



10 January 2012

Leisure: Restaurant Group (RTN): 286p Trading update – 52w to 1 January 2012

The Restaurant Group has this morning updated on trading for the 52 weeks of its full year to 1 January 2012. Our comments are set out below:

- Restaurant Group has this morning updated on trading for the 52 weeks to 1 January saying that results will be in line with market forecasts
- Total sales for the period are up by 7.25% and LfL sales are up by 3.25% suggesting an acceleration in Q4 (against snow-impacted comps for the previous year)
- LfL sales in November & December were 'strong' and sales trends have been as follows:

Period	LfL sales % year-on-year
First 27w of 2010	-0.50
53w to 2 Jan 2011	-1.00
First 9w of 2011	+3.00
First 18w of 2011	+0.50
H1 2011	+3.00
52w to 1 Jan 2012	+3.25
Implying last 8 weeks	Around +4.8

Source: Restaurant Group PLC

- The group has opened 25 restaurants this year and their performance has 'above our expectations'; some 25-30 units should open in 2012
- The group is 'highly cash generative' and net debt at year end was 'well below the level at the end of 2010'
- The capital structure is 'sensibly and prudently positioned to enable the group to continue to grow earnings, dividends and shareholder value'
- The group expects trading conditions in 2012 to 'remain tough' but will work towards delivering 'another year of profitable progress'

Langcap Comment: Restaurant Group has reassured investors that it is continuing to make progress. Comps will have been soft due to the World Cup in 2010 and the snow in January and December of that year but nonetheless, Restaurant is doing well in a difficult environment. The group should earn around 21.5p in the year just ended and perhaps more than 24p in 2012 leading its supporters to suggest that the group's shares, trading at around 13x this year's earnings and 12x next, are not expensive.

Find us at:



Recent News Here:

- Today's email
- Recent emails
- A day in the life...
- Who we are, what we do...
- Upcoming news-flow
- Recent company updates
- Thematic pieces
- LinkedIn profile

Langton Capital Limited
Suite 58, The London
Fruit & Wool Exchange,
Brushfield Street,
Spitalfields, London,
E1 6EP - 020 7392 7613

Contact – Mark Brumby - +44(0)20 7392 7613

mark.brumby@langtoncapital.co.uk

This message (and files contained herein) may contain confidential or proprietary information and is intended solely for the use of the individual or organisation to whom it is addressed. If you are not the addressee you should not disseminate, distribute or copy this email or any part thereof. Further, please notify the author immediately by telephone or by replying to this email and then delete all copies of the correspondence from your system. We apologise for any inconvenience that this may have caused. This information is a financial promotion for the purpose of the European Markets in Financial Instruments Directive (MiFID) and FSA's Rules. It has not been prepared in accordance with the legal requirements designed to promote the independence or objectivity of investment research. This document is not based upon detailed analysis by Langton Capital of any market, issuer or security named herein and does not constitute formal research or a research recommendation, either expressly or otherwise. It is not investment advice and does not take into account the investment objectives and policies, financial position or portfolio composition of any recipient. This document should not be relied upon as authoritative or taken in substitution for the exercise of your own commercial judgment. Whilst Langton Capital has taken steps to control the spread of viruses on its systems, it cannot guarantee that this email and any files transmitted with it are virus free. No liability is accepted for any errors, omissions, interceptions, corrupted email, lost communications or late delivery arising as a result of receiving this message via the Internet or for any virus that may be contained in it. Recipients should review independently and / or obtain independent professional advice and draw their conclusions there-from should decide to undertake transactions with third parties. Langton Capital or its employees may have positions in securities mentioned herein. We reserve the right to monitor email messages passing through our network. Langton Capital Limited is authorised and regulated by the Financial Services Authority. Langton Capital Limited is registered in England number 07112949.