

Fulham Shore PLC

18:13 24 Jul 2018

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.

READ: Tuesday's FTSE 100 market report

"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.

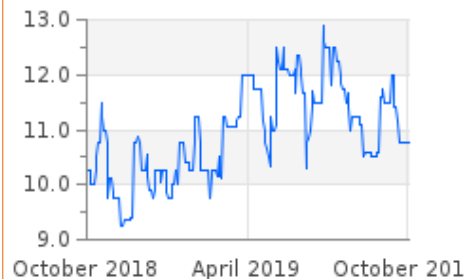
Net debt stood at £11.99m as at March 25, up from £5.9m a year before.

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: 10.75

Market Cap: £61.66 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).

action@proactiveinvestors.com.au

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.

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +61 (0)2 9280 0700 action@proactiveinvestors.com.au

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.