

# Guzman y Gomez

*GYG Unwrapped: Challenges Ahead*

ASX: GYG

Target Price: \$33.03

Implied Downside: -17.16%

4-Year IRR: 19%

*As of 17/09/2024*

**SELL**



Jeremy Huang



Alysha Airey



Christina Pletneva



Alec Lu



## Recommendation

**Given excessive investor hype and market noise post-IPO, GYG's current price overestimates realistic growth prospects, and though a 4-year 19% IRR is strong, it fails to meet TDM's 25% hurdle rate**



## Industry outlook

Slow recovery of consumer spending prompts gradual growth in domestic and global QSR markets

Changing consumer sentiment and demographics, high costs, and substitute products set barriers to growth

Heightened competition in domestic and global markets



## Investment Theses

1

Aggressive expansion compromises store-level margins

2

Market saturation inhibits capacity to grow internationally

3

Key age demographic headwinds limit target market



## Risks

Market volatility post-IPO affecting valuation

Substantial sell-off due to released shares in escrow

Successful entrance into global markets

Rapid expansion in saturated market can lead to underperformance

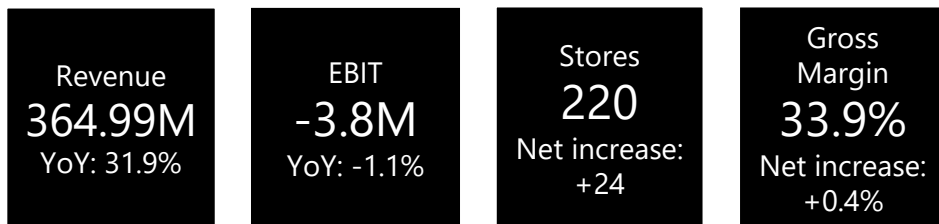
# Business Overview



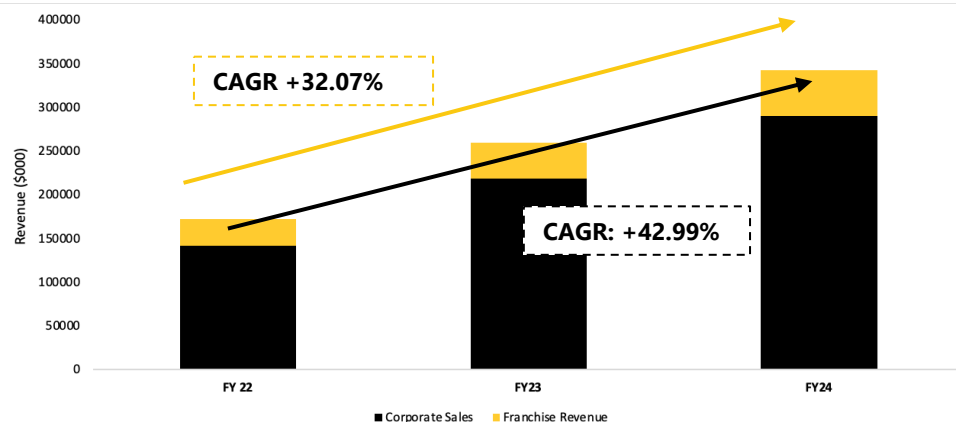
GYG is an owner, operator, and franchisor of Mexican-inspired quick service restaurants

Fast growing QSR in domestic markets

(ASX: GYG)  
Market Share: ~3.5%

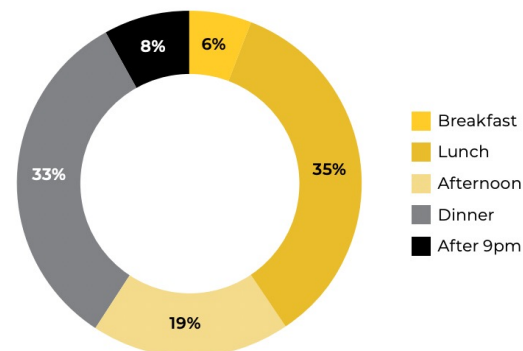


## Business model



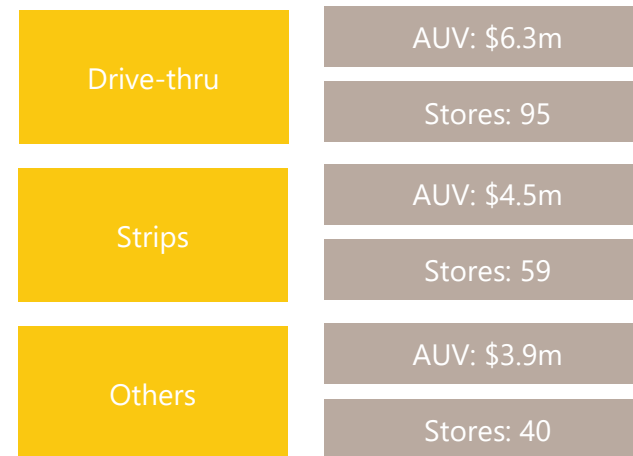
## Operating Information

Network sales revenue % by daypart



(Guzman y Gomez, 2024)

Restaurant formats



## Growth Strategy

- Domestic expansion** to 1000 stores in Australia within 20 years, with 30-40 new stores each year
- Growth in **global markets** especially US, with target of 3 new stores by FY25F
- Improve **existing sales channels growth** through marketing, enhanced customer experience, menu innovation and convenience
- Margin improvement** through corporate sales growth and franchise royalty rate uplift



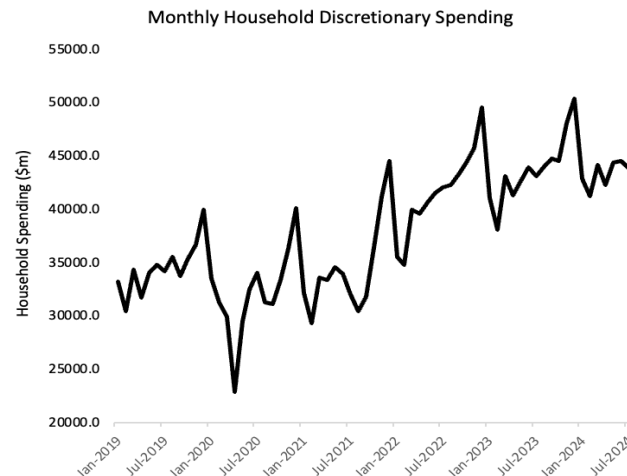
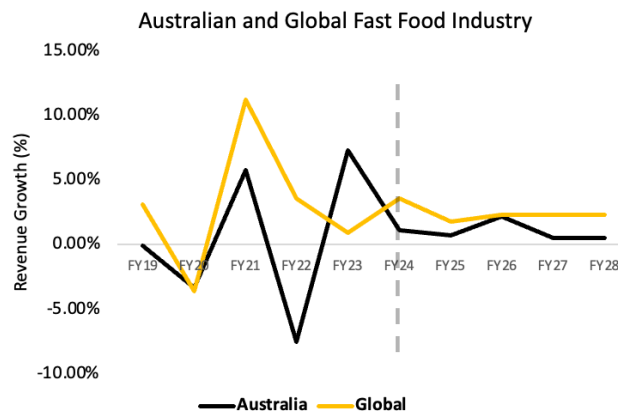
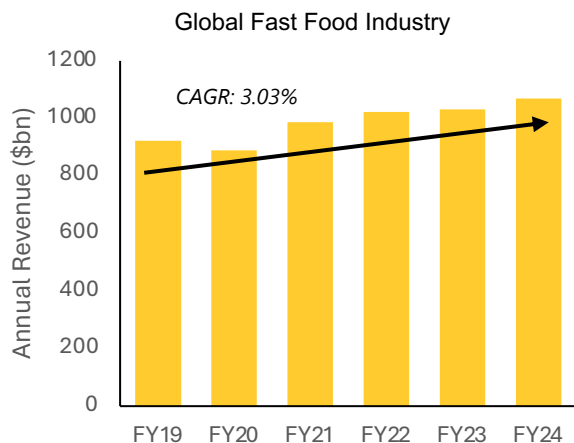
# Industry Overview



Slow growth in QSR market and heightened levels of competition

Global QSR markets demonstrate moderately stronger growth relative to Australia

Consumer spending is expected to have slow recovery



Westpac Unemployment Expectations Index

**133.5**

+3.8% from July  
+5.0% LTM

Westpac Consumer Sentiment Index

**85**

+2.8% from July  
+4.9% LTM

Despite recovery of consumer spending, the industry itself faces challenges

Costs	Persistently heightened input costs from food inflation and strong wage growth
Substitutes	Restaurant and cafés are acquiring a greater portion of the dining out market
Health	Growing consumer awareness towards healthy alternatives
Diminishing TAM	Cap of immigration numbers and ageing population

General competitive landscape and outlook

Despite having a few key players...



**22.5%**



**9.5%**



**8.8%**



**4.9%**



**54.3%**



...the Australian QSR industry, with a TAM of \$25bn, is still highly competitive, providing diverse consumer choice and power



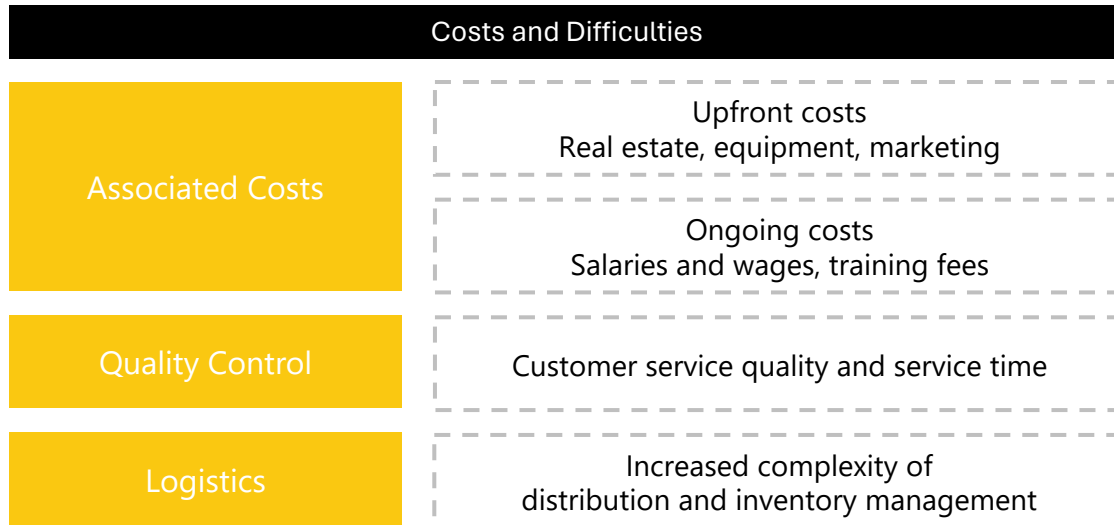
# Investment Thesis 1: Margins Tradeoff

*Aggressive expansion comes at a tradeoff with store-level margins*

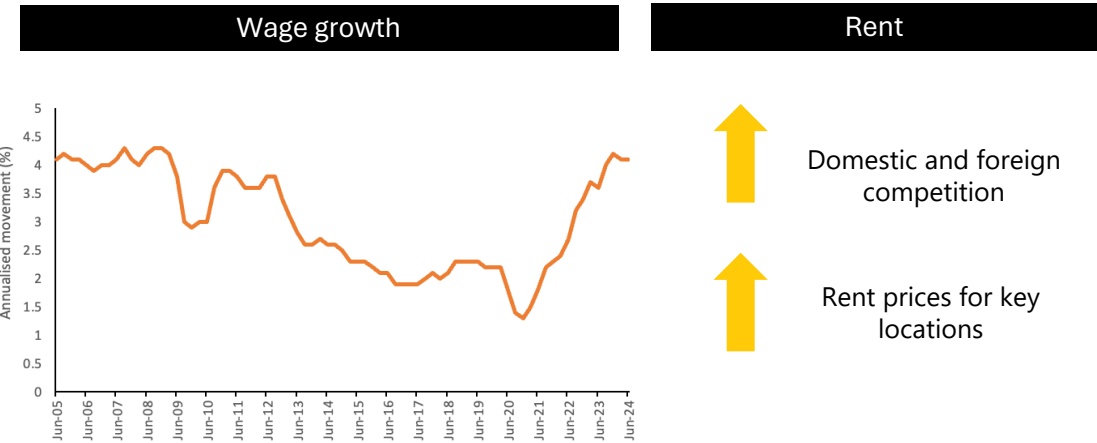
*GYG holds favorable store-level economics at its current scale*

Median restaurant	Drive thru	Strip	Other
AUV (\$M)	6.1	4.5	4.1
Network Restaurant Margin (\$m)	1.3	0.9	0.7
Network Restaurant Margin (%)	21.6%	19.8%	17.9%

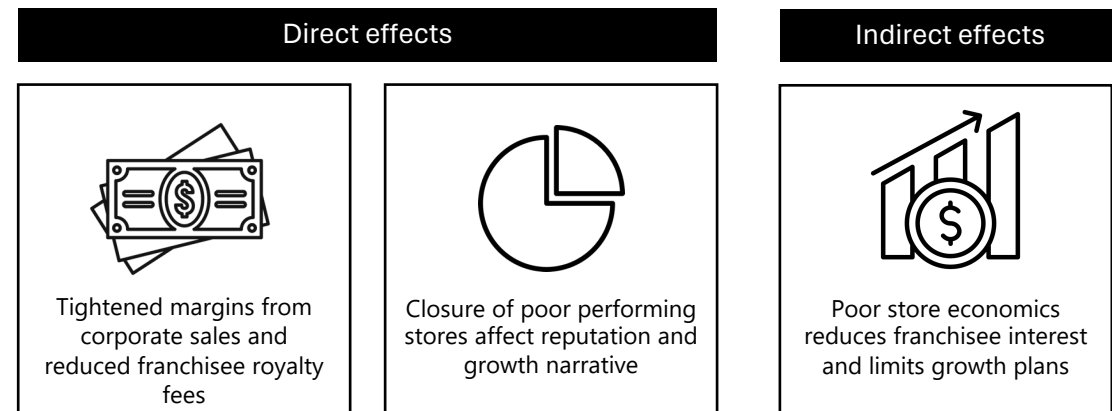
*Management looks to implement high levels of expansion, driving higher operational costs and difficulties*



*Paired with headwinds*



*Places store-level and group-level economics at risk*



*Hence, GYG must make a balance between profitability and rapid growth*



# Investment Thesis 2: GYG cannot replicate scale in overseas markets as it has done in Australia

Significant challenges replicating its successful scale and growth in Australia within international markets

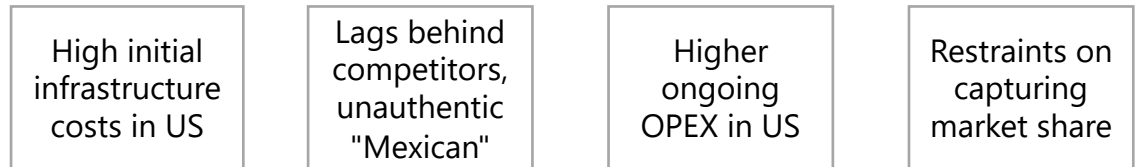
Saturated market of local and global established, authentic competitors particularly in the US.



GYG boasts grand plans for their expansion...

US Key Metrics (\$ million)	FY24	FY23
Corporate Restaurant sales	10.8	6.0
Store Count	4	3
Corporate Restaurant Margin (%)	(9.2%)	(12.8%)

...but we have skepticism on their ability to efficiently execute them.



Competitors have entrenched customer bases, strong brand recognition, and extensive marketing that GYG will need to compete against.



