

Ahead of the Bell: Chipotle Slides on Warning

NEW YORK (AP) — Shares of Chipotle Mexican Grill Inc. slid in premarket trading Wednesday after the casual dining chain warned that fourth-quarter earnings would miss estimates because of higher food costs.

Late Tuesday, the Denver-based company put its earnings per share for the December quarter at \$1.92 to \$1.97 on revenue of \$699.2 million.

Analysts had expected higher earnings of \$2.08 per share on lower sales of \$690.7 million, according to FactSet.

Revenue is up more than 17 percent from a year earlier, and the company said sales at locations open at least a year — a key metric of a restaurant chain's health — rose 3.8 percent.

But food costs are expected to be just about a third of sales, up 130 basis points from last year because of higher commodity costs.

"While food costs driven by underlying inflation increased faster than expected in the fourth quarter, we're optimistic that food inflation will level off in 2013," Monty Moran, co-CEO of Chipotle, said in a statement.

Chipotle opened 60 locations in the fourth quarter, finishing the year with more than 1,400 restaurants.

Analyst Mark Kalinowski of Janney called the guidance "disappointing" in a report Wednesday and trimmed his earnings estimates for the quarter and 2013. He rates the stock "Neutral" with a price target of \$295.

Jefferies analyst Andy Barish, who rates the stock "Underperform," said in a report that "consumers are particularly sensitive to abrupt price increases," which doesn't bode well for 2013. His price target is \$215.

Chipotle will release quarterly results Feb. 5.

The company's shares traded at \$274 in the premarket, down \$23.32, or nearly 8 percent. They have traded in a 52-week range of \$233.82 to \$442.40.

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