

# TRAGUS

## 2006/07 Year End Results “A year of considerable progress”

Tragus reports year end results for the twelve months to 27th May 2007

Tragus Group Limited (“Tragus”), one of the leading casual dining groups in the UK, announces its year end results for the twelve months to 27th May 2007.

### Highlights

- Turnover up 14.8% to £148.7m
- Like-for-like sales up 9.7%
- London continues to be a strong driver of LFL growth
- EBITDA up 28% to £28.2m
- 236 restaurants (including Strada) operated at the end of May 07 (FY06 168)
- Average like-for-like site EBITDA up 19.9% to £238K
- Acquisition of MA Potters (16 restaurants) in February 2007 for £14.15m
- Acquisition of Strada (55 restaurants) in May 2007 for £140m
- Six new Café Rouge restaurants opened in the period across the UK - in Sheffield, Manchester, Gateshead, Exeter, Harborne and Milton Keynes
- Strong pipeline of sites for FY08 and FY09 with circa 30 new openings planned during FY08, the majority of which will be Café Rouge and Strada brands
- Average cash return on new restaurants of circa 39% for all new restaurants opened at May 2007.
- Continued strong demand for all of our brands

### Financial Highlights

Year Ended 27 <sup>th</sup> May	2007	2006	2005
	£000's	£000's	£000's
<b>Total Sales</b>	148,704	129,541	116,590
<b>Site EBITDA</b>	37,512	29,987	24,359
<b>Central Costs</b>	(9,311)	(7,982)	(7,642)
<b>EBITDA (pre exc. items)</b>	28,201	22,005	16,717

*The above results are based on the unaudited financial statements of Tragus Group Holdings Limited, Tragus Group Limited and MA Potters Limited (since the date of acquisition) and are presented on a UK GAAP basis. EBITDA figures are stated after pre-opening costs. Strada was acquired after the year end.*

## Outlook:

- *Nine new openings since the year end:*
  - *Café Rouge: Lakeside, Manchester Spinningfields, Cardiff Mermaid Quay and Tenterden*
  - *Bella Italia: Lakeside*
  - *Strada: Lakeside, Horsham, Reigate and Cardiff Mermaid Quay*
- *Trading over the wet summer months of 2007 has favoured restaurants which are less dependent on terrace seating. Accordingly this has affected Café Rouge with its high level of terrace seating with a better performance from Strada and Bella Italia who are less dependant on external seating. However, in overall terms since the year end the group has seen good LFL growth in line with expectations*
- *Strada and Café Rouge are the key roll-out brands for the group with around 12 new sites per year planned for each*
- *MA Potters to be refurbished and upgraded to Potters Bar + Kitchen*
- *Nine new restaurants planned in four Center Parcs locations*
- *New British concept Huxleys Bar and Kitchen to open in Heathrow T5 in March 2008.*
- *The recent smoking ban has been welcomed by our customers and although it is too early to draw material conclusions, we believe that the smoking ban will be a positive influence on our restaurants*
- *Continued brand development for Café Rouge, Strada and Bella Italia with innovative new dishes and enhanced favourites*

Graham Turner, Tragus Chief Executive Officer, commented: "This has been a year of considerable progress for our Group with strong performance in our Cafe Rouge and Bella Italia brands and the exciting recent acquisition of Strada. Additionally, we have successfully transitioned to ownership under Blackstone, which will provide new opportunities for the Group. We are looking forward to growing the Strada and Cafe Rouge brands across the UK and, additionally, we are pleased to be working with both BAA and Center Parcs to enhance our portfolio and build on the success of our brands."

## Enquiries:

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## Chief Executive's Review

The year under review has been one of considerable development for Tragus. In December 2006, the Group completed its sale from Legal and General Ventures to the Blackstone Group Limited for £267m. The transaction resulted in an increase in our capex facility available to fund future growth from £20m to £40m.

This has also been a year of growth, both organic and through acquisition. In February, the MA Potters business, with 16 sites, was added to the portfolio. In May, Tragus acquired the

leading Italian restaurant chain Strada, with 55 restaurants including 5 Belgo and Bierodrome outlets.

At the same time, Tragus has successfully driven returns in the existing portfolio as well as further developing its new Spanish concept to complement the current brands.

A total of seven new restaurants were opened in the twelve months to 27th May 2007, including six Café Rouge restaurants and one Ortega.

We also announced plans to extend our brand reach, with an agreement in principle with Center Parcs to open nine restaurants across their four UK sites on a concession basis. We expect to start managing these sites from October 2007, after which time the facilities will be upgraded in a phased programme over the following 12 months.

Total turnover grew by 14.8%, driven by ongoing enhancements across the estate including strengthening our consumer offer and an ongoing focus on service along with further growth of our portfolio. Like-for-like turnover increased 9.7% driven by the service and quality initiatives and reflecting the strength of our brands in a growing market.

### **Café Rouge**

The Café Rouge group of restaurants continued its strong growth, both in sales from existing sites and new operations. Revenue rose by 18.2% with like-for-like sales growth of 8.5% over the period. 55 restaurants broke sales records during the year.