In FY23,  
 Revenue : **\$15.9B**  
 Operating Margin : **35.8%**  
 ~**8,500** restaurants  
 ~**70%** market share within Mexican fast food sector

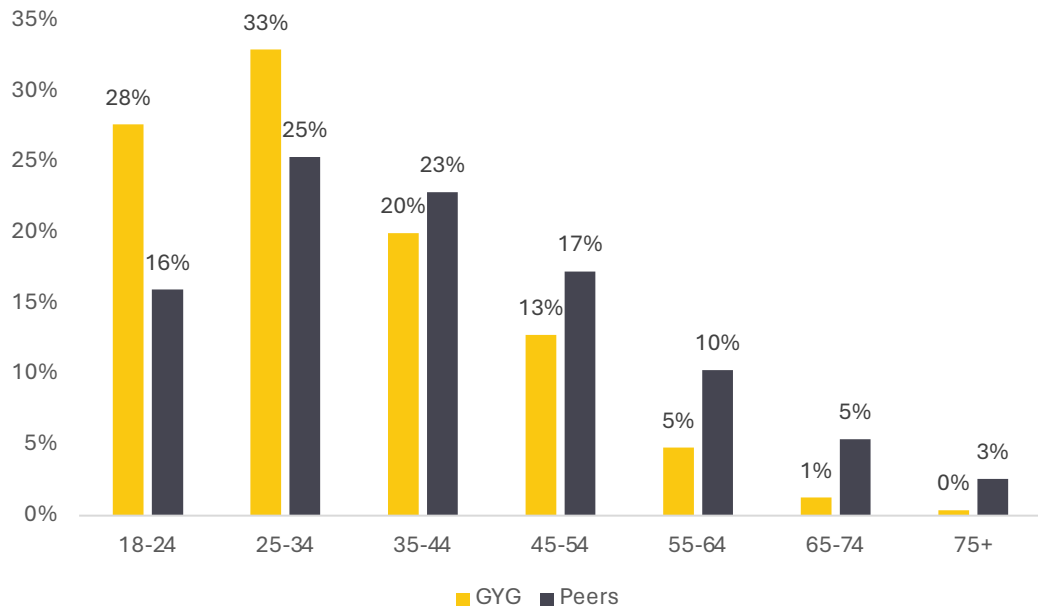
**Continued margin compression for GYG in international markets. Corporate Restaurant strategy model in US heightens loss-making risks.**



# Investment Thesis 3: Key age demographic headwinds limit target market

*Stagnant target customer base limits growth prospects*

*Over 60% of Guzman existing sales depends on 18-35 age demographic*



18-35 age range average spend per order is ~20% higher than all other demographics

**\$21 per order**



**\$18 per order**



*Brand image focused on health is a double-edged sword for growth*



- ✓ NO ADDED PRESERVATIVES
  - ✓ NO ARTIFICIAL FLAVOURS
  - ✓ NO ADDED COLOURS
  - ✓ NO UNACCEPTABLE ADDITIVES
- IN OUR FOOD.**



A QSR brand focused on premiumization appeals to a fitness-oriented demographic (18-35) but lacks universal appeal when compared with a brand like McDonalds

*Australian near-term population headwinds will further inhibit demand*

- 1 Federal government to place cap international student intake at 270,000 from FY25 onwards
- 2 Government aims to halve net immigration, following a post-pandemic surge

# Valuation Overview



	Valuation Method	Target Price (\$33.03)	Last Close as at 17/09/24 (\$39.87)	Discount	Key Inputs/Outputs
Market	52-Wk Range	\$24.04	\$40.35	-16%	• High: Sep-24, Low: Jun-24
	Broker Estimates	\$15.00	\$41	-29%	• Source: Morgans, Morningstar, Wilsons
Intrinsic	WholeCo DCF (70%)	\$23.28	\$44.20	-25%	• 7.63% TWACC (6-10%) • 2.8% TGR (2-3%)
Relative	Relative Valuation (30%)	\$33.16	\$52.73	+5%	• 31-45x EV/EBITDA • 4-9x EV/ Sales

DCF Sensitivity Analysis - Share price vs Terminal WACC and TGR

	TWACC				
	5.63%	6.63%	7.63%	8.63%	9.63%
2.60%	44.20	34.61	28.83	24.97	22.20
2.70%	45.56	35.38	29.33	25.31	22.46
2.80%	47.02	36.19	29.85	25.67	22.73
2.90%	48.58	37.04	30.38	26.04	23.00
3.00%	50.26	37.94	30.95	26.43	23.28



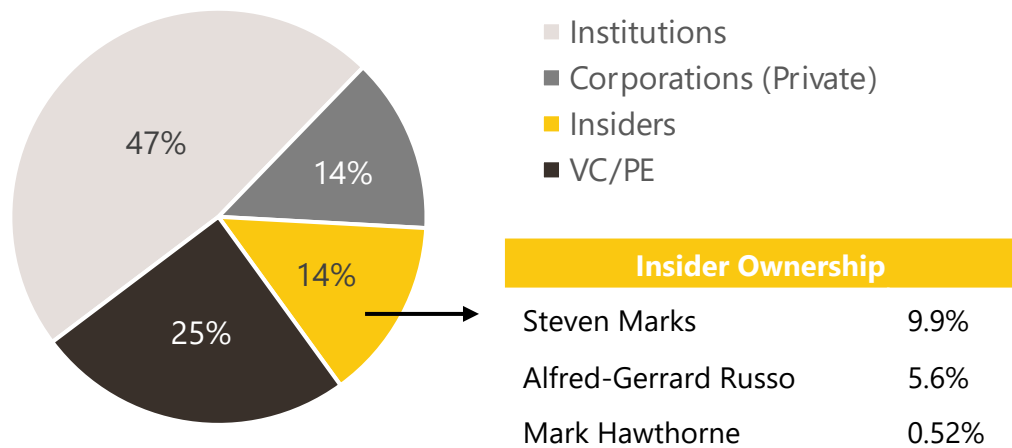
The triangulated valuation presented a \$33.03 valuation, a 17.16% discount representing a SELL recommendation



# Management, People & Culture



## GYG has a favourable level of insider ownership



## With a highly skilled management team and board



<p><b>Steven Marks</b>                      Founder and Co-CEO                      Former Director at 516 Group</p>	<p><b>Hilton Brett</b>                      Co-CEO                      Former Co-CEO Accent Group                      Op. partner at TDM</p>	<p><b>Erik du Plessis</b>                      CFO                      Former Head of FP&amp;A Kmart and IR WES</p>	<p><b>Guy Russo</b>                      Chairman                      Former CEO Kmart and Target, McDonalds</p>
--	--	--	---

## External employee reviews outline a satisfactory environment



3.3-Star Glass Door rating based on 545 company reviews

- 59% would recommend employment at GYG to a friend
- 76% approve of CEO
- 47% have a positive business outlook

## However, we expect improvement post-IPO

### Company Strategies:

1. FY25 focus area: Enhancement of employee retention & value proposition
2. Comprehensive and robust succession plans
3. Scholarships for vocational programmes targeting 95% of workforce being students



# Risks



A successful investment recommendation must include comprehensive risk analysis

Impact of risk	High		2		
	Medium	3&4		1	
	Low				
		Low	Medium	High	

**Probability of risk**

	Risks	Mitigation
1	<p><b>Valuation Risk</b></p> <p>The results of the IPO are still coming to light and short-term volatility in the market may impact our target price and valuation</p>	<p>Consistent evaluation of company's market positioning and exit opportunities around earnings releases</p>
2	<p><b>Market Risk</b></p> <p>58% of shares escrowed voluntarily until FY25 result. 25% eligible for release on 1H25 provided SP trading 20% above offer price. Poor results can trigger substantial sell off</p>	
3	<p><b>Company Risk</b></p> <p>Entrance into global markets brings immediate success, particularly driven by Asian markets</p>	<p>TDM should monitor US performance rigorously as well continuous expansion results at a store level. Success is considered in relatively conservative bull case scenario</p>
4	<p><b>Company Risk</b></p> <p>GYG maintains profitable store economics, possibly considering buy backs from franchisees, maintaining margin control</p>	

# A Proud Investment



*GYG is an impressive Australian business however growth prospects should be moderated for sustainable returns*



## An Australian Success Story

Amidst quiet public market conditions and wavering investor confidence, GYG has made an incredible debut onto the ASX



## Environmental Effort

Praiseworthy advances towards improving the standard of environmental concern in every aspect of the business



## Social Concern

Commitment to empowering community through global missions and quality partnerships driving health and security



## Powerful Governance

Experienced and motivated management team with diverse leadership and no governance controversies

**\$39.87**

Current  
Share Price

**SELL**

Implied Downside: -17.16%  
4-Year IRR: 19%

**\$33.03**

Target Price  
- Base

# Appendix Network

## Main Slide Deck

1. [Executive Summary](#)
2. [Business Overview](#)
3. [Industry Overview](#)
4. [Investment Thesis 1](#)
5. [Investment Thesis 2](#)
6. [Investment Thesis 3](#)
7. [Valuation Overview](#)
8. [Management, People & Culture](#)
9. [Risks](#)
10. [A proud investment](#)

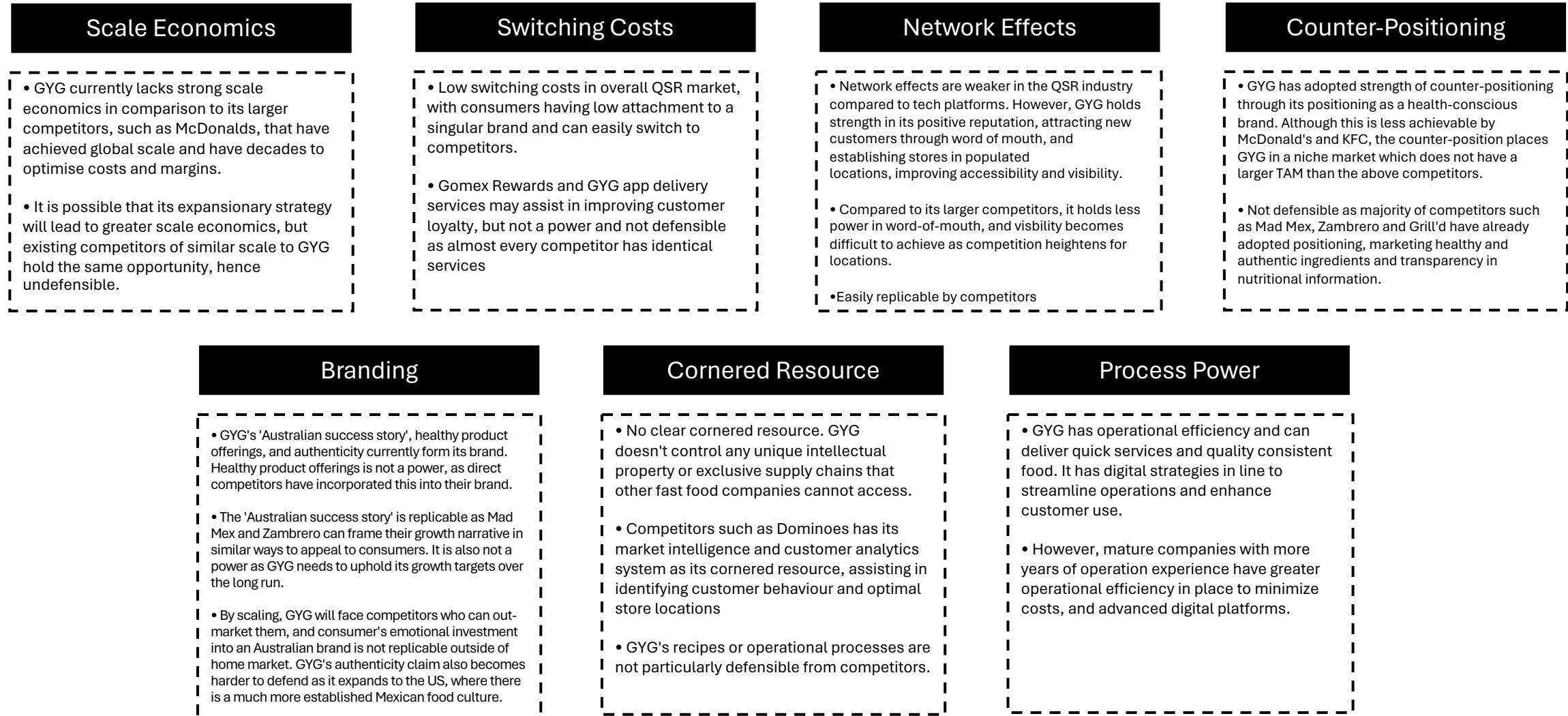
## Appendix

1. [Hamilton Helmer's 7 Powers Analysis](#)
2. [Growth Strategies \(Detailed\)](#)
3. [Australian QSR Industry Deep Dive](#)
4. [Australia Macroeconomic Analysis](#)
5. [US Macroeconomic Analysis](#)
6. [US QSR Industry Analysis](#)
7. [Asia QSR Industry Analysis](#)
8. [Churn Rate](#)
9. [Competition for Locations](#)
10. [Franchisee Costs and Support](#)
11. [Operational Difficulties In-Depth Analysis](#)
12. [Store Level Breakdown](#)
13. [Growth vs Margins for Global QSR Markets](#)
14. [McDonalds Case Study](#)
15. [Subway Case Study](#)
16. [Domino's Pizza Case Study](#)
17. [Competitive Landscape](#)
18. [Japan and Singapore Management Landscape](#)
19. [Annotated Share Price](#)
20. [DCF Valuation – Base Case Summary](#)
21. [DCF Valuation – Bear Case Summary](#)
22. [DCF Valuation – Bull Case Summary](#)
23. [IRR Calculation](#)
24. [Relative Valuation](#)
25. [Australia Revenue Build](#)
26. [Australia Revenue Build](#)
27. [US Revenue Build](#)
28. [Japan Revenue Build](#)
29. [Singapore Revenue Build](#)
30. [CAPEX, Depreciation, Amortisation](#)
31. [Income Statement](#)
32. [Balance Sheet](#)
33. [Cashflow Statement](#)
34. [FWACC: Cost of Equity](#)
35. [FWACC: Cost of Debt](#)
36. [TWACC: Cost of Equity](#)
37. [TWACC: Cost of Debt](#)
38. [Cap Table](#)
39. [Sensitivity Analysis](#)
40. [Why not Hold?](#)

# Appendix – Hamilton Helmer's 7 Powers Analysis



*Power is a relative concept; hence we assess GYG's current strengths against its direct competitors*



# Appendix – Growth Strategies (Detailed)



*Why GYG will be unable to achieve their expected level of growth through their 3 key avenues*

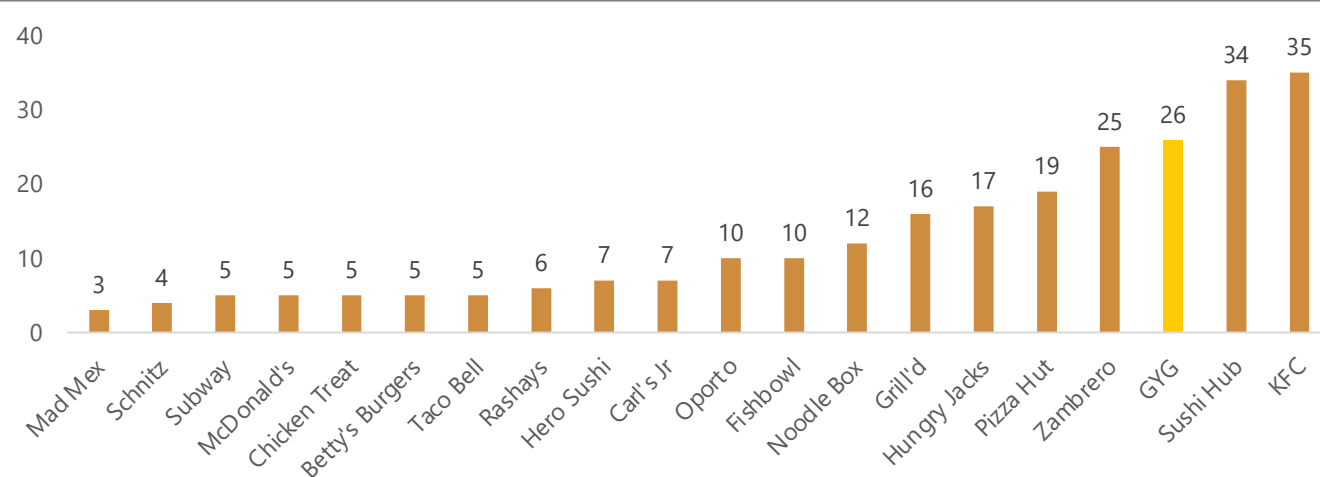
<b>Growth Stated in Prospectus</b>	New Restaurant Openings	Existing Restaurant Sales Growth	Margin Improvement
<b>Why they will not be achieved</b>	Thesis 1: New restaurants have no guarantee to achieve target economics  Thesis 2: US expansion will be unlikely due to a saturated market  Macro/Industry: Heightened costs increases capital expenditure requirements	Thesis 3: Diminishing TAM due to population factors and limited target market  Macro/Industry: Shift towards consumption of substitutes and slow recovery of consumer spending	Thesis 1: Rising input costs drive margins lower, and unable to pass onto customers due to existing price premium and fierce price competition

