

The Restaurant Group cheers 'encouraging' sales as it speeds up closure plan

Sales in Wagamama owner The Restaurant Group (TRG) soared as it defied activist investors with strong growth so far this year, setting the stage for it to accelerate the rollout of Wagamama restaurants.

Sales at Wagamama were up 9%, while it also reported growth in its pubs, leisure and concessions divisions.

It also reported better-than-expected progress towards cutting its debts.

As a result, the group now plans to open eight new Wagamama restaurants this year instead of five. TRG revealed plans to close 35 loss-making Frankie & Benny's and Chiquito restaurants in March.

The latest growth will help The Restaurant Group's case in its fight with activist investors Oasis, which last week said it would aim to vote down CEO Andy Hornby's "disproportionate" pay packet as it called for radical change.

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“We’ve enjoyed a really positive first four months of the year,” Hornby said. “Wagamama and our Brunning & Price Pubs continue to trade very strongly and it is especially pleasing to see the consistent growth in ‘dine in’ sales with customers clearly enjoying eating out despite the economic backdrop.

“Our Concessions business is also performing particularly strongly as air travel continues to recover..”

Shares in The Restaurant Group are up 11.4% to 45.1p.

Analysts at Peel Hunt upgraded the firm’s target price from 60p to 70p. It said the main reason for this was the efficient progress shown in TRG’s cost savings plan rather than the sales growth.