Six new Café Rouge sites were opened in the period, including Sheffield, Manchester, Gateshead, Exeter, Harborne and Milton Keynes and we continue to see opportunities to grow the Café Rouge brand considerably from its year end total of 89 to over 150 units.

### **Bella Italia**

The Bella Italia brand has continued to perform exceptionally well, with 12.2% growth in turnover in the period and like-for-like sales up by 12.1%. 52 restaurants broke previous sales records during the period. A number of restaurants have been refurbished and further refurbishments are planned in the coming year to replicate the authentic and fun family atmosphere that the brand represents. We are also improving the outdoor signage of a number of sites to improve the presence of the brand in selected locations.

### **Ortega**

In March 2006, Tragus announced the launch of Ortega, its Spanish tapas bar and cantina developed organically by the group. Five restaurants are now trading in Harlow, Leadenhall Market (London), Charterhouse Street (London), Northampton and Southend and initial response to the brand has been encouraging. We have plans to open another two restaurants in the current year and see potential to further develop this brand as it seeks to meet the demand for the Spanish tapas style of eating in the UK.

### **Cash Return on Capital Invested (CROCI)**

The investment into growing the estate has proved extremely successful with an average CROCI of circa 39% on the new sites opened during the last three years and trading for more than 6 months. For sites that have not been operational for a full 12 months a best view has been taken as to performance for the full year.

This figure is calculated as site EBITDA divided by capital invested and excludes sites where there has not been sufficient time to assess trading performance or where the brand is one in development.

## **Outlook**

The current year has started well, with the recent announcement of our new British dining concept Huxleys Bar & Kitchen, the first of which will showcase in the prestigious Heathrow Terminal 5 development. The Huxleys Bar & Kitchen, which will offer an innovative British menu, will add to the exciting eating and shopping opportunities opening at Heathrow's new terminal building in March 2008.

Following the acquisition of the Strada Italian restaurant chain, we have begun our integration and plan to roll out the brand alongside our other growth brand Café Rouge over the coming years.

Restaurant openings for our existing brands continue, with nine new openings since the year end – *Café Rouge: Lakeside, Manchester Spinningfields, Cardiff Mermaid Quay and Tenterden; Bella Italia: Lakeside; Strada: Lakeside, Horsham, Reigate and Cardiff Mermaid Quay.*

The recent smoking ban has been welcomed by our customers and although it is too early to draw material conclusions, we believe that the smoking ban will be a positive influence on our restaurants.

**Ends**

## Notes to Editors

Tragus Group Limited ("Tragus") is one of the largest mid-market restaurant chain operators in the UK, with over 240 sites across the country serving over 16 million meals every year. Tragus operates primarily under the Café Rouge, Bella Italia and Strada formats in the UK. [www.tragusgroup.com](http://www.tragusgroup.com)

### **Café Rouge (95 sites), [www.caferouge.co.uk](http://www.caferouge.co.uk)**

Café Rouge is the UK's only established national French restaurant brand, with sites designed to provide the look and feel of a classic Parisian bistro and a menu that includes steak frites, moules and tarte tatin. Café Rouge is predominantly a high street brand but it also operates successfully within a retail and concessionary environment.

### **Bella Italia (72 sites), [www.bellaitalia.co.uk](http://www.bellaitalia.co.uk)**

Bella Italia is an all-day Italian trattoria with a rustic ambience. Its restaurants are in prime locations predominantly on the high street but it also operates from leisure park sites. In addition to classic pizzas and pasta its broad menu also includes a range of grill, main courses, sandwiches and salads.

### **Strada Group (58 Sites), [www.strada.co.uk](http://www.strada.co.uk), [www.belgo-restaurants.com](http://www.belgo-restaurants.com)**

Strada (53) is a group of contemporary Italian restaurants located on the high street serving good quality, simple, freshly prepared dishes using the finest seasonal produce available. The menu offers hand stretched pizzas, fresh pastas, risotto and grilled meat and fish dishes. Belgo and Bierodrome (5) offer traditional Belgian food accompanied by the widest selection of Belgian beers in funky surroundings.

### **Ortega (5 sites), [www.ortegatapas.co.uk](http://www.ortegatapas.co.uk)**

Ortega is a tapas bar and cantina with a unique atmosphere that captures all the passion and spirit of eating and drinking in Spain. Ortega offers an extensive and authentic tapas offering along with delicious paellas, steaks and seafood main courses. The bar serves traditional Spanish drinks such as Sangria alongside a selection of wines, lagers and classic cocktails.

### **Brasseries (13 sites)**

Tragus also operates 13 brasseries under the brands Amalfi, Oriel, MA Potters and Abbaye.

### **Huxleys Bar & Kitchen (1 site)**

Huxleys Bar and Kitchen is the new Great British food offering with traditional British food ranging from kedgeree and kiln smoked Scottish salmon to steak and kidney pudding, ploughman's lunch, classic sandwiches and grilled steaks. The bar offers a full range of wines from across the world in addition to a classic selection of beers, ales and spirits. The first Huxleys is due to open in March 2008 at the Heathrow T5 development.

### **Unaudited accounts**

The above results are based on the unaudited financial statements of Tragus Group Holdings Limited, Tragus Group Limited and MA Potters Limited (since the date of acquisition) and are presented on a UK GAAP basis. Strada was acquired after the year end.