

Richoux Group plc

Final results for the 52 weeks ended 28 December 2014

Richoux Group plc, the owner and operator of 17 restaurants under the Richoux, Dean's Diner, Villagio and Zippers brands, today announces its final results for the year ended 28 December 2014.

Key points:

- Turnover increased 10.4% to £12.68 million (2013: £11.48 million).
- Adjusted* EBITDA increased 10.0% to £1.63 million (2013: £1.49 million).
- One new restaurant opened in the year. Five further sites have been secured for 2015/2016.
- Currently seventeen restaurants trading.
- Cash of £3.95 million at year end (2013: £4.01 million).

* excluding pre opening costs, impairment, and onerous lease provision.

Philip Shotter, Chairman of Richoux Group plc said:

"I am pleased to report a positive set of results with double digit percentage increases in turnover and adjusted EBITDA. Trading so far for the current year has also been positive and in line with expectations. Although only one restaurant was opened during the period, we have already contracted to open three new sites this year with two further sites already contracted for 2016"

15 May 2015

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Chairman's Review

Results

Revenue for the 52 week period ended 28 December 2014 increased 10.4 per cent on the 52 week period ended 29 December 2013 to £12,679,000 (2013: £11,483,000). Adjusted EBITDA before pre-opening costs, impairment and onerous lease provision increased 10.0 per cent to £1,634,000 (2013: £1,486,000). Adjusted operating profit before pre-opening costs, impairment and onerous lease provision decreased 3.0 per cent to £876,000 (2013: £903,000). Pre-opening costs for the period were £35,000 (2013: £159,000). The net profit for the period was £420,000 (2013: £740,000).

The Directors are not recommending the payment of a dividend.

Operations

The Group currently has seventeen restaurants which operate under the Richoux, Dean's Diner, Villagio and Zippers brands. Further details on each of the brands are set out below.

Richoux

Richoux is an all day cafe and brasserie established in London in 1909.

The Group currently has four Richoux restaurants in Knightsbridge, Mayfair, Piccadilly and St John's Wood. A new Richoux restaurant is due to open in Gloucester Road in summer 2015.

Dean's Diner

Dean's Diner is a classic 1950's inspired American Diner.

The Group currently has six Dean's Diner restaurants - the existing restaurants in Chatham, Port Solent, Braintree, Fareham and Bicester and a new restaurant in Trowbridge which opened in July 2014. Agreements for lease have been exchanged for new Dean's Diners in Hempstead Valley which is due to open in June 2015; Orpington which is due to open before the year end and for Bromley and Yate which are due to open in 2016.

Villagio Ristorante

Villagio Ristorante is a modern local Italian family restaurant, delivering a good quality family dining experience.

The Group currently has five Villagio restaurants in Andover, Basildon, Hammersmith, Chislehurst and Chatham. The Group sold two underperforming restaurants, one in Chiswick in August 2014 and one in Berkhamsted in September 2014 and an impairment provision of £0.19 million was made against these two sites.

The Group also has two Italian restaurants trading as Zippers Bar, Restaurant and Grill one in Chatham and one in Port Solent. An impairment charge of £0.09 million has been made against the underperforming restaurant in Port Solent.

Cash flow and capital expenditure

At 28 December 2014 the Group held cash of £3.95 million (2013: £4.01 million).

Capital expenditure of £0.95 million was incurred in the period; on the fit out of the new restaurant, fees for the agreements for lease entered into for the new sites due to open in 2015 and 2016, and some replacement equipment in the existing sites.

Chairman's Review *(continued)*

Staff

I would like to take the opportunity to thank all our staff for the continued commitment and enthusiasm they have shown in 2014.

Outlook

There has been a positive start to the current financial year and the restaurants are trading in line with expectations. We are pleased to confirm that we will be opening a new Richoux restaurant next to the Waitrose in the Gloucester Arcade off the Gloucester Road in London and are looking to build on this with further Richoux openings in order to exploit the considerable goodwill that exists in the Richoux brand. We will also be continuing the measured roll-out of the Dean's Diner concept by opening two further sites later in 2015 in Orpington and Hempstead Valley, Kent.

