



1 September 2011

Leisure: Restaurant Group (RTN): 285p H1 numbers to 3 July 2011

The Restaurant Group has this morning reported its results for the six months (26 weeks) to 3 July 2011 saying that the group has turned in 'strong results in a difficult market'. Our comments are set out below:

- Restaurant Group has this morning reported H1 results to 3 July saying that the group had performed strongly in a difficult market
- Revenues are up by 7.5% to £234m, LfL sales are up by 3% and adjusted EBITDA is +6% at £39.7m
- Adjusted PBT is up by 8% at £24.4m, EPS is +12% at 8.7p and the H1 dividend has been moved from 1.54p to 4p in order to reflect the rebalancing of the split between H1 and FY payouts
- Sales trends have been as follows:

Period	LfL sales % year-on-year
First 9w of 2010	+1.00
First 27w	-0.50
First 35w	+0.00
First 45w	+0.25
53w to 2 Jan 2011	-1.00
First 9w of 2011	+3.00
First 18w of 2011	+0.50
H1 2011	+3.00
First 34w of 2011	+2.75
Implying last 8w	+1.90

Source: Restaurant Group PLC

- Adjusted cash flow was £39m for the period, the group remains cash generative and opened seven new sites in H1
- A further four sites have been opened in H2 to date and some 22-27 sites remain the objective for the full year
- H2 has seen 'continued strong trading' and the 'board is confident of another year of good progress in 2011'

Langcap Comment: RTN says 'these are good results from Restaurant Group' and says that its recent openings are 'trading superbly'. The World Cup (which was not helpful for restaurants) will have ensured that comps were a little softer over the June & July period but LfL sales have slowed. Still, the group is performing well against a difficult background and, as it should earn around 21p in the current year and perhaps more than 24p in 2012, its supporters will suggest that, if it is able to deliver, its shares, at around 13.5x this year's earnings, are not expensive.

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