# Appendix – Australian QSR Industry Deep Dive

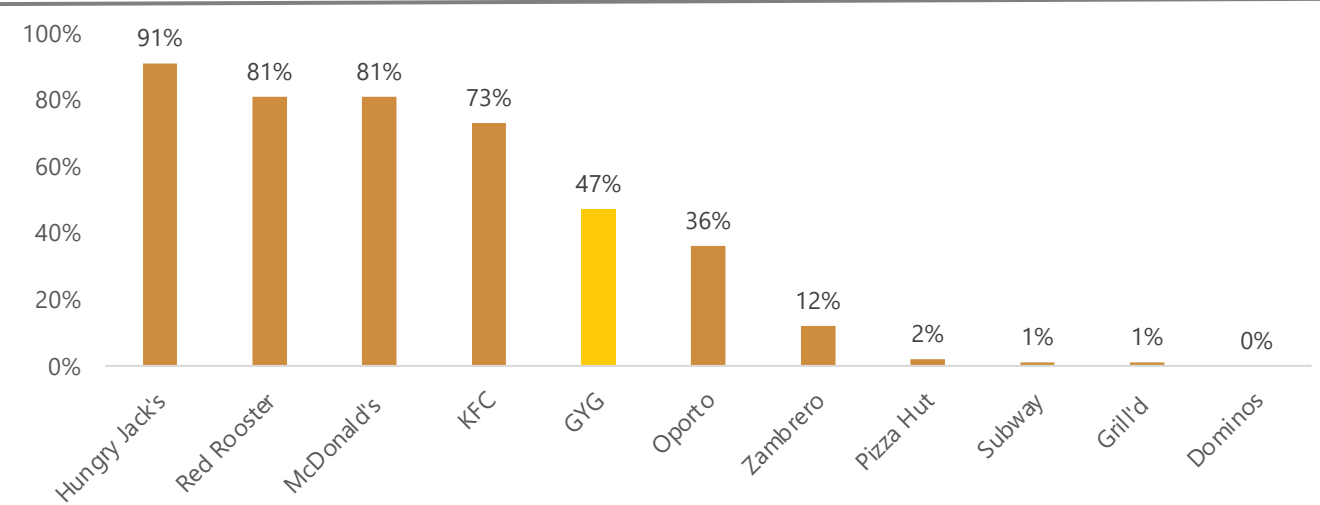


Breakdown of growth metrics and operating models for key players

*Australian QSR Net Restaurant Openings*



*Australian QSR Restaurant Format by Competitor*

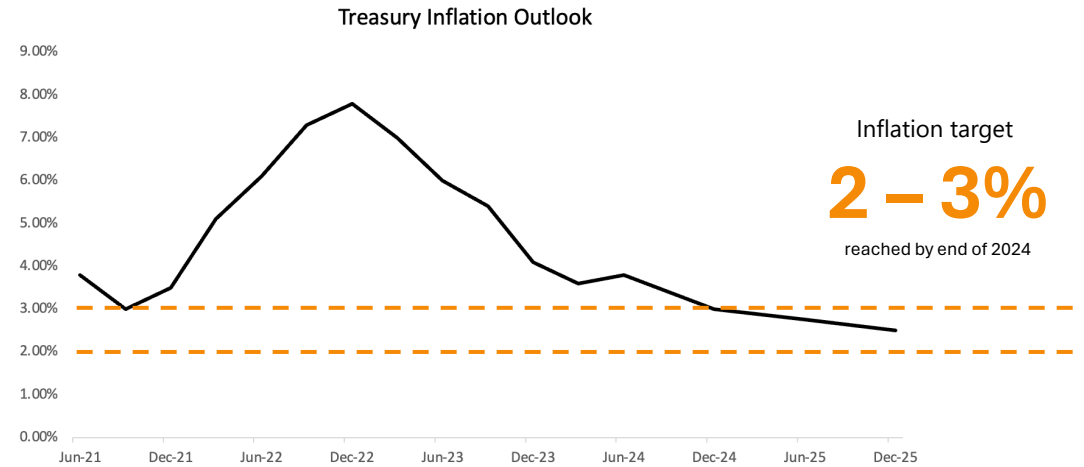


# Appendix – Australia Macroeconomic Analysis

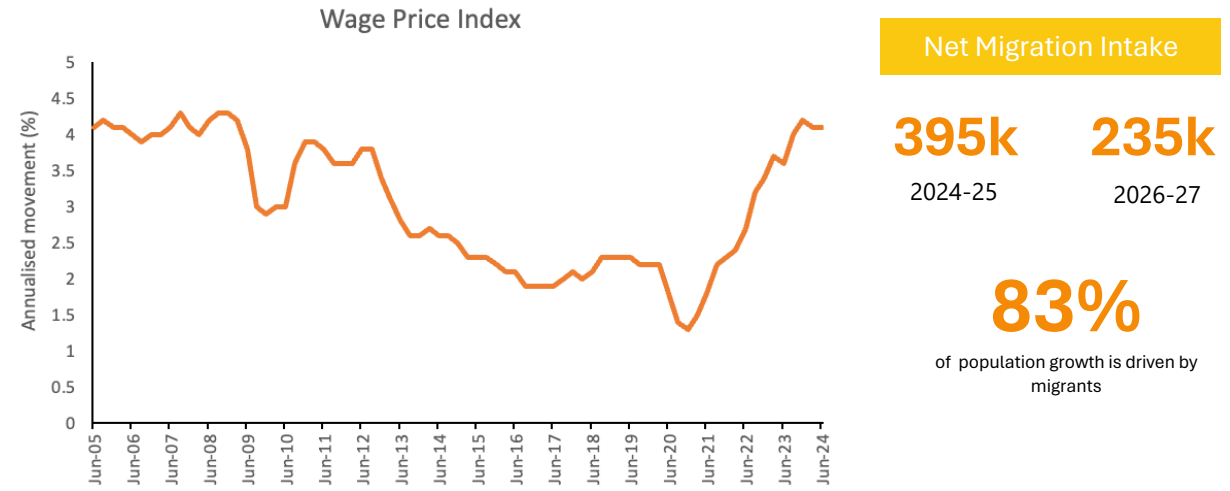


*Uncertainty remains as sluggish recovery of the economy is expected*

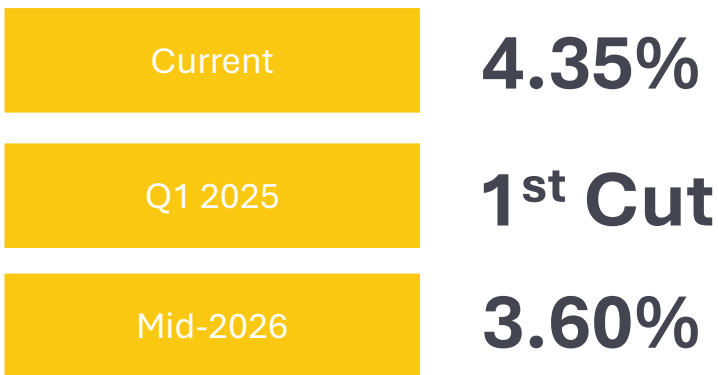
*Inflationary pressures remain high, but Treasury expects easing*



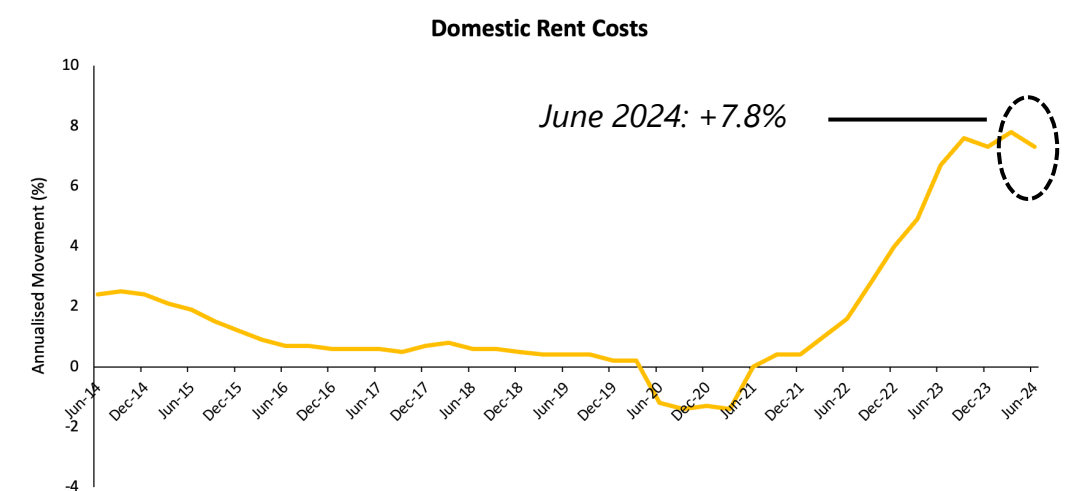
*Strong wage growth drives labour costs*



*Interest rate expectations*



*Growth in rent costs is still peaking*





# Appendix – US Macroeconomic Analysis

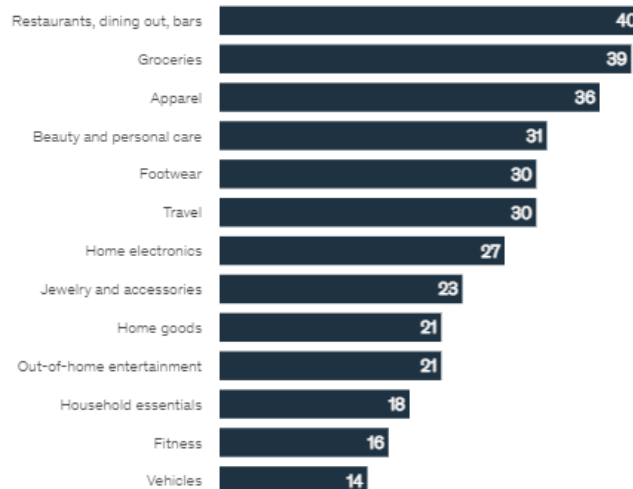


Outlook from consumers remains relatively bearish as inflation remains high



- Drop over past 6 months due to recessionary concerns and a pessimistic labour market, and income prospects outlook
- Past month has seen an 1.3% increase, driven by optimism of younger population
- Moving forward, likely to have slow improvement from inflation decrease and rate cuts improve disposable income

## Consumer Spending



Question: You mentioned that you plan to splurge/treat yourself over the next 3 months. For which products or services do you expect to make more expensive purchases than normal or purchase something to treat yourself? Please select all that apply. Gen Z = age 18 to 25; millennials = 26 to 41; Gen X = 42 to 57; baby boomers = 58 to 74.  
Source: McKinsey ConsumerWise Global Sentiment Survey, August 2024, n = 4,009

McKinsey & Company

## Interest rates

- Cut to 3.75-4.0 in 2025
- Cut to 3.0-3.25 in 2026

## Inflation rates

- July inflation down to **2.89%**, from 2.97% in June 24 and 3.48% in March 24.
- CPI for food away from home (includes full-service and limited service restaurants) **grew by 4.1%** in past 12 months.
- Long term inflation target is **2%**.
- Longer-term fed stance is that inflation rates will be tougher than expected to bring down, and will have very slow decline.

