

Wagamama owner to close restaurants as surge in costs drives annual loss

Restaurant Group, owner of brands including Wagamama and Frankie & Benny's, has revealed plans to close dozens of sites while reporting a slump into the red during 2022.

The company said it was aiming to cut its leisure estate by about 30% to between 75-85 sites by 2024 from 116 sites at present.

That side of the business includes the Frankie & Benny's and Chiquito names.

Restaurant Group, which has come under pressure from investors in recent months, said the 35 sites earmarked for closure were all loss-making and would be shut as leases expired over the next three years.

It blamed pressures due to higher [inflation](#) which include energy, ingredients and wages.

Cost pressures have already accounted for a reduction in the store estate.

The company said rising costs were the primary factor behind its plunge to an annual operating loss of almost £50m despite strong sales growth across its divisions which, it said, had continued at the start of 2023.

On a statutory basis, pre-tax profits of £20m were wiped out by a provision for the closure of sites.

Total sales of £883m compared with a sum of £636.6m the year before when it had made profits of £11.8m despite continued headwinds from the COVID pandemic.

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Shares fell by more than 12%.

Chief executive Andy Hornby said: "We've delivered a strong operating performance for the year in a market which has continued to pose a number of headwinds for casual dining operators."

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Inflation eases but remains above 10%

"Current trading has been very encouraging to the great credit of our teams who continue to ensure our customers receive the best experience possible."

"We have a clear plan to increase... margins over the next three years and deliver significant value for all our stakeholders."

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Restaurant Group's performance has been called into question by a number of institutional shareholders.

Last month, Oasis Management publicly called for the company to take immediate steps to restore market confidence.

Bloomberg reported on Tuesday that activist investor Irenic Capital Management, was also pushing for change.

It said that it had held had private discussions with the company over several suggestions, including potential divestiture of its pubs and concessions businesses.

It had also demanded that corporate costs were reduced, the report added.