

THE  
INVESTMENT CASE

EQUITY RESEARCH

# Alsea, S.A.B. de C.V.

Consumer Discretionary | Restaurants · BMV: ALSEA\*

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# Alsea

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## 02 Company Overview & Business Description

### Business Model

Alsea, S.A.B. de C.V. (referred to herein as the “Company” or “Alsea”) is Latin America’s largest multi-brand restaurant operator and the only franchise-only operator of scale across three geographies: Mexico, Europe, and South America. The Company operates 4,820 restaurants across 12 countries under 11 active brands. At this scale, Alsea serves more than 470 million customers annually and ranks as one of the largest non-US restaurant operators globally. Alsea does not own the global brands it operates. It holds master franchise rights, meaning it pays royalties to brand owners such as Starbucks Corporation, Domino’s Pizza International, and Burger King Corporation in exchange for exclusive territorial rights to develop and operate those brands. This is a critical structural distinction: Alsea’s revenue reflects restaurant-level sales, not royalty income from sub-franchisees. Alsea is the operator, not the brand licensor.

Alsea generates revenue through three primary channels. The first and dominant channel is company-operated restaurant sales, which represent substantially all consolidated revenue. In 2024, restaurant revenue represented MXN 76.0 billion out of total MXN 79.0 billion in revenue. The second channel is sub-franchise fees and royalties collected from sub-franchisees operating within Alsea’s master franchise territories. In 2024, sub-franchise royalties and related income contributed MXN 841 million. The third channel is food and supply distribution through DIA (Distribuidora e Importadora

#### COMPANY SNAPSHOT

# 4,820

#### TOTAL RESTAURANTS

across 12 countries as of 2025

# 76.7%

#### CORPORATE-OPERATED

3,695 direct; 1,125 sub-franchised

# 11

#### ACTIVE BRANDS

QSR, coffee, casual & fast casual;

+2 launching H2 2026

# 75,993

#### EMPLOYEES

as of Dec 31, 2024

# 1989 /

# 2002

#### FOUNDED / LISTED

BMV: ALSEA\* · MXN 46,548mm

market cap (Mar 2026)

Alsea), Alsea's vertically integrated supply chain subsidiary, which manufactures, imports, and distributes food, packaging, and supplies to both Alsea-operated stores and sub-franchisees across 311 cities in Mexico. DIA creates a genuine cost and operational moat. No Mexico restaurant competitor of equivalent scale has this infrastructure.

The three operating segments carry materially different margin profiles. Mexico is the highest-margin geography: FY2025 pre-IFRS 16 EBITDA margin of 23.5%, contributing 67.5% of consolidated EBITDA on 55.1% of revenue. Europe (Spain, France, Portugal, Belgium, Netherlands, Luxembourg, Switzerland) generated a 14.8% pre-IFRS 16 EBITDA margin in FY2025, with margin improving steadily post-FSP integration. South America (Chile, Colombia, Argentina) carried the lowest margins at 12.2% in FY2025, reflecting currency headwinds from Argentine peso depreciation and weakness in Chilean consumer spending.

## Brand Portfolio

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Alsea's portfolio spans four brand categories. In quick service (QSR), the company operates Domino's Pizza (1,549 units, present in Mexico, Spain, Colombia, and Uruguay) and Burger King (370 units in Mexico, Argentina, and Chile). Raising Cane's has been added via a December 2025 development agreement, with first Mexico units expected in H2 2026. In coffee and casual, Starbucks is the portfolio's single largest brand by both unit count (1,961 units across all geographies) and revenue contribution (38% of 2024 consolidated sales). In fast casual and premium dining, The Cheesecake Factory (10 units, Mexico) and Chipotle Mexican Grill round out the growth portfolio. A development agreement for Chipotle was signed in April 2025, with first Mexico units expected in H2 2026. In full-service restaurants, Alsea operates owned brands Vips, Foster's Hollywood, Ginos (Spain), and Archie's (Colombia), none of which carry royalty obligations. Licensed brands include Italianni's (30-year exclusive license, Mexico) and Chili's Grill & Bar (Mexico only, following the December 2025 divestiture of Chili's Chile). TGI Friday's Spain was divested in December 2025 as part of ongoing portfolio rationalization.

The master franchise model creates one non-negotiable structural risk: contract renewal. The Starbucks Mexico agreement, held through Café Sirena S.A. de C.V., expires on February 27, 2027. No public statement on renewal terms or status has been made. Starbucks Spain's agreement expires October 30, 2030 (with two additional 5-year renewal options). Starbucks France, Nether-

lands, Belgium, and Luxembourg all expire in February 2034 with a plus-5-year option. Domino's Mexico agreement expires in 2033. The Domino's Colombia master franchise agreement expires in May 2026, the most immediate renewal event in the portfolio. At 158 units versus the contractual minimum of 142, Alsea meets its development obligations and management has indicated no concerns over renewal. Unlike the Starbucks and Domino's master franchise agreements, Burger King Mexico operates under per-unit 20-year franchise agreements without territorial exclusivity; BKC retains the right to grant competing franchises to other operators in adjacent areas. Royalty rates are not publicly reported by Alsea for any of its franchise agreements.