# Appendix – US QSR Industry Analysis



*Heightened competition in a saturated and growing market*

## Major Competitors



## Consumer Demographics

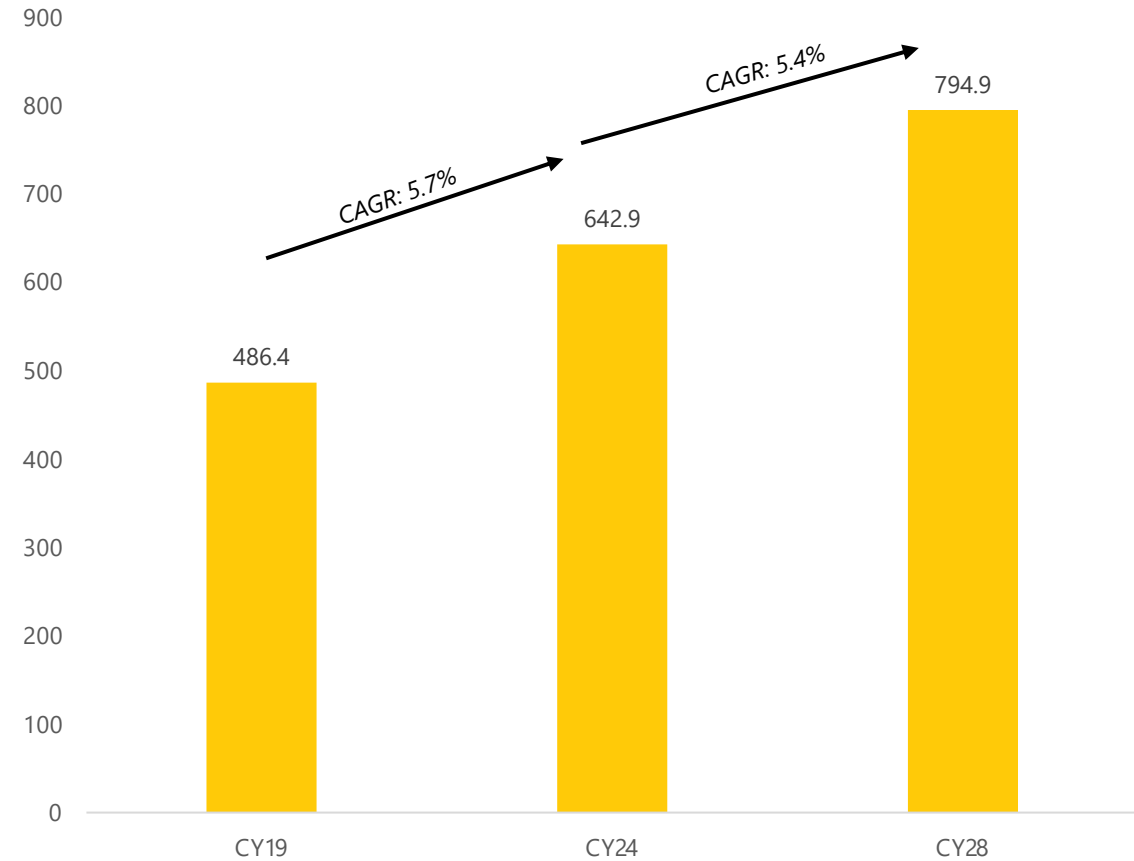
Age group with most consumption

**20-39**

Annual growth of regular fast-food consumption

**2.2%**

*US QSR Market Forecast Sales (A\$bn)*

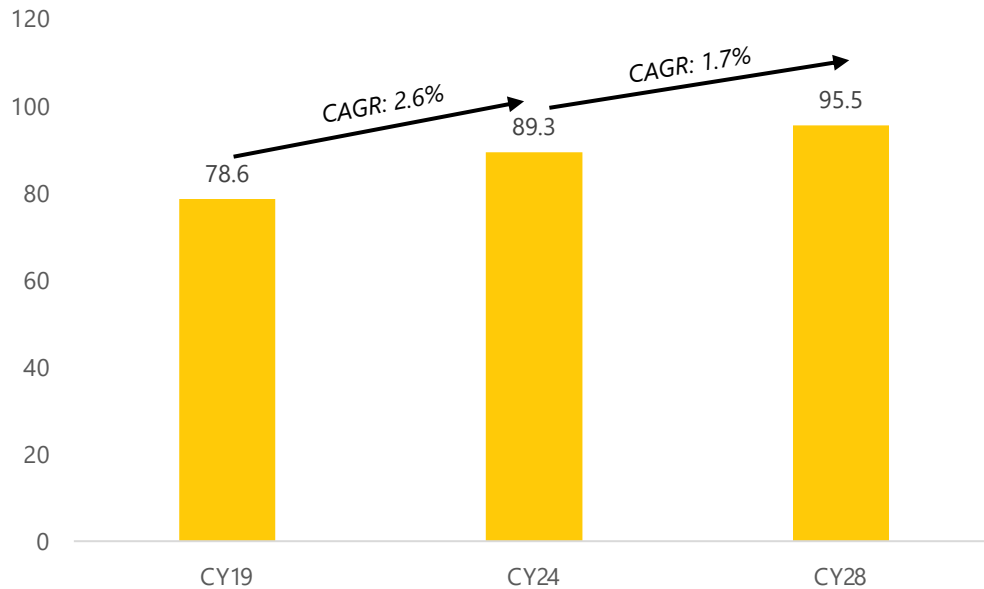


# Appendix – Asia QSR Industry Analysis



Forecasting moderate growth levels in Singapore and Japan QSR markets

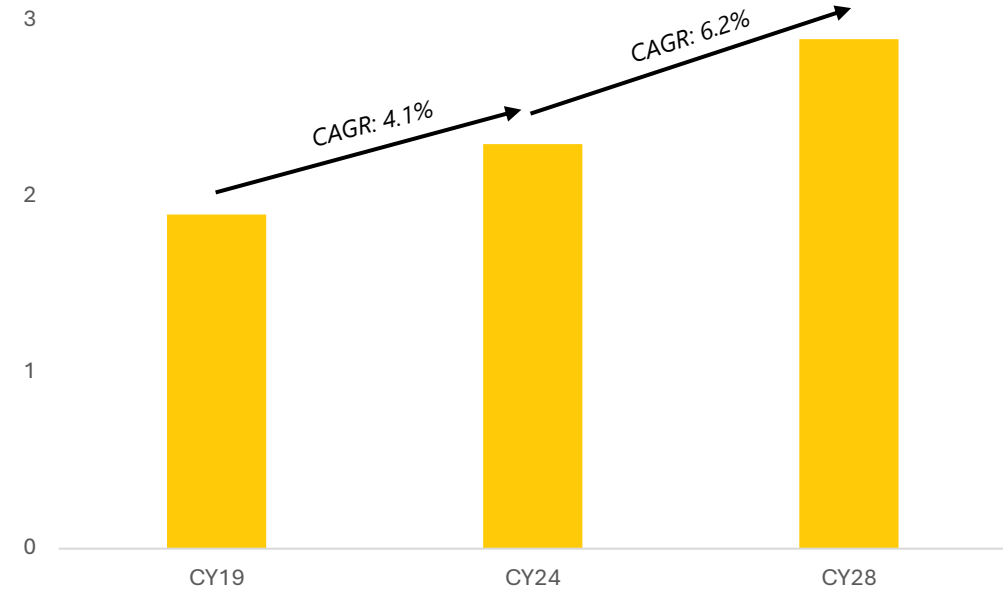
### Japanese QSR Market Forecast Sales (A\$bn)



Spending decrease over past 12 months driven by weak yen and 2.8% inflation

Strong wage growth and moderating inflation levels drive spending

### Singapore QSR Market Forecast Sales (A\$bn)



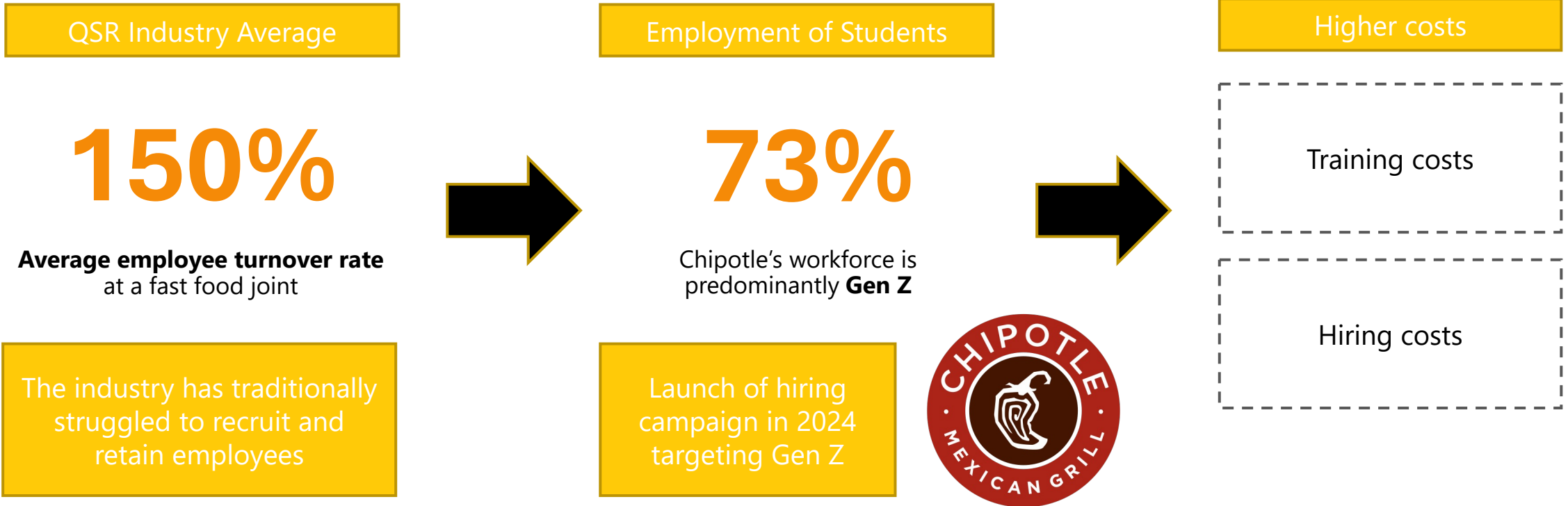
Economy set for 2% expansion in 2024, below global rate of 2.8%.

Inflation set to reduce to 2% by early 2025

# Appendix – Churn Rate



High employee turnover rates indicate higher costs for the business



Investments into automation are being made, however, widespread commercial implementation is unfeasible until costs become more economic, and the technology becomes more accommodating to those with limited skillsets

# Appendix – Competition for Locations

*Strong competition for locations within Australia*



## Key Considerations



### Drive-thru

Visibility

Traffic

Site Suitability

Demographics

Competition

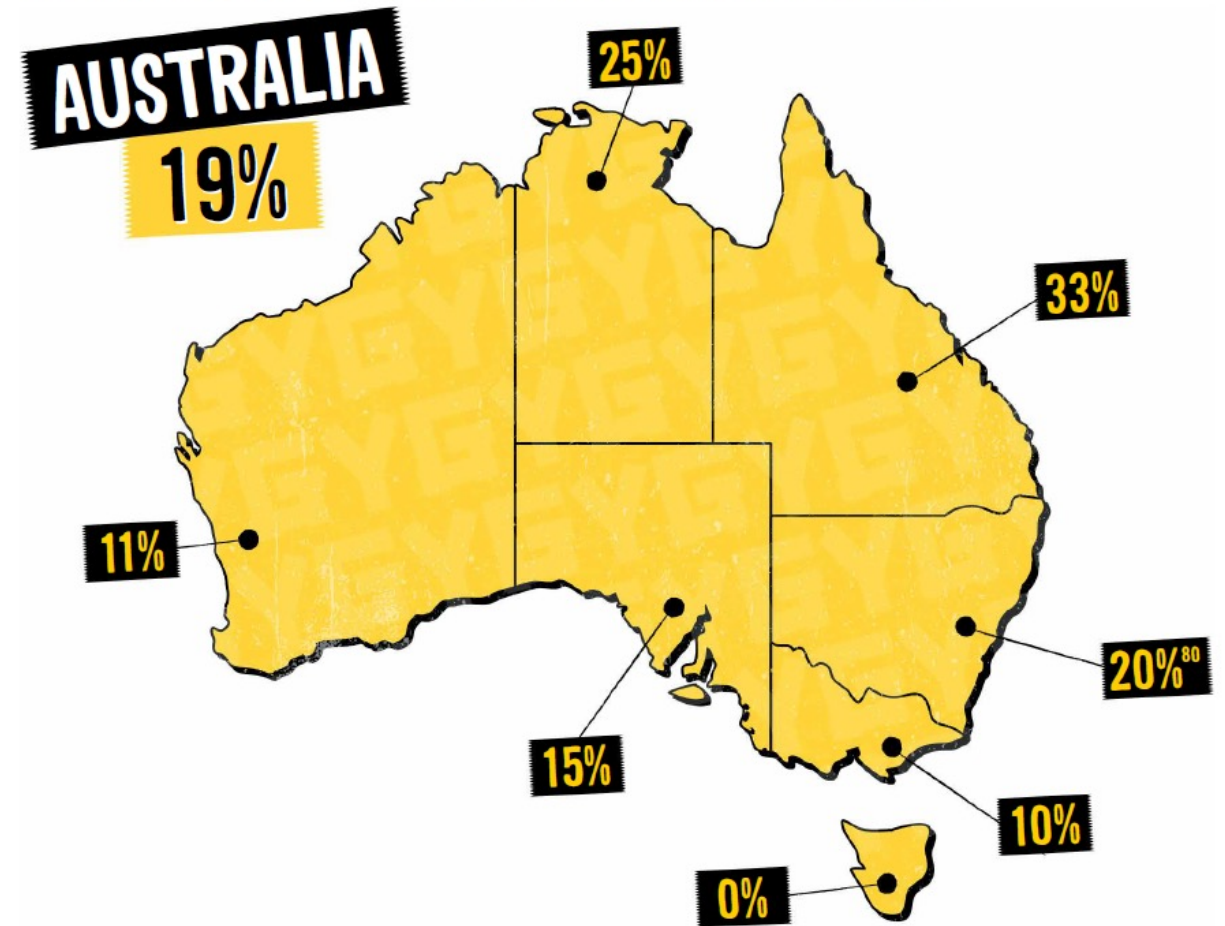


### Strips

High population density

Foot traffic

Figure 46: Penetration of network opportunity by Australian state/territory<sup>79</sup>



## Appendix – Franchisee Costs and Support



<b>Franchisee Fee</b>	Upfront fee for restaurant location, construction, project management, franchise training	Typical charge is \$90 000 per new restaurant
<b>Franchisee Royalty Fee</b>	Ongoing sales royalty using a tiered structure. Reflects franchisee's use of the GYG brand, IP and systems	8% of net weekly sales up to \$60,000 15% of net weekly sales over \$60,000 GYG provides franchisees with a rebate of royalties on delivery commissions paid to delivery partners
<b>Marketing Contribution</b>	Ongoing marketing fund fee to fund national brand promotions	3% of net sales
<b>Online Order</b>	Charge to reflect costs associated with mobile app and website transactions (including payment processing fees)	2.3% of mobile app and website sales
<b>Distribution Fee Premium</b>	Levied on imported goods delivered to restaurants by GYG's distribution partner.	\$1.55 – \$4.00 per carton of delivered goods

Shift from flat royalty rate to tiered. Net weekly sales of up to \$50 000 was charged 8%, 15% for above that threshold. In July 2023, threshold was raised to \$60 000.

Rose from 6.4% fixed in 2020 to 8% tiered in 2024. 50% of restaurants have implemented. Anticipates that it will grow to more than 10% in next 5 years.

Support given to franchisee through procurement and supply chain benefits, compliance support, overall brand marketing, and employee training



## Operational Considerations

### Supply Chain

Top 5 suppliers account for 60% of food and packaging purchases.

Some ingredients are manufactured specifically for GYG or are only available from a single supplier. Risk of disruption from product quality issues or shortages, and supplier system failures.

### Delivery

Can take place via third-party or GYG app.

Risks includes third-party delivery partners experiencing driver shortages and technical outages, failure of delivery partner' system, leading to reputational damage

### Inventory management

Customisable products means complex and wide range of ingredients

## Customer Experience

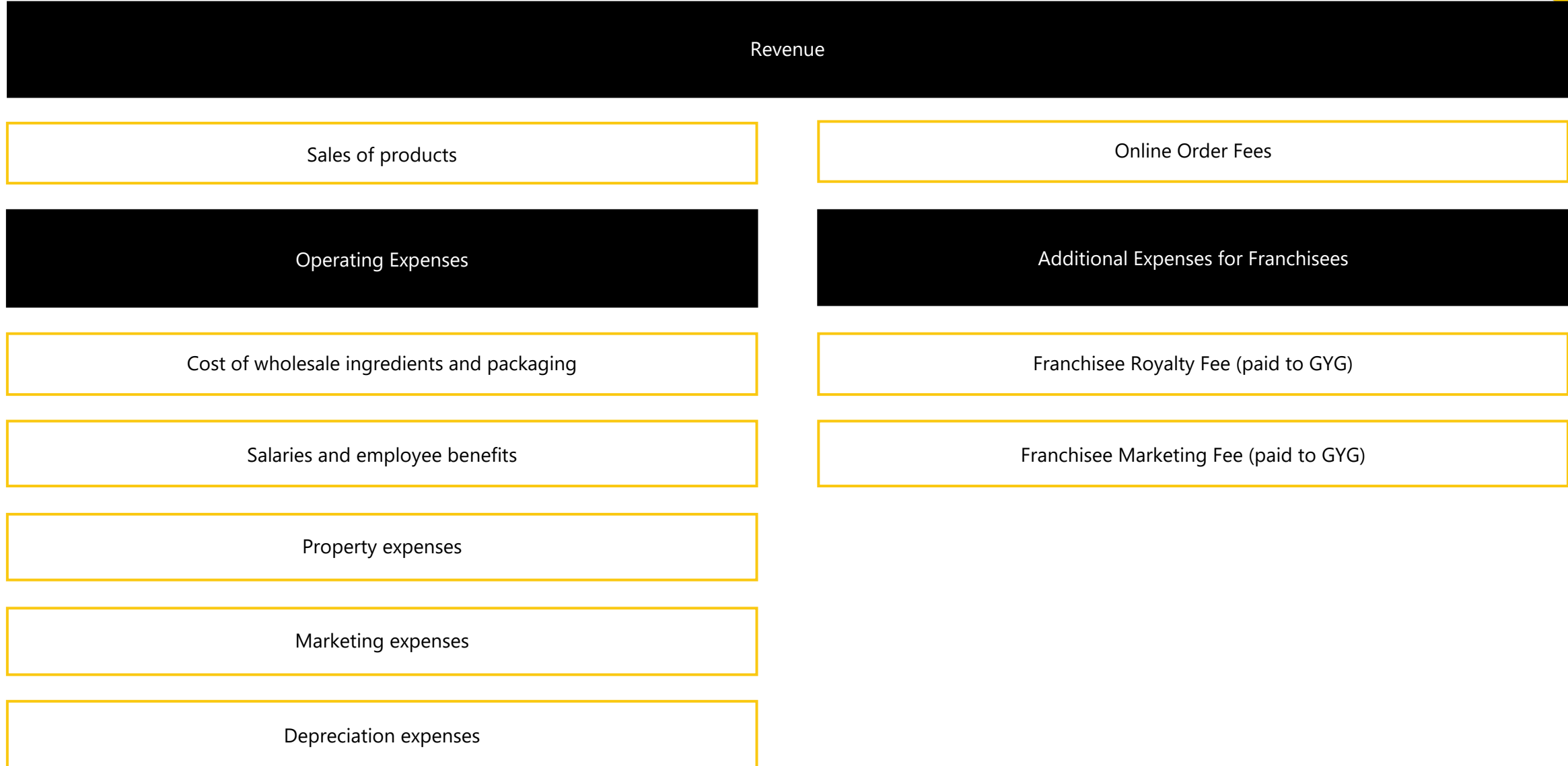
### Food quality and safety

### Guest service

### Speed of order preparation

### Restaurant Design

# Appendix – Store Level Breakdown of Revenue and Expenses







## Does rapid growth affect margins of stores in other geographies?

Japan and Singapore are operating via separate master franchise agreements.

