

Restaurant Group PLC

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Restaurant Group dips despite raising profits guidance

Profit-takers got after The Restaurant Group (LON:RTN) even though the Frankie & Benny's eateries operator predicted full-year profits will be slightly ahead of market expectations.

Turnover for the 52 weeks to 30 December 2012 was 9% ahead of the prior year and like-for-like (LFL) sales were 4.5% ahead. Group operating margins for 2012 are expected to be at a similar level as 2011, the group revealed.

Panmure Gordon had predicted full-year LFL sales would be 3.0% up year-on-year.

The group opened 28 new restaurants in 2012 and said trading at these sites had been excellent. It is planning on opening somewhere between 28 and 35 sites this year.

"The Restaurant Group delivered a strong performance in 2012, notwithstanding some tricky conditions for consumer-facing businesses," said Andrew Page, chief executive officer of The Restaurant Group.

Looking forward, the group anticipates similar economic conditions to 2012.

Broker N+1 Singer is reviewing its 'hold' rating and 372p price target after what it termed a "solid" trading update.

"The group finished the year posting +4.5% LFLs, implying an acceleration towards +6% in Q4, given the position at Q3 end was +3.5% - our full year estimate was c.3%. There is also a comfortable beat on the top line with 9% growth reported vs. our 7%. New openings at 28 compared against our 27," the broker said.

"The strength of the update is supportive of the recent re-rating up towards 15x PE [price/earnings] for FY13. We will review our Hold stance during the course of the morning but given the underlying momentum, track-record and scope for a cash return of c.50p this year, our fundamental bias remains positive," the broker said.

Despite the broker's positive reaction, the shares, which had been trading close to a 52-week high, eased 12.7p to 369.5p in mid-morning trading.

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Price: 135.3

Market Cap: £662.05 m

1 Year Share Price Graph



Share Information

Code: RTN

Listing: LSE

52 week	High	Low
	167.7	110.1

Sector: Food & drink

Website: www.trgplc.com

Company Synopsis:

The Restaurant Group Plc (TRG) is a significant player in the UK casual dining market, operating over 500 restaurants and pubs which include Frankie and Benny's, Chiquito, Coast to Coast, Garfunkel's, Firejacks, Brunning & Price and Joe's Kitchen. We also operate a concession business which trades over 60 outlets across more than 30 brands, primarily in UK airports.

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