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## RESTAURANT GROUP (RTN): 625p Retirement of CEO Andrew Page

*Andrew Page has 'notified the Board that he wishes to retire as CEO in August 2014...'*

Year to end-Dec	PBT (£m)	EPS (p)	PER (x)	DPS (p)	Yield (%)
2012 (A)	64.6	24.1	25.9	11.8	1.9
2013 (E)	71.6	26.9	23.2	13.4	2.1
2014 (E)	79.7	30.1	20.8	15.0	2.4

Source: Company & Broker Estimates

### Retirement of CEO:

#### Key Points:

The Restaurant Group, whose shares fell by more than 20p in late trading yesterday evening, has this morning announced that CEO Andrew Page has 'notified the Board that he wishes to retire as CEO in August 2014'

- The group reports that Mr Page has agreed to remain with the group as advisor to the chairman, 70-year old Alan Jackson, who himself joined the company some 13 years ago
- This will 'help to ensure both an orderly handover and continuity as the business continues to develop'
- A search has commenced and the Board 'will consider both internal and external candidates'
- Chairman Jackson says he would like to thank Mr Page, under whose CEO ship the market cap of the group has moved from £75m to £1.2bn
- Mr Page himself says 'the Restaurant Group is in very good shape and is firmly established as a leader in the UK casual dining market'

**Langton Comment:** Restaurant Group, which recently reported that LfL sales in FY13 were up by 3.5%, seems to be in good health but it will be hard for it not to miss CEO Andrew Page.

The group is set to earn perhaps £80m in the year that has just commenced (perhaps subject to a small upgrade) giving around 30p in earnings. Therefore RTN's shares trade on a multiple of more than 20x this year's earnings (to be reported in 14 months' time) falling to perhaps 18x 2015. The group's shares should yield around 2.1% this year.

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Market Cap: £1.12bn  
12m range 365p 665p

Coast to Coast could be a success but barriers to entry, other than at airports, are limited and competition may intensify.

The group's shares look somewhat expensive compared with the likes of Marston's, Greene King and Mitchells & Butlers and, though the group understandable has a loyal shareholder base, the group, for better or for worse after this morning's announcement, is not what it was yesterday and it may make sense to lock in some profits at these share price levels.

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