Growth plans currently not centred around franchisee growth method in US, but rather corporate owned.

This allows GYG to enter the Asia QSR markets in an operationally and capital light manner.

This means GYG maintains control over its operations.

Since capital expenditure and operating costs are managed by the master franchisee, its margins will not be as affected, although at the expense of lack of control.

However, this means GYG holds responsibility over margins and profitability of these corporate stores.

Although global operations are much more independent, a reduction in the performance of GYG as a whole will still negatively affect all stores, both franchisee and corporate.

# Appendix – McDonalds Case Study



## Why we believe the McDonald's franchisee growth model is unlikely to be replicated

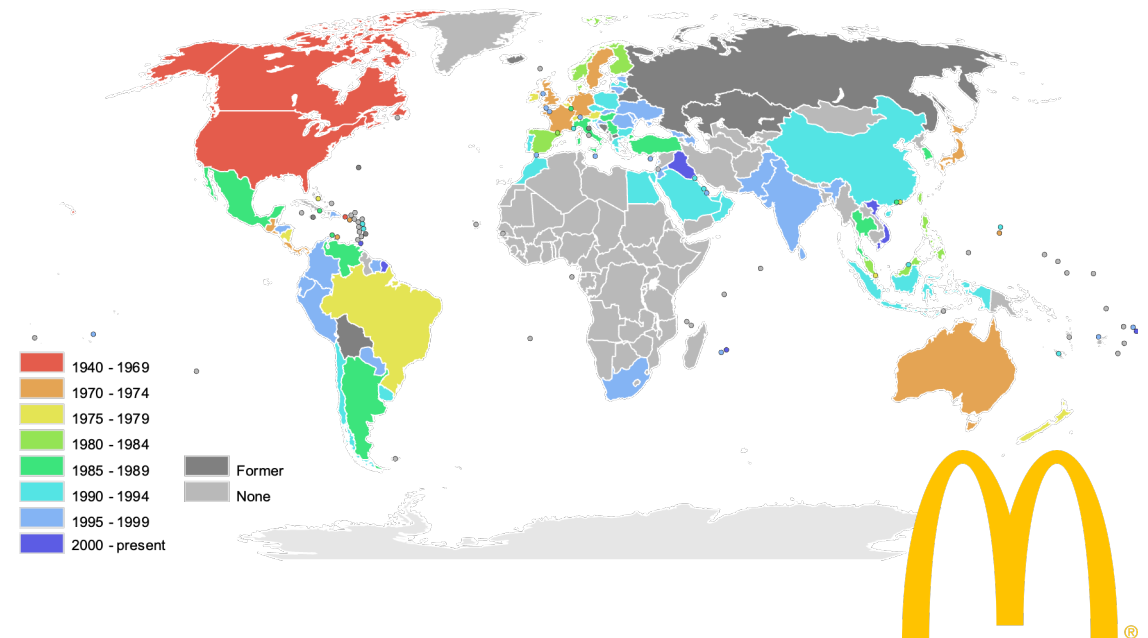
McDonald's has a **diversified product range** and some regional specialties across different regions, allowing them to have a diversified customer base. McCafe for example, allowed them to tap into the coffee market and compete with Starbucks.

McDonald's also **buys land** then leases it to franchisees. With a \$30 billion real estate portfolio, it is now one of the world's largest commercial real estate holders. They bought all those locations during a poor housing market post-GFC.

### McDonald's Franchisee Model

Purchases locations and leases to franchisee owners, earning a consistent income from rent and price appreciation, on top of royalty fees

Large amount of control over the franchisee due to ownership, hence able to enforce consistency and quality



# Appendix – Subway Case Study



*Subway's failed franchisee growth story indicates key risks associated with aggressive expansion*

**Closure of 2000 stores** in United States and a **store closure rate of 30%** in the past 5 years

## Key Reasons for Failed Growth

Inconsistent product quality affected Subway's reputation, as their Fit & Fresh concept is centred around premium dining quality and consistently fresh products

High upfront fee, with 8% royalty fee and 4.5% marketing fee places pressures on franchisees, especially in early stages when revenue is weak

30% of Subway owners cited supply chain and inventory management as primary reasons for business failure, especially as Subway products provide high levels of customisation

Lack of training for franchisee operators and employees, with low retention rate for skilled managers

Lack of differentiation between franchisees, with high number of locations resulting in cannibalisation

Lack of differentiation between competitors, with no effective national marketing strategy and lack of overall innovation

Subway's aggressive scaling through franchisees and eventual failure serves as an indication of the challenges GYG faces.



29.00 AUD

-17.53 (-37.67%) ↓ past 5 years

9 Sept, 4:10 pm AEST • Disclaimer

1D | 5D | 1M | 6M | YTD | 1Y | **5Y** | Max



\$159.40 all-time high Sep-2021

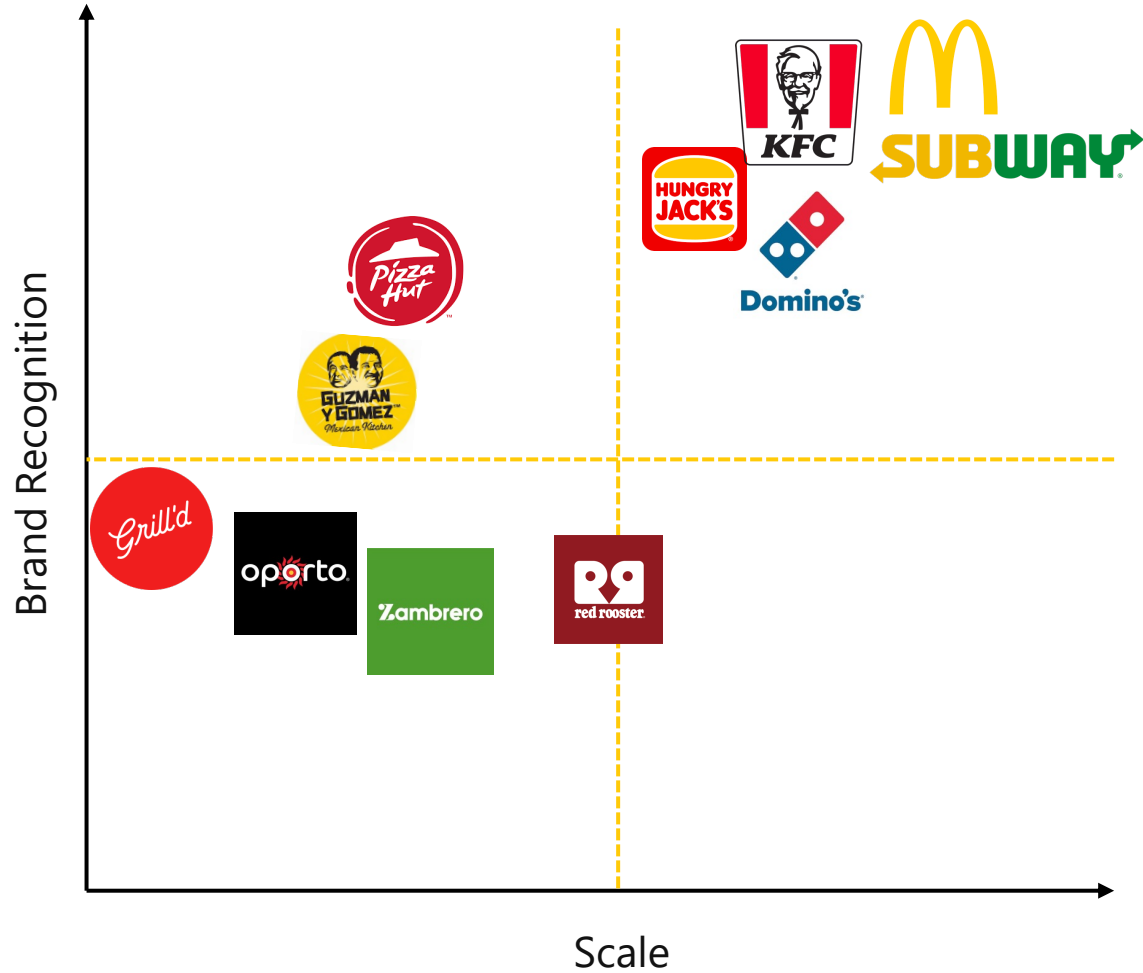
\$29 as of 09/09/2024

- Challenges in expanding its French business or its operations in parts of Asia.
- Exited Denmark market in 2023
- Growth in Japan weaker than previous forecasts
- Problems in execution and scale

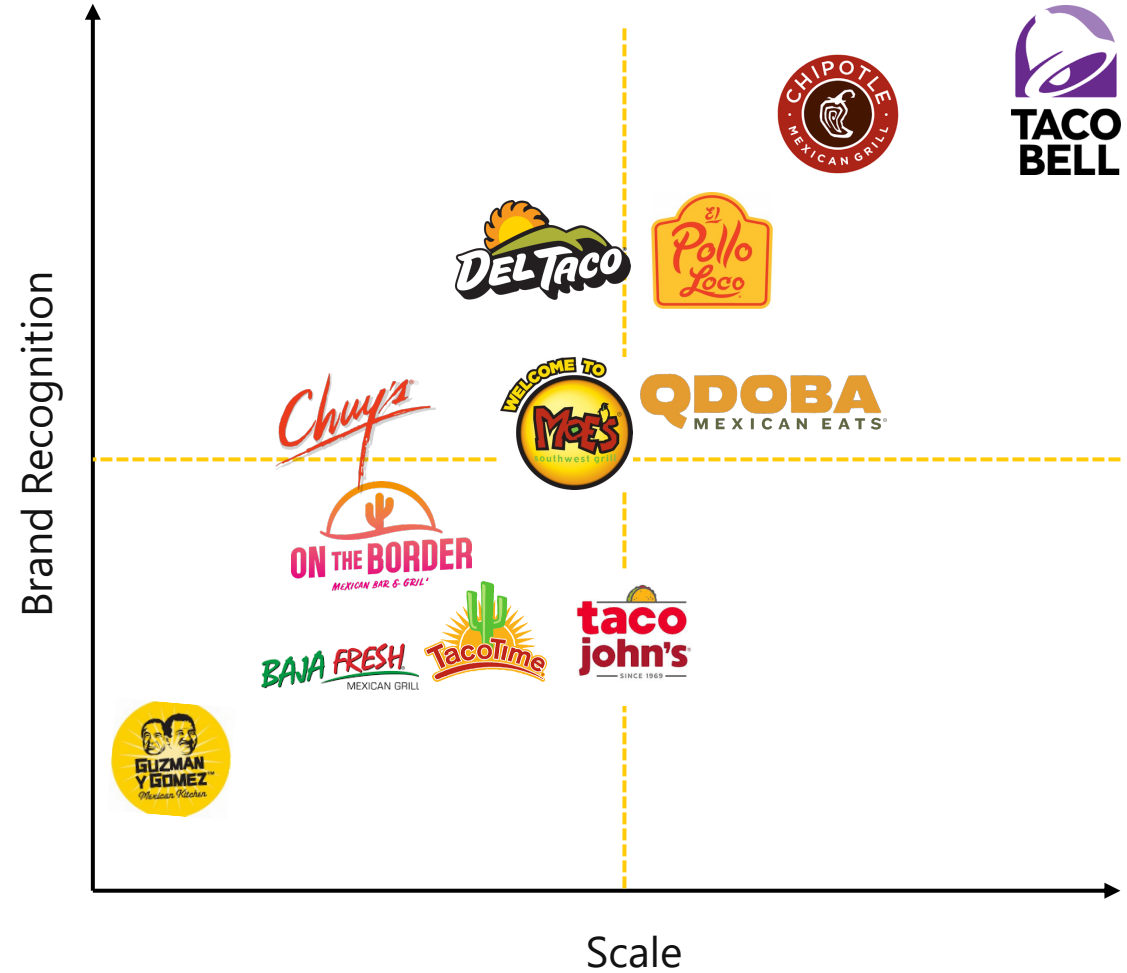
# Appendix – Competitive Landscape



## AUSTRALIA



## UNITED STATES





## JAPAN



- Focus on creation, operation, and support and close collaboration with group companies
- GYG Japan has franchise agreement with TGO who have deep knowledge of franchise models
- Specialise in Western brands and Western restaurants, and introducing these brands to the Japanese public

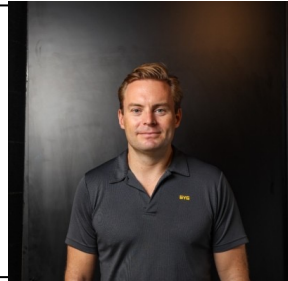
## SINGAPORE

### Josh Bell

- Owner and master franchisee
- Ex-investment banker

“When customers know that they can place their order with us and be out of there within a couple of minutes, that makes us very, very valued to busy executives here in Singapore”

Josh Bell, owner and master franchisee

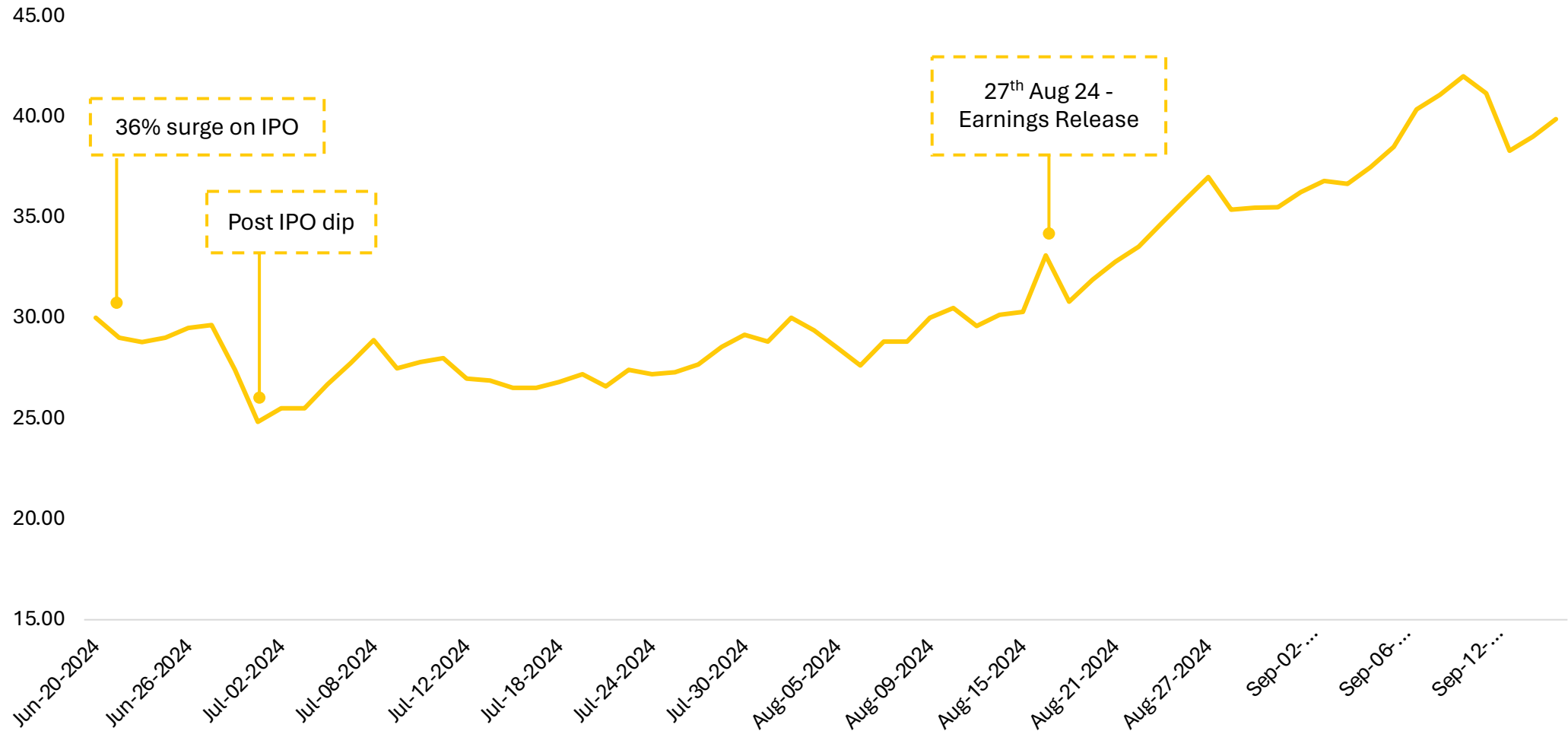


### Kok Hong Lim

- Managing Director
- Experience working with franchise business model since 2013
- About to open 17<sup>th</sup> restaurant
- Focus on efficiency has been central to the brand’s growth keeping in mind the staff workload and customer service