Alsea brand portfolio. 11 active brands plus Raising Cane's and Chipotle launching H2 2026.

## Revenue by Geography

Geography	2021	2022	2023	2024	2025
Mexico	49.2%	49.6%	53.8%	55.8%	55.1%
Europe	34.8%	32.6%	29.4%	28.8%	30.1%
South America	16.0%	17.8%	16.9%	15.4%	14.8%
<b>Total (MXN mm)</b>	<b>\$53,379</b>	<b>\$67,471</b>	<b>\$73,202</b>	<b>\$77,129</b>	<b>\$84,110</b>

Source: Company filings, The Investment Case calculations. Pre-IFRS 16 basis.

## Revenue by Brand

Brand	2024A
Starbucks	38%
Domino's Pizza	19%
Burger King	11%
Vips & El Portón	4%
Other Brands	28%

Source: Source: CNBV Reporte Anual 2024.

## 06 Growth Drivers & Catalysts

Five distinct catalysts can drive Alsea's earnings inflection over the next 12 to 24 months, each with a quantifiable mechanism and a clear trigger point.

### 1 Remodel ROI Compounding Drives 2026 SSS

#### Thesis

Alsea is deliberately shifting capital toward store renovations rather than new openings in 2026. CEO Christian Gurría quantified the return on this choice on the Q4 2025 earnings call: Starbucks remodels deliver a **+6% to +13% SSS lift** and **+5% to +10% incremental traffic**, while full-service restaurant (FSR) remodels deliver an even larger **+10% to +30% SSS lift**. In 2026, Starbucks Mexico will execute at a 1.4-remodels-per-opening ratio, and FSR will run at 3 remodels per opening. With Mexico SSS decelerating from +8.5% in 2024 to +3.4% in 2025, the remodel pipeline is the clearest endogenous lever Alsea controls to drive SSS re-acceleration.

#### Supporting Evidence

CEO Q4 2025 call (Feb.26, 2026): **“Each time you are changing the look and feel of the store, you are increasing the traffic, and that is completely linked to the same-store sales increase that we are highlighting as a target, not only for this year, but in the long term.”** CFO confirmed 60% of long-term CapEx is allocated to Starbucks, 20% Domino's, 20% FSR. Starbucks Mexico ended 2025 with 935 units; 2025 SSS for Starbucks Mexico was +3.3%.

#### Key Risk

What to watch: Mexico SSS each quarter through 2026. If Mexico SSS exceeds 5% post-Q2 2026, the remodel program is delivering. The lagged nature of remodel benefits means Q2 2026 earnings (Aug.2026) is the first clean read on 2026 remodel cohort performance. Downside scenario: consumer spending softens in Mexico (peso depreciation, higher unemployment) and offsets the remodel-driven traffic gain, producing SSS in the 2-3% range despite the capital allocation shift.

## The full report develops four additional catalysts with the same level of detail:

- 2** 2025 FCF Trough Sets Up 2026 Inflection
- 3** Raising Cane's and Chipotle: Uncontested White Space
- 4** World Cup 2026: Three Host Cities, Three Beneficiary Brands
- 5** Starbucks Mexico Renewal Removes the Largest Uncertainty

*Each catalyst includes a full thesis with management quotes, supporting evidence, and a specific risk assessment with trigger dates.*

## This is a preview of our full Alsea deep dive.

The complete 56-page report includes:

**Company Overview:** History, brand portfolio breakdown, geographic segmentation, franchise structures and expiry dates, and the DIA vertically integrated supply chain

**Industry Analysis:** Mexican QSR market dynamics, competitive landscape, and Alsea's structural positioning within the region

**Financial Analysis:** Revenue, EBITDA, profitability versus peers, balance sheet, cash flow, and key operating metrics from 2023A through 2026E

**Valuation:** Complete DCF model (Gordon Growth and Exit Multiple methods), peer comparable analysis, historical multiple analysis, sensitivity tables, and a football field chart

**Growth Drivers & Catalysts:** Five named catalysts with quantified mechanisms and specific trigger dates (you have read one; four remain)

**Risk Analysis:** Six named risks with individual probability and severity assessments, including a detailed treatment of the Starbucks Mexico franchise renewal

**Conclusion & Investment Thesis Summary:** Bear, base, and bull case valuations with the full range of outcomes across scenarios

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