Philip Shotter
Chairman
14 May 2015

Strategic Report

Business review and key performance indicators

Revenue has continued to grow in the year reflecting the trading performance of our existing sites and the full year benefit of the restaurants opened in 2013. Adjusted EBITDA has also shown significant growth, up 10.0 percent on 2013, reflecting the Group's ability to maintain earnings margins whilst raising top line sales. As expected, profit after tax is down on the prior year at £0.42 million (*2013: £0.74 million*). This decrease largely reflects the impairment charge incurred in the year of £0.28 million, up from £0.03 million in 2013, the onerous lease provision of £0.15 million, and the depreciation and amortisation charge incurred in the year of £0.76 million, up from £0.58 million in 2013.

The Directors utilise a number of detailed performance indicators to manage the business. The focus in the Income Statement is on sales and operating profit compared to budget and the prior year. In the Statement of Financial Position the focus is on managing working capital.

The Directors recognise the importance of customer relations and staff are extensively trained in this regard. Performance is monitored by reference to results of regular mystery diner visits and staff bonus calculations take into account these results and other customer feedback.

Principal uncertainties and risks

Economic conditions

Deterioration in consumer confidence due to future economic conditions could have a detrimental impact on the Group in terms of sales and footfall. This risk is mitigated by the positioning the Group's brands in the affordable casual dining market, constantly reviewing pricing to ensure it is competitive, and continued focus on customers with targeted and adaptable marketing.

Cost inflation

The Group's key variable costs are the costs of food and labour both of which face inflationary pressures in the medium term. The Group monitors its food supply chain closely, regularly reviewing food costs and implementing a variety of strategies to mitigate the impact of price increases. The Group closely monitors labour costs and uses a number of initiatives to control costs. There are also labour cost pressures which are outside the control of the Group such as the recently introduced auto enrolment pension costs and minimum wage increases which are suffered by both the Group and its competitors.

Strategic risks

The acquisition of suitable and well located new sites in order to continue the Group's expansion is proving to be demanding. The Group has a strong and experienced property acquisition team with good relationships with external agents and advisers.

Brand development risks

There are a number of inherent risks in developing new brands. However the Group has a strong team with a proven track record in developing new brands.

Future development

The Group will continue to acquire new sites, particularly focusing on its Dean's Diner and Richoux concepts as these are perceived to offer the greatest scope for development within what is a congested and evolving restaurant market. The Group will also consider further Villagio openings if the right sites become available.

Central to our expansion are our people. Recognising the importance of staff training and development the Group has established a training academy and is investing in the operational team and training for future growth.

On behalf of the Board

Salvatore Diliberto

Director

14 May 2015

Richoux Group plc
Consolidated statement of comprehensive income

for the 52 week period ended 28 December 2014

	<i>Notes</i>	52 week period ended 28 December 2014 £000	52 week period ended 29 December 2013 £000
Revenue		12,679	11,483
Cost of sales:			
Excluding pre-opening costs		(11,220)	(9,964)
Pre-opening costs		(35)	(159)
Total cost of sales		(11,255)	(10,123)
Gross profit		1,424	1,360
Administrative expenses		(583)	(617)
Other operating income		-	1
Operating profit before impairment		841	744
Impairment of intangible assets	6	(6)	-
Impairment of property, plant and equipment	7	(274)	(32)
Onerous lease provision		(150)	-
Operating profit		411	712
Finance income		9	30
Finance expense		-	(2)
Profit before taxation	3	420	740
Taxation		-	-
Profit and total comprehensive profit for the period		420	740
Profit and total comprehensive profit attributable to equity holders of the parent		420	740
Profit and total comprehensive profit per share:			
Profit per share	4	0.5p	0.8p
Diluted profit per share	4	0.4p	0.8p