# Annotated Share Price



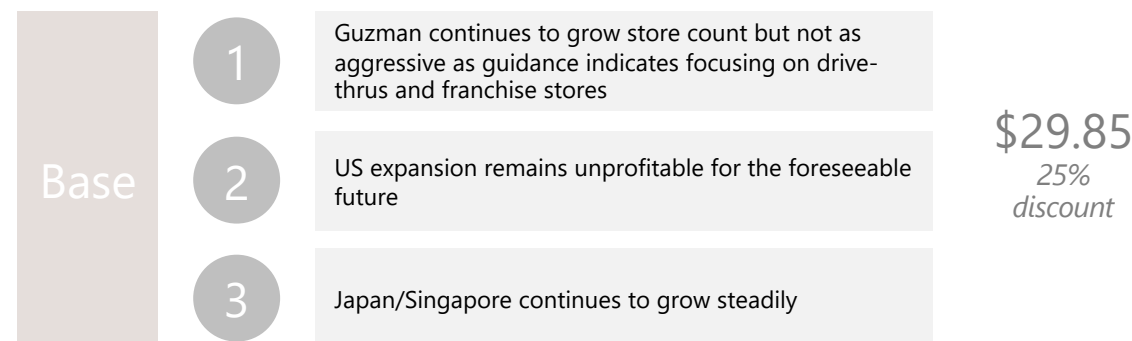
# DCF Valuation – Base Case Summary



## Valuation Summary

PV of FCFF		191
Terminal Value		4,584
PV of Terminal Value		2,080
Enterprise Value		2,271
Subtract: Debt & Debt Equivalents		-
Add Back: Cash & Cash Equivalents		283
Equity Value		2,554
Diluted Shares Outstanding		86
Value Per Share	\$	29.85
Current Value Per Share	\$	39.87
Premium (Discount) to Current Value		-25%
Current Market Cap	\$	3,411.612

## Scenario Assumptions



## FCFF Summary

	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034
Period	1	2	3	4	5	6	7	8	9	10
EBIT	18	24	30	37	40	67	108	163	238	343
Subtract: Taxes	(6)	(7)	(9)	(11)	(12)	(20)	(32)	(49)	(72)	(103)
Add Back: D&A	28	38	44	49	53	58	63	68	73	78
Subtract: Capex	(72)	(73)	(76)	(77)	(80)	(89)	(95)	(102)	(103)	(99)
Subtract: Change in Working Capital	16	0	(2)	(3)	(4)	(3)	(3)	(3)	(3)	(3)
Nominal FCFF	(15)	(17)	(14)	(6)	(2)	13	41	78	134	215
Growth on PCP					-61%	-691%	218%	89%	73%	61%
Discounted FCFF	(14)	(15)	(11)	(4)	(1)	8	24	41	66	98



# DCF Valuation – Bear Case Summary



## Valuation Summary

PV of FCFF		142
Terminal Value		3,557
PV of Terminal Value		1,614
Enterprise Value		1,756
Subtract: Debt & Debt Equivalents		-
Add Back: Cash & Cash Equivalents		292
Equity Value		2,048
Diluted Shares Outstanding		86
Value Per Share	\$	23.94
Current Value Per Share	\$	39.87
Premium (Discount) to Current Value		-40%
Current Market Cap	\$	3,411.612

## Scenario Assumptions

Bear

- 1
- 2
- 3

Guzman fails to grow stores sustainably and loses market share to competitors

Due to rapid expansion, stores fail to replicate strong store economics and margins worsen

US expansion continues to do poorly dragging down group performance

**\$23.94**  
40%  
discount

## FCFF Summary

	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034
Period	1	2	3	4	5	6	7	8	9	10
EBIT	15	21	24	28	30	52	83	127	187	270
Subtract: Taxes	(5)	(6)	(7)	(8)	(9)	(16)	(25)	(38)	(56)	(81)
Add Back: D&A	28	36	40	44	48	52	57	61	66	70
Subtract: Capex	(60)	(63)	(66)	(67)	(72)	(79)	(86)	(91)	(92)	(88)
Subtract: Change in Working Capital	16	0	(2)	(3)	(4)	(3)	(3)	(3)	(3)	(3)
Nominal FCFF	(6)	(13)	(11)	(6)	(6)	7	26	56	101	167
Growth on PCP					3%	-219%	282%	112%	81%	66%
Discounted FCFF	(5)	(11)	(9)	(4)	(4)	4	15	30	50	76

# DCF Valuation – Bull Case Summary



## Valuation Summary

PV of FCFF		314
Terminal Value		7,065
PV of Terminal Value		3,206
Enterprise Value		3,519
Subtract: Debt & Debt Equivalents		-
Add Back: Cash & Cash Equivalents		272
Equity Value		3,791
Diluted Shares Outstanding		86
Value Per Share	\$	44.30
Current Value Per Share	\$	39.87
Premium (Discount) to Current Value		11%
Current Market Cap	\$	3,411.612

## Scenario Assumptions

Bull

- 1
- 2
- 3

Guzman grows store count in line with management guidance (40+ stores a year within 5 years)

Guzman US becomes profitable and is able to take some market share off large incumbents

Japan/Singapore continues to grow steadily

**\$44.30**  
11%  
premium

## FCFF Summary

	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034
Period	1	2	3	4	5	6	7	8	9	10
EBIT	19	28	37	52	66	105	156	223	310	501
Subtract: Taxes	(6)	(8)	(11)	(15)	(20)	(32)	(47)	(67)	(93)	(150)
Add Back: D&A	28	41	48	54	60	66	71	77	82	86
Subtract: Capex	(83)	(86)	(88)	(89)	(94)	(103)	(106)	(109)	(115)	(107)
Subtract: Change in Working Capital	16	1	(2)	(2)	(3)	(3)	(3)	(3)	(4)	2
Nominal FCFF	(26)	(26)	(16)	(1)	9	34	72	121	181	332
Growth on PCP					-1005%	283%	112%	68%	50%	83%
Discounted FCFF	(24)	(22)	(12)	(1)	6	21	41	64	89	151

# Appendix – IRR Calculation



## IRR Calculation

	FY25 Entry	FY29 Exit
EBITDA	46	94
EV/EBITDA Multiple	9.00x	9.00x
Enterprise Value	416	844
4 year IRR		19%

## Multiple implied by 25% IRR hurdle

	FY25 EBITDA	FY29 EBITDA
EBITDA	46	94
EV/EBITDA Multiple	9.00x	11.00x
Implied Enterprise Value	416	1031
4 year IRR		25%

## Selected Comparable Transactions

Date	Target	Buyer	Target EV	Target Rev	NTM EV/EBITDA	Classification
20-May-24	KFC Holdings Japan, Ltd.	The Carlyle Group Inc.	815	1,165	9	Completed
16-Jan-24	Carrols Restaurant Group, Inc.	Restaurant Brands International Inc.	2,461	2,864	12	Completed
12-Oct-23	The Restaurant Group plc	Apollo Global Management, Inc.	1,788	1,659	8	Completed
6-Dec-21	Del Taco Restaurants, Inc.	Jack in the Box Inc.	878	702	13	Completed
6-Jan-20	The Habit Restaurants, Inc.	Yum! Brands, Inc.	657	671	7	Completed
	Q1				8.05x	
	Median				9.22x	
	Q3				11.82x	

# Appendix - Relative Valuation



## Initial Set and Financials

Company	CIQ Ticker	Market Capitalisation	Enterprise Value	FY24 Total Revenue	NTM Total Revenue	FY24 EBITDA	NTM EBITDA	FY24 Net Income	NTM Total Revenue
Guzman y Gomez Limited (ASX:GYG)	GYG	2,609,270	2,572,500	239,317	372,173	7,898	63,840	-9,014	18,754
Chipotle Mexican Grill, Inc. (NYSE:CMG)	CMG	73,513,470	76,302,400	9,871,649	14,657,266	1,915,577	3,088,589	1,228,737	14,657,266
Sweetgreen, Inc. (NYSE:SG)	SG	3,181,150	3,247,500	584,041	942,286	-63,833	64,963	-113,384	942,286
Wingstop Inc. (NASDAQGS:WING)	WING	10,620,210	11,294,700	460,055	844,354	131,078	289,888	70,175	844,354

## Multiples

Company	Ticker	EV / Sales (trailing)	EV / Sales (forward)	EV / EBITDA (trailing)	EV / EBITDA (forward)	P/E (trailing)	P/E (forward)
Guzman y Gomez Limited (ASX:GYG)	GYG	10.75x	6.91x	325.72x	40.30x	-	139.13x
Chipotle Mexican Grill, Inc. (NYSE:CMG)	CMG	7.73x	5.21x	39.83x	24.70x	59.83x	5.02x
Sweetgreen, Inc. (NYSE:SG)	SG	5.56x	3.45x	-	49.99x	-	3.38x
Wingstop Inc. (NASDAQGS:WING)	WING	24.55x	13.38x	86.17x	38.96x	151.34x	12.58x

## Valuation

Range Calculation	EV / Sales (trailing)	EV / Sales (forward)	EV / EBITDA (trailing)	EV / EBITDA (forward)	P/E (trailing)	P/E (forward)
Quartile 1	6.64x	4.33x	51.42x	31.83x	82.71x	4.20x
Median	7.73x	5.21x	63.00x	38.96x	105.58x	5.02x
Quartile 3	16.14x	9.29x	74.58x	44.48x	128.46x	8.80x

Enterprise Value	Range	EV / Sales (trailing)	EV / Sales (forward)	EV / EBITDA (trailing)	EV / EBITDA (forward)	P/E (trailing)	P/E (forward)
Quartile 1		2,425,317	2,408,965	619,362	3,040,659	-1,137,043	117,731
Median		2,821,156	2,898,813	758,900	3,721,587	-1,451,565	140,733
Quartile 3		5,890,944	5,173,797	898,439	4,248,263	-1,766,086	246,833

Equity Value	Range	EV / Sales (trailing)	EV / Sales (forward)	EV / EBITDA (trailing)	EV / EBITDA (forward)	P/E (trailing)	P/E (forward)
Quartile 1		2,411,361	2,395,009	605,406	3,026,703	-1,150,999	103,775
Median		2,807,200	2,884,857	744,944	3,707,631	-1,465,521	126,777
Quartile 3		5,876,988	5,159,841	884,483	4,234,307	-1,780,042	232,877

## Using Medians

Share Price	Range	EV / Sales (trailing)	EV / Sales (forward)	EV / EBITDA (trailing)	EV / EBITDA (forward)	P/E (trailing)	P/E (forward)
Weight Total	Quartile 1	\$28.18	\$27.99	\$7.08	\$35.37	-\$13.45	\$1.21
100%	Median	\$32.81	\$33.71	\$8.71	\$43.33	-\$17.13	\$1.48
<b>GOOD JOB!</b>	Quartile 3	\$68.68	\$60.30	\$10.34	\$49.48	-\$20.80	\$2.72
	Weightings	0%	30%	0%	70%	0%	0%

WEIGHTED VALUATION  
\$

40.44

# Appendix – Australia Revenue Build



Financial year	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034
<b>Australia</b>														
<b>Drive-thru</b>														
Number of existing stores at start of period			57	76	95	117	141	166	192	222	255	290	326	362
Number of New (Removed) Sites			19	19	21	22	24	25	26	30	33	35	36	36
Bull Case					23	25	26	27	29	33	35	35	38	38
Base Case					21	22	24	25	26	30	33	35	36	36
Bear Case					17	18	20	21	22	26	29	31	32	32
AUV	4.40	5.30	5.50	6.30	7.11	8.03	9.07	10.25	11.57	13.07	14.75	16.66	18.81	21.25
YoY Growth (%)		20.45%	3.72%	14.60%	12.93%	12.93%	12.93%	12.93%	12.93%	12.93%	12.93%	12.93%	12.93%	12.93%
Bull Case					13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.2%	13.2%	13.2%	13.2%
Base Case					12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%
Bear Case					12.5%	12.4%	12.4%	12.4%	12.4%	12.4%	12.5%	12.5%	12.5%	12.5%
<b>Network Sales</b>		0	313	479	676	940	1279	1701	2221	2900	3762	4832	6134	7691
Franchise			42	56	64	83	103	124	146	172	200	230	261	292
Corporate			15	20	31	34	38	42	46	51	56	61	66	71
Franchise to corporate split			74%	74%	67%	71%	73%	75%	76%	77%	78%	79%	80%	80%
<b>Drive-thru corporate sales</b>			82.46	126.00	220.54	273.16	344.75	430.30	532.20	663.33	822.99	1012.83	1237.96	1504.35
<b>Strip</b>														
Number of existing stores		47	50	53	59	68	76	83	89	95	100	105	109	113
Number of New (Removed) Sites			3	6	10	9	8	7	6	6	5	5	4	4
Bull Case					12	11	10	9	8	8	7	7	6	6
Base Case					10	9	8	7	6	6	5	5	4	4
Bear Case					8	8	7	6	6	5	5	4	3	3
AUV	3.20	3.60	4.15	4.55	5.12	5.75	6.47	7.28	8.19	9.21	10.35	11.64	13.10	14.73
YoY Growth (%)		12.50%	15.40%	9.50%	12.47%	12.47%	12.47%	12.47%	12.47%	12.47%	12.47%	12.47%	12.47%	12.47%
Bull Case					12.5%	12.5%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%
Base Case					12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
Bear Case					12.3%	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%
<b>Network Sales</b>		169.20	207.72	241.10	301.85	391.26	491.81	604.06	728.47	874.52	1035.30	1222.58	1427.37	1664.22
Franchise			30	33	39	47	54	60	65	70	74	78	81	84
Corporate			20	20	20	21	22	23	24	25	26	27	28	29
Franchise to corporate split			60%	62%	66%	67.00%	65.00%	63.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%
<b>Strip corporate sales</b>			83.09	90.98	184.53	129.12	172.13	223.50	291.39	349.81	414.12	489.03	570.95	665.69

