

How Much Hotter Can Chipotle Get?

2006-06-12

Banc of America Securities maintained a 'neutral' rating on Chipotle Mexican Grill but raised estimates and the price target based on strong first-quarter earnings and McDonalds' secondary share offering.

"We believe that Chipotle represents one of the strongest concepts in the Quick-casual segment," wrote analyst Andrew Barish in a report Monday. "We like the strong long-term prospects of the brand, and would be inclined to review our stance on potential pullbacks in the stock associated with quarterly earnings-per-share volatility and/or same-store sales slowdown associated with high-growth companies."

For its first quarter, Chipotle (nyse: CMG) reported earnings of 26 cents per share, more than twice Barish's original estimate of 10 cents. The analyst attributed the upside to nearly 20% same-store sales gains and strong flow-through.

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