Richoux Group plc
Consolidated statement of changes in equity

For the 52 week period ended 28 December 2014

	Share capital £000	Share premium account £000	Profit and loss account £000	Total £000
At 30 December 2012	3,681	12,242	(8,711)	7,212
Profit for the period	-	-	740	740
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive profit	-	-	740	740
	<hr/>	<hr/>	<hr/>	<hr/>
Credit to equity for equity settled share based payments	-	-	41	41
	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners of the Company, recognised directly in equity	-	-	41	41
	<hr/>	<hr/>	<hr/>	<hr/>
At 29 December 2013	3,681	12,242	(7,930)	7,993
Profit for the period	-	-	420	420
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive profit	-	-	420	420
	<hr/>	<hr/>	<hr/>	<hr/>
Credit to equity for equity settled share based payments	-	-	27	27
	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners of the Company, recognised directly in equity	-	-	27	27
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 December 2014	3,681	12,242	(7,483)	8,440
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Richoux Group plc
Consolidated statement of financial position

at 28 December 2014

	<i>Notes</i>	28 December 2014 £000	29 December 2013 £000
Assets			
Non-current assets			
Goodwill	6	234	234
Other intangible assets	6	72	73
Property, plant and equipment	7	5,953	6,348
Trade and other receivables		40	40
		<hr/>	<hr/>
Total non-current assets		6,299	6,695
		<hr/>	<hr/>
Current assets			
Inventories		198	195
Trade and other receivables		691	666
Cash and cash equivalents		3,947	4,009
		<hr/>	<hr/>
Total current assets		4,836	4,870
		<hr/>	<hr/>
Total assets		11,135	11,565
		<hr/>	<hr/>
Liabilities			
Current liabilities			
Trade and other payables		(2,172)	(3,284)
Provisions		(150)	-
		<hr/>	<hr/>
Total current liabilities		(2,322)	(3,284)
		<hr/>	<hr/>
Non-current liabilities			
Trade and other payables		(373)	(288)
		<hr/>	<hr/>
Total non-current liabilities		(373)	(288)
		<hr/>	<hr/>
Total liabilities		(2,695)	(3,572)
		<hr/>	<hr/>
Net assets		8,440	7,993
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Share capital		3,681	3,681
Share premium account		12,242	12,242
Retained earnings		(7,483)	(7,930)
		<hr/>	<hr/>
Total equity		8,440	7,993
		<hr/> <hr/>	<hr/> <hr/>

Richoux Group plc
Consolidated statement of cash flows

for the 52 week period ended 28 December 2014

	<i>Notes</i>	52 week period ended 28 December 2014 £000	52 week period ended 29 December 2013 £000
Operating activities			
Cash generated from operations	8	1,486	1,944
Interest paid		-	(2)
		<hr/>	<hr/>
Net cash from operating activities		1,486	1,942
		<hr/>	<hr/>
Investing activities			
Purchase of property, plant and equipment		(1,816)	(1,987)
Purchase of intangible fixed assets		(27)	(37)
Cash held on deposit		-	2,500
Net proceeds from sale of property, plant and equipment		286	2
Interest received		9	30
		<hr/>	<hr/>
Net cash (used in)/from investing activities		(1,548)	508
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		(62)	2,450
Cash and cash equivalents at the beginning of the period		4,009	1,559
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period		3,947	4,009
		<hr/> <hr/>	<hr/> <hr/>

Notes

1. The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The financial statements have been prepared on the historical cost basis.
2. The financial information set out above does not constitute the Company's statutory accounts for the periods ended 29 December 2013 or 28 December 2014 but it is derived from those accounts. Statutory accounts for 29 December 2013 have been delivered to the Registrar of Companies and those for 28 December 2014 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under section 498(2) or (3) of the Companies Act 2006.
3. Business segments
Based on the financial information which is monitored by the board, which comprises the chief operating decision maker as defined in IFRS 8, the Group has three reportable business segments based around its core restaurant brands, Dean's Diner, Villagio and Zippers and Richoux. From 2014 Villagio and Zippers are reported as one segment as their menus have now been aligned. All brands are engaged in the restaurant trade so derive their revenues and results from similar products and services. There are no geographical segments and there are no major customers.

Occasionally the Group also receives franchise income, however this is not considered to be a significant business segment and the Group has no control over the timing of this income. Franchise income is reported under other operating income.

The Group sublets part of one and the whole of another of its leased properties and receives sublease payments from third parties.