# Appendix – Australia Revenue Build



Financial year	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034
<b>Other Revenue</b>														
Number of existing stores		40	40	40	40	40	40	40	40	40	40	40	40	40
Number of New (Removed) Sites					-	-	-	-	-	-	-	-	-	-
Bull Case					0	0	0	0	0	0	0	0	0	0
Base Case					0	0	0	0	0	0	0	0	0	0
Bear Case					0	0	0	0	0	0	0	0	0	0
AUV	2.30	2.90	3.39	3.90	4.65	5.55	6.63	7.91	9.44	11.27	13.45	16.05	19.15	22.86
YoY Growth (%)		26.09%	17.04%	14.90%	19.34%	19.34%	19.34%	19.34%	19.34%	19.34%	19.34%	19.34%	19.34%	19.34%
Bull Case					19.6%	19.6%	19.6%	19.6%	19.6%	19.6%	19.6%	19.6%	19.6%	19.6%
Base Case					19.3%	19.3%	19.3%	19.3%	19.3%	19.3%	19.3%	19.3%	19.3%	19.3%
Bear Case					19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%
<b>Network Sales</b>		116.00	135.77	156.00	186.18	222.19	265.17	316.46	377.67	450.73	537.92	641.97	766.14	914.34
Franchise			26	26	26	26	26	26	26	26	26	26	26	26
Corporate			14	14	14	14	14	14	14	14	14	14	14	14
Franchise to corporate split			65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
<b>Corporate sales</b>			47.52	54.60	65.16	77.77	92.81	110.76	132.19	157.76	188.27	224.69	268.15	320.02
<b>Franchise</b>														
Royalty margin			7.60%	7.80%	8.10%	8.15%	8.20%	8.25%	8.30%	8.50%	8.80%	9.10%	9.50%	10.00%
Bull Case					8.40%	8.50%	8.80%	9.10%	9.40%	9.70%	9.90%	10.10%	10.30%	10.50%
Base Case					8.10%	8.15%	8.20%	8.25%	8.30%	8.50%	8.80%	9.10%	9.50%	10.00%
Bear Case					7.80%	7.90%	8.00%	8.00%	8.10%	8.30%	8.50%	8.80%	9.20%	9.70%
Drive-thru			17.55	27.52	36.88	54.35	76.63	104.81	140.20	190.15	258.65	347.52	465.08	618.69
Strip			9.47	11.71	16.16	21.36	26.21	31.40	36.28	44.60	54.66	66.75	81.36	99.85
Other			6.71	7.91	9.80	11.77	14.13	16.97	20.38	24.90	30.77	37.97	47.31	59.43
<b>Franchising revenue</b>			33.73	47.14	62.84	87.48	116.97	153.17	196.85	259.66	344.09	452.24	593.75	777.98
<b>Total Franchise v Corporate Split</b>														
Franchise			98	115	129	156	183	210	237	268	300	334	368	402
Corporate			49	54	65	69	74	79	84	90	96	102	108	114
Franchise %			67%	68%	66%	69%	71%	73%	74%	75%	76%	77%	77%	78%
<b>Other revenue</b>														
Franchise marketing levy			13	16	18	22	25	29	33	37	42	46	51	56
Per franchise			0	0	0	0	0	0	0	0	0	0	0	0
Other franchise revenue			2	6	5	6	7	8	9	10	11	12	13	14
Per franchise			0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Other Revenue</b>			15.07	22.55	22.56	27.28	32.00	36.73	41.45	46.87	52.47	58.41	64.36	70.31

# Appendix – US Revenue Build



	Financial year	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034
<b>US</b>															
<b>US</b>															
Stores				2	3	4	5	6	7	8	10	12	14	17	20
Number of New (Removed) Sites					1	1	1	1	1	1	2	2	2	3	3
Bull Case						1	3	3	3	3	4	4	4	5	5
Base Case						1	1	1	1	1	2	2	2	3	3
Bear Case						1	1	1	1	1	2	2	2	3	3
AUV				3.00	3.60	3.79	4.00	4.22	4.44	4.68	4.89	5.06	5.18	5.25	5.27
YoY Growth (%)					20%	5.40%	5.40%	5.40%	5.40%	5.40%	4.40%	3.40%	2.40%	1.40%	0.40%
Bull Case						7.40%	7.40%	7.40%	7.40%	7.40%	6.40%	5.40%	4.40%	3.40%	2.40%
Base Case						5.40%	5.40%	5.40%	5.40%	5.40%	4.40%	3.40%	2.40%	1.40%	0.40%
Bear Case						4.40%	4.40%	4.40%	4.40%	4.40%	3.40%	2.40%	1.40%	0.40%	0.20%
Network Sales		-	-	6	11	15	20	25	31	37	49	61	72	89	105
YoY Growth (%)						40.53%	31.75%	26.48%	22.97%	20.46%	30.50%	23.08%	19.47%	23.13%	17.12%

# Appendix – Japan Revenue Build



	Financial year				FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034
<b>Japan</b>																		
<b>Japan</b>																		
Stores																		
Number of New (Removed) Sites																		
Bull Case																		
Base Case																		
Bear Case																		
AUV																		
YoY Growth (%)																		
Bull Case																		
Base Case																		
Bear Case																		
<b>Network Sales</b>																		
YoY Growth (%)																		
<b>Franchise</b>																		
Royalty margin																		
Bull Case																		
Base Case																		
Bear Case																		
<b>Japan Revenue</b>																		



# Appendix – Singapore Revenue Build



	Financial year				FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034
<b>Singapore</b>																		
<b>Singapore</b>																		
Stores							15	16	17	19	21	23	26	29	32	36	40	44
Number of New (Removed) Sites							1	1	1	2	2	2	3	3	3	4	4	4
Bull Case									2	3	3	3	5	5	5	6	6	6
Base Case									1	2	2	2	3	3	3	4	4	4
Bear Case									1	1	1	1	2	2	2	3	3	3
AUV							2.87	2.90	3.08	3.27	3.47	3.69	3.92	4.14	4.36	4.56	4.73	4.88
YoY Growth (%)									6.20%	6.20%	6.20%	6.20%	6.20%	5.70%	5.20%	4.70%	3.70%	3.20%
Bull Case									7.20%	7.20%	7.20%	7.20%	7.20%	6.70%	6.20%	5.70%	4.70%	4.20%
Base Case									6.20%	6.20%	6.20%	6.20%	6.20%	5.70%	5.20%	4.70%	3.70%	3.20%
Bear Case									5.70%	5.70%	5.70%	5.70%	5.70%	5.20%	4.70%	4.20%	3.20%	2.70%
Network Sales							43	46	52	62	73	85	102	120	139	164	189	215
YoY Growth (%)								7.66%	12.84%	18.69%	17.38%	16.31%	20.05%	17.90%	15.08%	17.79%	15.22%	12.52%
Franchise									3.80%	4.10%	4.40%	4.70%	5.00%	5.40%	6.00%	6.60%	7.30%	8.00%
Royalty margin							3.50%	3.50%	4.00%	4.30%	4.60%	4.90%	5.20%	5.60%	6.20%	6.80%	7.50%	8.20%
Bull Case									3.80%	4.10%	4.40%	4.70%	5.00%	5.40%	6.00%	6.60%	7.30%	8.00%
Base Case									3.50%	3.80%	4.10%	4.40%	4.70%	5.10%	5.70%	6.30%	7.00%	7.70%
Bear Case									3.50%	3.80%	4.10%	4.40%	4.70%	5.10%	5.70%	6.30%	7.00%	7.70%
Singapore Revenue							2	2	2	3	3	4	5	6	8	11	14	17

# Appendix – CAPEX, Depreciation and Amortisation



Financial year	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034
<b>Capex, Depreciation and Amortization</b>														
<b>Depreciation Assumptions</b>														
Beginning Net PPE		0	37	69	88	135	172	205	233	259	288	317	347	372
Capital Expenditures (PPE)		42	41	31	62	62	64	64	66	74	79	84	85	79
Number of Drive-thru openings			19	19	21	22	24	25	26	30	33	35	36	36
Capex Per Opening (\$)			2	2	2	2	2	2	2	2	2	2	2	2
Number of Strip openings			4	7	11	10	9	8	8	8	7	8	7	4
Capex Per Opening (\$)			1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
(Depreciation Expense)	0	-5	-8	-13	-14	-25	-31	-36	-41	-45	-50	-55	-59	-63
Depreciation (PPE) / Net PP&E		14%	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%
Ending Net PPE	0	37	69	88	135	172	205	233	259	288	317	347	372	388
<b>ROU Assets Assumptions</b>														
Beginning ROU		0	58	99	94	91	89	88	88	88	90	92	94	98
ROU Spend		64	52	6	7	8	9	9	10	11	12	12	13	14
Number of stores		0	51	57	69	74	80	86	92	100	108	116	125	134
Change in stores		0	51	6	12	5	6	6	6	8	8	8	9	9
% Change in stores				11.76%	21.05%	7.25%	8.11%	7.50%	6.98%	8.70%	8.00%	7.41%	7.76%	7.20%
(Depreciation Expense)	0	-7	-10	-11	-10	-10	-10	-9	-9	-9	-10	-10	-10	-10
Depreciation (ROU) / Right of Use Assets		0%	9%	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%
Ending ROU Assets	0	58	99	94	91	89	88	88	88	90	92	94	98	101
<b>Amortization Assumptions</b>														
Beginning Intangibles		0	15	15	11	10	10	10	10	11	11	12	13	14
Capital Expenditures (Software)		17	7	2	3	3	3	3	4	4	4	5	5	5
Number of stores		0	51	57	69	74	80	86	92	100	108	116	125	134
Change in stores			51	6	12	5	6	6	6	8	8	8	9	9
% Change in stores				11.76%	21.05%	7.25%	8.11%	7.50%	6.98%	8.70%	8.00%	7.41%	7.76%	7.20%
Amortisation expense	0	-2	-7	-7	-3	-3	-3	-3	-3	-3	-4	-4	-4	-4
Amortisation / Intangibles		0%	10%	53%	31%	31%	31%	31%	31%	31%	31%	31%	31%	31%
Ending Intangibles	0	15	15	11	10	10	10	10	11	11	12	13	14	15

# Appendix – Income Statement



	Financial year													
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034
<b>Income statement</b>														
<b>Total Revenue</b>		185	277	365	573	618	788	991	1,238	1,535	1,893	2,324	2,842	3,466
Revenue		172	259	342	551	590	756	953	1,196	1,487	1,840	2,264	2,776	3,393
Other revenue and income		13	18	23	23	28	33	37	42	48	54	60	66	73
<b>Costs (Excl. Interest, Taxes, Depreciation &amp; Amortization)</b>		(164)	(247)	(338)	(527)	(556)	(715)	(906)	(1,144)	(1,409)	(1,722)	(2,092)	(2,530)	(3,045)
Cost of food and packaging		(44)	(70)	(88)	(143)	(150)	(193)	(246)	(312)	(383)	(467)	(565)	(680)	(814)
Employee benefits expense		(73)	(114)	(154)	(240)	(251)	(324)	(411)	(522)	(641)	(781)	(945)	(1,138)	(1,363)
Administrative Expenses		(25)	(35)	(61)	(82)	(88)	(112)	(141)	(176)	(219)	(270)	(331)	(405)	(494)
Marketing Expenses		(11)	(14)	(18)	(33)	(35)	(45)	(57)	(71)	(88)	(108)	(133)	(162)	(198)
Other expenses		(10)	(14)	(18)	(29)	(32)	(40)	(51)	(63)	(79)	(97)	(119)	(145)	(177)
<b>Statutory EBITDA</b>		22	30	27	46	63	73	85	94	125	171	231	312	420
<b>EBITDA reconciliation</b>														
IPO and pre-IPO related offer costs			4	13	-	-	-	-	-	-	-	-	-	-
System implementation costs			3	5	-	-	-	-	-	-	-	-	-	-
Other non-recurring income and expenses			(2)	1	-	-	-	-	-	-	-	-	-	-
Pro forma adjustments and other			(5)	(2)	-	-	-	-	-	-	-	-	-	-
<b>Underlying EBITDA</b>		22	29	45	46	63	73	85	94	125	171	231	312	420
<b>Depreciation &amp; Amortization</b>		(14)	(26)	(31)	(28)	(38)	(44)	(49)	(53)	(58)	(63)	(68)	(73)	(78)
Depreciation PPE		(5)	(8)	(13)	(14)	(25)	(31)	(36)	(41)	(45)	(50)	(55)	(59)	(63)
Depreciation ROU		(7)	(10)	(11)	(10)	(10)	(10)	(9)	(9)	(9)	(10)	(10)	(10)	(10)
Amortisation		(2)	(7)	(7)	(3)	(3)	(3)	(3)	(3)	(3)	(4)	(4)	(4)	(4)
<b>Underlying EBIT</b>		8.1	3.8	13.6	18	24	30	37	40	67	108	163	238	343
<b>Net Finance Costs</b>		(2)	(4)	(8)	(7)	(10)	(10)	(10)	(10)	(10)	(10)	(11)	(11)	(11)
Finance income		4	5	6	10	7	7	8	7	8	8	8	8	8
Finance costs		(6)	(9)	(14)	(17)	(17)	(17)	(18)	(18)	(18)	(18)	(18)	(18)	(18)
<b>Underlying NPAT</b>		6	0.16	(12)	11	14	20	27	30	57	97	152	228	332
<b>Income tax benefit/(expense)</b>		(2)	(2)	(2)	(3)	(4)	(6)	(8)	(9)	(17)	(29)	(46)	(68)	(100)
Current Tax			(4)	(12)	(3)	(4)	(6)	(8)	(9)	(17)	(29)	(46)	(68)	(100)
Deferred Tax			2	10	-	-	-	-	-	-	-	-	-	-
Under/(over) provision in prior years - current tax			(0)	1	-	-	-	-	-	-	-	-	-	-
Under/(over) provision in prior years - deferred tax			0	(1)	-	-	-	-	-	-	-	-	-	-
<b>NPAT</b>		4	(2)	(14)	8	10	14	19	21	40	68	107	159	232
IPO and pre-IPO related offer costs			3	9										
System implementation costs			2	4										
Other non-recurring income and expenses			(1)	1										
Pro forma adjustments and other			2	6										
<b>Statutory NPAT</b>		4	3	6	8	10	14	19	21	40	68	107	159	232

# Appendix – Balance Sheet



Financial year	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034
<b>Balance sheet</b>														
<b>Current Assets</b>														
Cash and equivalents		54	37	294	283	248	224	230	226	239	282	360	495	711
Trade and other receivables		16	24	26	33	35	45	56	70	87	107	132	161	196
Inventories		2	2	3	3	3	3	3	3	3	3	3	3	3
Finance lease receivable		11	11	12	12	12	12	12	12	12	12	12	12	12
Prepayments and security deposits		3	4	3	3	3	3	3	3	3	3	3	3	3
<b>Total current assets</b>		<b>86</b>	<b>77</b>	<b>339</b>	<b>333</b>	<b>301</b>	<b>287</b>	<b>304</b>	<b>314</b>	<b>344</b>	<b>408</b>	<b>510</b>	<b>674</b>	<b>926</b>
<b>Non-current assets</b>														
Trade and other receivables		1	1	0	0	0	0	0	0	0	0	0	0	0
Net Property, plant and equipment		37	69	88	135	172	205	233	259	288	317	347	372	388
<i>Gross Property, plant and equipment</i>				94	264	326	390	454	521	595	674	758	843	922
<i>Accumulated Depreciation</i>				114	129	154	185	221	262	307	357	412	471	534
Right of use assets		49	99	94	91	89	88	88	88	90	92	94	98	101
Other intangible assets		15	15	11	10	10	10	10	11	11	12	13	14	15
Finance lease receivable		58	59	114	77	83	92	84	86	87	86	86	86	86
Deferred tax assets		3	4	16	8	9	11	9	10	10	10	10	10	10
<b>Total non-current assets</b>		<b>162</b>	<b>248</b>	<b>323</b>	<b>321</b>	<b>364</b>	<b>406</b>	<b>425</b>	<b>455</b>	<b>487</b>	<b>517</b>	<b>551</b>	<b>580</b>	<b>601</b>
<b>TOTAL ASSETS</b>		<b>248</b>	<b>325</b>	<b>662</b>	<b>654</b>	<b>665</b>	<b>693</b>	<b>729</b>	<b>769</b>	<b>831</b>	<b>924</b>	<b>1060</b>	<b>1254</b>	<b>1527</b>
<b>Current liabilities</b>														
Payables		28	33	39	39	42	53	68	85	105	129	156	189	228
Contract liabilities		1	2	2	2	2	2	2	2	2	2	2	2	2
Lease liabilities		17	20	22	24	26	28	30	32	34	36	38	41	43
Borrowings		3												
Tax liabilities			4	10	0	0	0	0	0	0	0	0	0	0
Provisions		4	8	11	11	11	11	11	11	11	11	11	11	11
<b>Total current liabilities</b>		<b>53</b>	<b>66</b>	<b>84</b>	<b>77</b>	<b>81</b>	<b>95</b>	<b>111</b>	<b>131</b>	<b>153</b>	<b>178</b>	<b>208</b>	<b>242</b>	<b>283</b>
<b>Non-current liabilities</b>														
Contract liabilities		2	2	2	2	2	2	2	2	2	2	2	2	2
Borrowings			3		(7)	(10)	(10)	(10)	(10)	(10)	(10)	(11)	(11)	(11)
Lease liabilities		110	162	217	217	217	217	217	217	217	217	217	217	217
Provisions		3	3	4	4	4	4	4	4	4	4	4	4	4
<b>Total non-current liabilities</b>		<b>114</b>	<b>170</b>	<b>224</b>	<b>216</b>	<b>213</b>	<b>213</b>	<b>214</b>	<b>213</b>	<b>213</b>	<b>213</b>	<b>213</b>	<b>213</b>	<b>213</b>
<b>TOTAL LIABILITIES</b>		<b>167</b>	<b>237</b>	<b>308</b>	<b>293</b>	<b>294</b>	<b>308</b>	<b>325</b>	<b>344</b>	<b>366</b>	<b>391</b>	<b>421</b>	<b>455</b>	<b>496</b>
<b>Equity</b>														
Issued capital		99	104	373	373	373	373	373	373	373	373	373	373	373
Reserves		7	11	17	17	17	17	17	17	17	17	17	17	17
Accumulated losses		(25)	(27)	(36)	(28)	(19)	(5)	14	35	75	143	250	409	641
<b>TOTAL EQUITY</b>		<b>81</b>	<b>88</b>	<b>354</b>	<b>362</b>	<b>371</b>	<b>385</b>	<b>404</b>	<b>425</b>	<b>465</b>	<b>533</b>	<b>640</b>	<b>799</b>	<b>1031</b>

