

Fulham Shore PLC

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Fulham Shore shares sink in early deals as results reveal site write-downs

Restaurateur Fulham Shore PLC (LON:FUL) shares shed more than 8% in Tuesday's early deals after its full-year financial results revealed the impacts of property devaluations and unsuccessful sites.

The company, which operates the Franco Manca and The Real Greek brands, detailed £867,000 of impairments following the disappointment of a Franco Manca restaurant in Brighton Marina which failed to perform to expectations.

It is planned that the Brighton Marina restaurant will close later this year, and the company has now agreed to surrender the lease to the landlord.

Also during the reporting period, the company closed the only site under a third brand, a Bukowski franchise, recognising a £400,000 loss on its investment following the sale of £300,000 of lease and contents.

Fulham Shore told investors that it was now taking a cautious view of its property values and have written down the carrying value of three underperforming sites, resulting in a £900,000 impairment - of which, £500,000 relates to Brighton Marina.

Taking an overview of the restaurant market, the company described a structural imbalance exacerbated by the impacts of Brexit, fragile consumer confidence and inflationary pressures in the UK.

Nonetheless, it added: "Despite this backdrop, it has been a year of growth and strategic progress for the group.

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"We believe that this demonstrates that Fulham Shore is well placed to ride out the UK economic turbulence as a dynamic operator with strong and popular businesses and a good portfolio of sites."

In terms of the financial results, the company reported higher revenues at £54.69m from £40.44m in the preceding year, albeit the group's operating profit narrowing markedly to £150,000 from £1.5m in 2017 and it recorded a £150,000 loss after tax.

It presented a 'headline earnings' (EBITDA) figure of £7.43m, up from £7.27m.

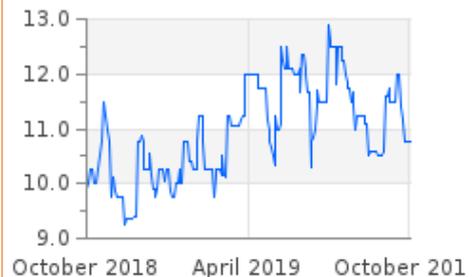
Net debt stood at £11.99m as at March 25, up from £5.9m a year before.

The company opened a total of 13 new restaurants during the year, nine Franco Manca pizzeria and four Real Greek sites, and two further Franco Manca restaurants were opened in the current financial year (one in Bath and one in Cambridge).

Price: 10.555

Market Cap: £60.55 m

1 Year Share Price Graph



Share Information

Code: FUL

Listing: AIM

52 week High Low
13.4 9

Sector: Leisure, gaming and gambling

Website: www.fulhamshore.com

Company Synopsis:

We are a group of distinct growth restaurant businesses operating in the UK, each driven by skilled and incentivised restaurant entrepreneurs

We own and operate Franco Manca (www.francomanca.co.uk), The Real Greek (www.therealgreek.com) and a Bukowski Grill franchise in Soho (bukowski-grill.co.uk).

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It also described "encouraging" first-quarter sales for both restaurant brands whilst highlighting that further expansion will be approached with caution.

"Despite the growth we have reported and our positive first quarter in the current financial year, the remainder of the financial year is difficult to predict. Costs will, in all likelihood, continue to rise but maybe not as much as they did during the past financial year," the company said.

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