For the 52 week period ended 28 December 2014

	Dean's Diner	Villagio & Zippers	Richoux	Un- allocated	Total
	£000	£000	£000	£000	£000
Revenue	3,432	4,879	4,368	-	12,679
Segment profit/(loss)	413	348	879	(216)	1,424
Administrative expenses	-	-	-	(583)	(583)
Impairment of intangible assets	-	(6)	-	-	(6)
Impairment of property, plant and equipment	-	(274)	-	-	(274)
Onerous lease provision	-	-	-	(150)	(150)
Finance income	-	-	-	9	9
Profit/(loss) before taxation	413	68	879	(940)	420
Non current assets as at 29 December 2013	2,133	3,453	1,011	98	6,695
Additions	681	100	145	26	952
Transfers	10	(10)	-	-	-
Depreciation and amortisation	(231)	(350)	(150)	(27)	(758)
Impairment of intangible assets	-	(6)	-	-	(6)
Impairment of property, plant and equipment	-	(274)	-	-	(274)
Disposals	(3)	(304)	(2)	(1)	(310)
Non current assets as at 28 December 2014	2,590	2,609	1,004	96	6,299

The unallocated segment loss includes the costs of the restaurant area management; unallocated administrative expenses include the costs of the Group's head office.

4. Earnings per share

The calculation of the basic and diluted profit per share is based on the following data:

	28 December 2014 £000	29 December 2013 £000
Profit		
Profit for the purposes of basic profit per share being the net profit attributable to equity holders of the parent	420	740
	<hr/> <hr/>	<hr/> <hr/>
Number of shares		
Weighted average number of ordinary shares for the purposes of the basic profit per share	92,019,612	92,019,612
Effect of dilutive potential ordinary shares:		
Share options and warrants	2,564,456	1,546,101
	<hr/> <hr/>	<hr/> <hr/>
Weighted average number of ordinary shares for the purposes of diluted profit per share	94,584,068	93,665,713
	<hr/> <hr/>	<hr/> <hr/>
Share options and warrants not included in the diluted calculations as per the requirements of IAS 33 (as they are anti-dilutive)	3,384,547	2,736,652
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Basic profit per share:		
From total operations	0.5p	0.8p
	<hr/> <hr/>	<hr/> <hr/>
Diluted profit per share:		
From total operations	0.4p	0.8p
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5. No dividend is proposed.

6. Intangible fixed assets

	Goodwill	Trademarks	Software	Total
	£000	£000	£000	£000
Cost				
At 29 December 2013	269	21	145	435
Additions	-	2	25	27
Disposals	-	-	(9)	(9)
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 December 2014	269	23	161	453
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated amortisation and impairment				
At 29 December 2013	35	5	88	128
Charge for the period	-	2	20	22
Impairment	-	-	6	6
Disposal	-	-	(9)	(9)
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 December 2014	35	7	105	147
	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount				
At 28 December 2014	234	16	56	306
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At 29 December 2013	234	16	57	307
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Impairment testing of goodwill and intangible fixed assets

Goodwill of £269,000 (2013: £269,000) relates to the acquisition of Richoux Limited in August 2000 and is allocated to the group of cash generating units (CGUs) that comprise the business acquired (as described in note 3) with each restaurant site being treated as a single CGU.

The Group tests annually for impairment or more frequently if there are indications that the goodwill and intangible assets may be impaired. The recoverable amounts of the restaurants are calculated from value in use calculations based on cash flow projections from formally approved budgets to December 2015, and forecasts to December 2019 based on a sales growth rate of 2 per cent for established sites. The discount rate applied to cash flow projections is 10 per cent (2013: 12 per cent).

An impairment charge of £6,000 has been recognised in relation to the unrecoverable elements of the assets of two Villagio restaurants following the decision to dispose of these restaurants (2013: £nil). The value in use of the remaining restaurants is higher than the carrying value.

