

# Cafe Rouge owner needs bigger table for swoop on Chiquito's and Frankie & Benny's

The owner of Cafe Rouge is in talks to buy Chiquito's and Frankie and Benny's, two of Britain's best-known restaurant chains.

Sky News has learnt that The Big Table, which is backed by the private equity firm Epiris, is negotiating the acquisition of the two brands from The Restaurant Group (TRG), the London-listed owner of Wagamama.

Banking sources said this weekend that the talks were at an advanced stage and could lead to an imminent agreement.

They warned, however, that a deal could yet fall apart.

If completed, the takeover would involve TRG paying a multimillion pound dowry to The Big Table to take Chiquito's and Frankie and Benny's off its hands, sources said this weekend.

The two chains have acted as a drag on TRG's improving financial performance, with sales growth lagging the wider casual dining market in recent years.

They have also reinforced the company's desire to reinvest more aggressively in its successful Wagamama, pubs – which trade as Brunning & Price – and concessions divisions.

The casual dining sector as a whole has been hurt by soaring [inflation](#) and pressure on consumer spending.

TRG, which confirmed on Friday that chairman Ken Hanna would step down despite the company's improving outlook, said this week that the Chiquito's and Frankie & Benny's estates were

being shrunk from 116 sites at the end of last year to an anticipated 76 by the end of this.

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One analyst said this weekend that a deal would make sense for both parties, with The Big Table adding the two chains to a portfolio which includes Amalfi, Banana Tree, Bella Italia, Cafe Rouge and Las Iguanas.

The sale of Chiquito's and Frankie & Benny's would comprise roughly 75 sites, with TRG's leisure operations employing about 3,000 people.

That would add meaningfully to The Big Table's estate, which according to its website consists of more than 160 restaurants across the UK.

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Selling them to an established restaurant group would protect the interests of those employees while also removing a brake on TRG's future growth prospects, another analyst added.

The company's half-year results this week were well-received by the City, with the additional fillip of a modest increase to full-year profit expectations.

TRG has been at the centre of one of the stock market's most protracted activist campaigns, with Oasis Management – now the company's biggest shareholder with an 18% stake – having called on Mr Hanna to step down.

Irenic Capital Management, a US-based hedge fund, had also urged him to quit over what it described as corporate governance failings – a view opposed by many long-term investors.

One of those, Columbia Threadneedle Investments, this week cut its stake in TRG from about 16% to 10%.

Andy Hornby, the Wagamama owner's chief executive, said on Friday that Mr Hanna had been an "exceptional" chair.

The chairman's decision to exit, which was attributed to "personal reasons", is said to have been motivated by a desire to establish a ceasefire with the activist funds which now collectively own more than 20% of TRG.

Jason Molins, an analyst at Goodbody, described the earnings statement as "another reassuring update from the group", while Douglas Jack at Peel Hunt wrote: "Our view is that the greatest value will be realised by allowing the company more time to rebuild profitability."

On Friday, shares in TRG closed up more than 7% at 47.5p, giving the company a market value of £363m.

Spokesmen for Epiris and TRG both declined to comment.