of \$4.5 million.

Steven Hislop, chairman, CEO and president of Chuy's, said in a statement: "We are excited about the opportunity to join the Darden family and its portfolio of well-respected brands. Darden shares many of our same core values, particularly our operating philosophy and strong team member cultures. Together we will accelerate our business goals and bring our authentic, made-from-scratch Tex-Mex to more guests and communities."

In 2012, Chuy's completed an \$87.2 million initial public offering of common stock on the Nasdaq and has been a public and growing company ever since. Darden is no stranger to Austin dining classics since in 2011 it agreed to purchase the Eddie V's Prime Seafood and Wildfish Seafood Grille restaurant brands and all related assets for \$59 million.

A big loss came for Chuy's in 2023 as Mike Young, co-founder of Chuy's, Hula Hut and Shady Grove, died of pancreatic cancer in Austin at the age of 74.

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