# Appendix – Cashflow Statement



Financial year	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034
<b>Cash Flow Statement</b>														
<b>Operating Cash Flows</b>														
Net Income (NPAT)					8	10	14	19	21	40	68	107	159	232
Add: D&A					28	38	44	49	53	58	63	68	73	78
Change in Net Working Capital					(16)	(0)	2	3	4	3	3	3	3	3
Change in Lease Liabilities (Current)					2	2	2	2	2	2	2	2	2	2
Change in Lease Liabilities (Non-Current)					-	-	-	-	-	-	-	-	-	-
Change in Contract Liabilities (Non-Current)					-	-	-	-	-	-	-	-	-	-
Change in Provisions (Non-Current)					-	-	-	-	-	-	-	-	-	-
Change in Deferred Tax					9	(2)	(2)	2	(1)	(0)	0	(0)	(0)	0
Change in Trade and payables (Non-Current)					0	-	-	-	-	-	-	-	-	-
<b>Cash Flow from Operating Activities</b>					<b>30</b>	<b>48</b>	<b>60</b>	<b>74</b>	<b>80</b>	<b>103</b>	<b>137</b>	<b>180</b>	<b>238</b>	<b>315</b>
<b>Investing Cash Flows</b>														
PP&E Capex					(62)	(62)	(64)	(64)	(66)	(74)	(79)	(84)	(85)	(79)
ROU Spend					(7)	(8)	(9)	(9)	(10)	(11)	(12)	(12)	(13)	(14)
Intangible Capex					(3)	(3)	(3)	(3)	(4)	(4)	(4)	(5)	(5)	(5)
Change in Other Financial Assets					38	(6)	(8)	8	(2)	(1)	1	(1)	(0)	0
<b>Cash Flow from Investing Activities</b>					<b>(34)</b>	<b>(79)</b>	<b>(84)</b>	<b>(69)</b>	<b>(82)</b>	<b>(90)</b>	<b>(93)</b>	<b>(102)</b>	<b>(103)</b>	<b>(99)</b>
<b>Financing Cash Flows</b>														
Proceeds (Repayments) of ST + LT Debt					(7)	(3)	0	0	(1)	0	(0)	(0)	(0)	(0)
Change in Share Capital					-	-	-	-	-	-	-	-	-	-
Change in Reserves					-	-	-	-	-	-	-	-	-	-
<b>Cash Flow from Financing Activities</b>					<b>(7)</b>	<b>(3)</b>	<b>0</b>	<b>0</b>	<b>(1)</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>
<b>Cash at Beginning of Period</b>					<b>294</b>	<b>283</b>	<b>248</b>	<b>224</b>	<b>230</b>	<b>226</b>	<b>239</b>	<b>282</b>	<b>360</b>	<b>495</b>
<b>Net Change in Cash</b>					<b>(12)</b>	<b>(34)</b>	<b>(24)</b>	<b>5</b>	<b>(3)</b>	<b>13</b>	<b>44</b>	<b>78</b>	<b>135</b>	<b>216</b>
<b>Cash at End of Period</b>					<b>283</b>	<b>248</b>	<b>224</b>	<b>230</b>	<b>226</b>	<b>239</b>	<b>282</b>	<b>360</b>	<b>495</b>	<b>711</b>
Net Working Capital				(18)	(2)	(1)	(4)	(6)	(10)	(13)	(16)	(19)	(23)	(26)
Total Capex		123	100	40	72	73	76	77	80	89	95	102	103	99

# Appendix – FWACC Cost of Equity



## Cost of Equity

	Rate	Weighting
Capital Asset Pricing Model	9.6%	100%
Dividend Discount Model	0.0%	0%
Triangulated cost of equity	<b>9.6%</b>	<b>100%</b>

### 1 CAPM

Risk free rate	3.9%
Equity Market Risk Premium	5.9%
Beta	0.96
Cost of equity (CAPM)	<b>9.6%</b>

#### 1.1 Risk free rate

	Rate	Weighting
10 year government bond 10 year average	2.9%	30%
10 year government bond spot	4.4%	70%
Risk free rate	<b>3.9%</b>	<b>100%</b>

#### 1.2 EMRP

	Rate	Weighting
Historical risk premium	5.3%	20%
Implied ERP	2.7%	10%
Surveys	6.5%	70%
EMRP	<b>5.9%</b>	<b>100%</b>

#### 1.3 Beta

	Beta	Weighting
Comparable Companies	1.13	50%
Linear Regression	0.79	50%
Beta	<b>0.96</b>	<b>100%</b>

### Forecast Period WACC Calculation

Cost of debt	6%
Cost of equity	9.6%
Forecast D/V	25%
Tax rate	30%
WACC	<b>8.2%</b>

Company	Beta	D/E	Tax rate	Unlevered	Current Market D/E	Relevered
Chipotle Mexican Gr	1.08	132.3%	21%	0.53	4.80%	0.55
CAVA Group, Inc. (NY)	1.91	58.9%	21%	1.30	4.80%	1.35
Sweetgreen, Inc. (NY)	2.05	66.0%	21%	1.35	4.80%	1.40
Wingstop Inc. (NASD)	1.38	75.5%	21%	0.86	4.80%	0.90
Median						<b>1.13</b>

# Appendix – FWACC Cost of Debt



## Forecast Period WACC Calculation

Cost of debt	6%
Cost of equity	9.6%
Forecast D/V	25%
Tax rate	30%
<b>WACC</b>	<b>8.2%</b>

## Cost of Debt

	Rate	Weighting
Weighted average YTM	0.0%	0%
Comparable company spread	5.6%	50%
Index spreads	6.4%	50%
<b>Cost of debt</b>	<b>6.0%</b>	<b>100%</b>

## Comparable company spread

Company instrument	Credit Rating		Spread
Yum! Brands, Inc. (NYSE:YUM)	BB	4.75%	1.6%
Papa John's International, Inc. (NasdaqGS:PZZA)	BB-	4.00%	2.3%
<b>Average</b>			<b>1.7%</b>

Risk-free rate	3.9%
Average Spread	1.7%
<b>Cost of debt</b>	<b>5.6%</b>

## Index spread

Credit Ratings Matrix	10-year yield
<b>US</b>	
AAA	4.7%
AA	5.0%
A	5.3%
BBB	5.6%
BB	6.3%
B	6.3%
Yield	6.3%
10Y US Government Bond	3.8%
Spread	2.5%
Risk free rate	3.9%
<b>Cost of debt</b>	<b>6.4%</b>

## Intrinsic cost of debt

GYG debt facilities	YTM
<b>Instrument</b>	
No publicly traded debt facilities	

## Comparable cost of debt

## Interest coverage

Metric	Ratio
Interest coverage ratio	3.48x
<b>Implied credit rating</b>	<b>BB</b>

## Synthetic credit rating (Altman z-score)

Metric		
Working capital / total assets	-0.03	1.2
Retained earnings / total assets	-0.05	1.4
EBIT / total assets	0.02	3.3
Market value of equity / total liabilities	8.48	0.6
Revenue / total assets	0.55	1
Altman Z-Score		<b>5.60</b>
Implied Credit Rating		<b>AA</b>

# Appendix – TWACC Cost of Equity



## Terminal Period WACC Calculation

Cost of debt	3.62%
Cost of equity	9.33%
Forecast D/V	25%
Tax rate	30%
<b>WACC</b>	<b>7.63%</b>

## Cost of Equity

	Rate	Weighting
Capital Asset Pricing Model	9.3%	100%
Dividend Discount Model	0.0%	0%
Triangulated cost of equity	<b>9.3%</b>	<b>100%</b>

### 1 CAPM

Risk free rate	3.2%
Equity Market Risk Premium	6.0%
Beta	1.03
Cost of equity (CAPM)	<b>9.3%</b>

#### 1.1 Risk free rate

		Weighting
10 year government bond 10 year average	2.9%	80%
10 year government bond spot	4.3%	20%
Risk free rate	<b>3.2%</b>	<b>100%</b>

#### 1.2 EMRP

		Weighting
Historical risk premium	5.3%	10%
Implied ERP	2.7%	10%
Surveys	6.5%	80%
EMRP	<b>6.0%</b>	<b>100%</b>

#### 1.3 Beta

		Weighting
Comparable Companies	1.13	70%
Linear Regression	0.79	30%
Beta	<b>1.03</b>	<b>100%</b>

Company	Beta	D/E	Tax rate	Unlevered	Current	
					D/E	Relevered
Chipotle Mexican G	1.08	132.3%	21%	0.53	4.80%	0.55
CAVA Group, Inc. (N	1.91	58.9%	21%	1.30	4.80%	1.35
Sweetgreen, Inc. (N	2.05	66.0%	21%	1.35	4.80%	1.40
Wingstop Inc. (NASI	1.38	75.5%	21%	0.86	4.80%	0.90
Median						<b>1.13</b>



# Appendix – TWACC Cost of Debt



## Terminal Period WACC Calculation

Cost of debt	3.62%
Cost of equity	9.33%
Forecast D/V	25%
Tax rate	30%
<b>WACC</b>	<b>7.63%</b>

## Index spread

Credit Ratings Matrix	10-year yield
<b>US</b>	
AAA	4.7%
AA	5.0%
A	5.3%
BBB	5.6%
BB	6.3%
B	6.3%
Yield	5.6%
10Y US Government Bond	3.8%
Spread	1.8%
Risk free rate	3.2%
<b>Cost of debt</b>	<b>4.9%</b>

## Cost of Debt

	Rate	Weighting
Weighted average YTM	0.0%	0%
Comparable company spread	3.2%	75%
Index spreads	4.9%	25%
<b>Cost of debt</b>	<b>3.6%</b>	<b>100%</b>

## GYG debt facilities

Instrument	YTM
No publicly traded debt facilities	

## Interest coverage

Metric	Ratio
Interest coverage ratio	4.20x
Implied credit rating	BBB

## Synthetic credit rating (Altman z-score)

Metric		
Working capital / total assets	-0.03	1.2
Retained earnings / total assets	-0.05	1.4
EBIT / total assets	0.02	3.3
Market value of equity / total liabilities	8.48	0.6
Revenue / total assets	0.55	1
<b>Altman Z-Score</b>		<b>5.60</b>
Implied Credit Rating		<b>AA</b>

## 2 Comparable company spread

Company instrument	Credit Rating	Spread
Chipotle Mexican Grill, Inc. (NYSE:CMG)	BB	4.75% 1.6%
CAVA Group, Inc. (NYSE:CAVA)	BB-	4.00% 2.3%
<b>Average</b>		<b>1.7%</b>
Risk-free rate		3.18%
Average Spread		0.00%
<b>Cost of debt</b>		<b>3.18%</b>



Name	Number Held	Ordinary Shares (% of Total Shares Issued)
TDM Growth Partners Pty Ltd	28,622,070	28.2
Pinnacle Investment Management Group Limited <sup>1</sup>	12,696,629	12.5
Barrenjoey Capital Partners Group Holdings Pty Limited	10,515,360	10.4
Steven Marks	8,814,000	9.6
Aware Super Pty Ltd	8,383,700	8.3
Gaetano Alfred Gerrard Russo	6,076,500	6.0

# Appendix - Sensitivity Analysis



DCF Sensitivity Analysis - Share price vs Terminal WACC and TGR

		TWACC				
		5.63%	6.63%	7.63%	8.63%	9.63%
TGR	2.60%	44.20	34.61	28.83	24.97	22.20
	2.70%	45.56	35.38	29.33	25.31	22.46
	2.80%	47.02	36.19	29.85	25.67	22.73
	2.90%	48.58	37.04	30.38	26.04	23.00
	3.00%	50.26	37.94	30.95	26.43	23.28

		Drive-thru Margin					
		\$29.85	16.00%	17.00%	18.00%	19.00%	20.00%
AUS Drive-thru store growth	28		28.11	29.47	30.82	32.18	33.54
	32		27.40	28.78	30.16	31.54	32.91
	36		27.09	28.47	29.85	31.22	32.60
	40		26.39	27.78	29.18	30.58	31.97
	44		25.68	27.10	28.52	29.93	31.35

DCF Sensitivity Analysis - Share price vs Drive-thru Margin Vs Store Growth

		Drive-thru Margin					
		\$29.85	16.00%	17.00%	18.00%	19.00%	20.00%
US Drive-thru store growth	0		27.63	29.01	30.38	31.76	33.14
	1		27.45	28.83	30.21	31.58	32.96
	3		27.09	28.47	29.85	31.22	32.60
	5		26.73	28.11	29.49	30.86	32.24
	10		25.83	27.21	28.59	29.97	31.34

# Why not Hold?



## Guzman y Gomez (Holdings) Ltd (GYG) Market Summary > Guzman Y Gomez Ltd

ASX - ASX Delayed price. Currency in AUD

**39.87** +0.87 (+2.23%)

At close: 04:10PM AEST

**39.87** AUD

+9.07 (29.45%) ↑ past month

17 Sept, 4:10 pm AEST • Disclaimer

+ Follow

Summary | Chart | Statistics | Historical data | 1D | 5D | **1M** | 6M | YTD | 1Y | 5Y | Max

### Valuation measures<sup>4</sup>

Market cap (intra-day)	3.95B
Enterprise value	3.90B
Trailing P/E	N/A
Forward P/E	666.67

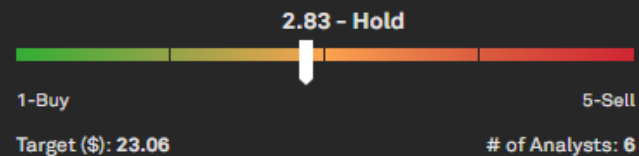


### Multiples

Source: S&P Capital IQ

	ASX:GYG
P/LTM EPS (x)	NM
P/NTM EPS (x)	NM
Price/Book (x)	11.41
Price/Tang Book (x)	11.77
TEV/LTM Total Revenue (x)	10.93
TEV/LTM EBITDA (x)	171.21
Total Debt/EBITDA (x)	10.28

#### RECOMMENDATION



#### Forward Multiples

	2025FY
PE ⓘ	NM
P/ BV ⓘ	10.77
P/ CFPS ⓘ	72.35
TEV/ EBIT ⓘ	152.21
TEV/ EBITDA ⓘ	61.13