7. Property, plant and equipment

	Short leasehold land and buildings	Fixtures, fittings and equipment	Total
	£000	£000	£000
Cost			
At 29 December 2013	7,621	3,321	10,942
Additions	575	350	925
Transfers	42	(42)	-
Disposals	(687)	(332)	(1,019)
	<hr/>	<hr/>	<hr/>
At 28 December 2014	7,551	3,297	10,848
	<hr/>	<hr/>	<hr/>
Accumulated depreciation and impairment			
At 29 December 2013	3,003	1,591	4,594
Charge for period	321	415	736
Transfers	21	(21)	-
Impairment	257	17	274
Disposals	(533)	(176)	(709)
	<hr/>	<hr/>	<hr/>
At 28 December 2014	3,069	1,826	4,895
	<hr/>	<hr/>	<hr/>
Carrying amount			
At 28 December 2014	4,482	1,471	5,953
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At 29 December 2013	4,618	1,730	6,348
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Impairment testing of property, plant and equipment

The Group considers each trading restaurant to be a cash-generating unit (CGU) and each CGU is reviewed when there are indications of impairment.

The recoverable amounts of the restaurants are calculated from value in use calculations based on cash flow projections from formally approved budgets to December 2015, and forecasts to December 2019 based on a sales growth rate of 2 per cent for established sites. The discount rate applied to cash flow projections is 10 per cent (2013: 12 per cent).

An impairment charge of £274,000 has been recognised £184,000 in relation to the unrecoverable elements of the assets of two Villagio restaurants following the decision to dispose of these restaurants, and £90,000 in relation to one underperforming Zippers restaurant (2013: £32,000; £244,000 was reversed following the successful rebranding of one restaurant as a Villagio restaurant in the previous period and a charge of £276,000 was made in relation to two underperforming Villagio restaurants). The value in use of the remaining restaurants is higher than the carrying value.

The Board has conducted a sensitivity analysis taking into consideration the impact on impairment test assumptions where there is a decrease of 10% on the forecast cash flows. The sensitivity analysis shows that an additional impairment charge of £105,000 would result from this scenario.

8. Reconciliation of operating profit to operating cash flows

	52 week period ended 28 December 2014 £000	52 week period ended 29 December 2013 £000
Operating profit	411	712
Loss on disposal of property, plant and equipment	24	12
Depreciation charge	736	558
Amortisation charge	22	25
Impairment of intangible fixed assets	6	-
Impairment of property, plant and equipment	274	32
Increase in stocks	(3)	(39)
Increase in debtors	(25)	(224)
Increase in creditors	14	827
Equity settled share based payments	27	41
	<hr/>	<hr/>
Net cash inflow from operating activities	1,486	1,944
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9. Post balance sheet events

On the 19 January 2015 the Group entered into an agreement for a new twenty five year lease for a new restaurant in Gloucester Road, London at a rent of £160,000 per annum and on 24 March 2015 the Group entered into an agreement for an adjoining unit at a rent of £23,000 per annum. On the 25 March 2015 the Group took possession of the new unit in Hempstead Valley pursuant to the agreement for lease entered into on 30 October 2014. On the 13 May 2015 the Group entered into an agreement for a twenty five year lease for a new restaurant in Orpington, Kent at a rent of £55,000 per annum. On 10 April 2015 the Group entered into an agreement to take a reassignment of the lease of its former High Wycombe restaurant where it retained liability under an authorised guarantee agreement. This was completed on the 20 April 2015. The Board is currently considering options for this restaurant.

10. Related party transactions

During the period the Group paid professional fees for legal services of £50,000 (2013: £62,000) to Glovers Solicitors LLP of which Philip Shotter is a member. As at the end of the period £nil (2013: £7,000) was outstanding. This is in addition to fees included as Director's emoluments.

The Group has a group VAT registration and the representative Company, Richoux Group plc, pays the net VAT for the Group.

The Group has a group insurance policy which is paid by Richoux Group plc.

Transactions with Directors

Directors' emoluments	2014 £000	£2013 £000
Short term employee benefits	273	272
Share based payments	14	26
	<hr/>	<hr/>
	287	298
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Transactions with substantial shareholders

During the period the Group paid £nil (2013: £14,000) to Prezzo plc, a Company in which Phillip Kaye was a shareholder, for fixtures, fittings and equipment.

11. Report and accounts

Copies of the annual report and accounts will be posted to the shareholders shortly and will be available at www.richouxgroup.co.uk.

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