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# Rosinter Q1 Down on Higher Food Costs and New Outlets

By The Moscow Times

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The country's biggest and only listed restaurant chain Rosinter plunged to a net loss in the first quarter due to the cost of opening new outlets and lower revenue forecasts for some of its existing ones.

Rosinter, which owns Planet Sushi and operates the Russian franchise of T.G.I. Friday's, posted a net loss of 146.4 million rubles ($5.23 million) after a 22.3 million ruble net profit in the first quarter of 2010.

The company blamed the result on a sharp jump in expenses related to new openings to 38 million rubles, as well as a 38.1 million ruble depreciation charge stemming from a revision of operational forecasts for several outlets.

Gross profit fell 19.3 percent to 428.3 million rubles due to food inflation, higher wages and utility costs. The gross margin dropped to 17.2 percent from 23.4 percent a year ago.

"In the final months of 2010, we began to implement step-by-step price revisions which will allow us to support our sales and margins through passing the cost inflation on to the consumers," chief executive Sergei Beshev said in a statement.

The company, which also has a joint venture with Britain's Whitbread to develop the Costa Coffee brand, opened 16 new restaurants, including six corporate and 10 franchise outlets, bringing its total to 374.

The chain's expansion, coupled with a broad consumer spending recovery, helped drive revenue 9.8 percent higher to 2.5 billion rubles, the company said.