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CREAN

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RESULTS FOR THE YEAR ENDED 30 JUNE 2020









TRADING ENVIRONMENT – COVID-19

- Material impact on franchisee turnover and profitability
- Landlord negotiations
- Franchisee employees assisted through TERS
- Significant impact on our corporate performance
 - Discounted franchise and marketing fees
 - Extended credit terms granted to franchisees
 - Significant reduction in group revenue and profit



TRADING ENVIRONMENT – COVID-19 (cont.)

27 March – 30 April	Complete prohibition – no trading
1 May – 31 May	Trading for delivery only
1 June – 28 June	Trading for delivery and collection only
29 June onwards	Sit-down trade recommenced, subject to strict social distancing protocols (capacity limitations, no alcohol permitted and a curfew)
18 August onwards	Alcohol sales permitted
20 September onwards	Lockdown level reduced to level 1 – curfew extended



TRADING ENVIRONMENT – COVID-19 (cont.)

- Period to February 2020 restaurant sales up 6% in South
 Africa and 4% internationally
- Full year total restaurant sales declined 21.7%
- The Hussar Grill hardest hit by restrictions (tourism)
- RocoMamas least affected by lockdown; more geared towards delivery and takeaway market
- Franchisees still recovering financially from the effects of the lockdown



RESTAURANTS TRADING

Brand	Active agreements at 30 June 2020	June 2020	October 2020
Spur	298	210	291
Pizza and Pasta	91	56	83
John Dory's	52	36	47
The Hussar Grill	22	5	21
RocoMamas	75	61	75
Nikos	9	6	7
Total South Africa	547	374	524
International	84	80	88
Total group	631	454	612
% trading		72%	97%



RESTAURANT SALES

Turnover as a percentage of prior year per month*

Brand	March 2020	May 2020	June 2020	July 2020	Aug 2020	Sept 2020	Oct 2020
Spur	54.8	8.8	12.8	34.6	56.2	72.1	93.9
Pizza and Pasta	51.0	11.1	17.2	31.7	49.6	63.2	89.3
John Dory's	46.3	4.3	11.0	24.8	45.1	71.0	84.6
The Hussar Grill	62.1	0.2	2.5	22.6	45.6	93.7	80.4
RocoMamas	47.9	47.1	46.8	66.5	78.6	86.5	103.7
Nikos	51.8	15.2	26.9	41.7	61.3	85.3	82.2
International	62.5	26.8	60.6	76.0	69.0	83.9	97.5
Total	54.2	14.3	21.0	40.9	58.2	74.8	93.3

* No restaurants traded for the month of April

Loyalty card customers account for 33.1% of restaurant sales















FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2020



FINANCIAL IMPACT OF COVID-19

- Lower restaurant sales and franchise fee rates
 - Most revenue streams related to restaurant sales
- Impairment of intangibles and goodwill
 - Nikos R5.7m
- Impairment of international tax receivable (R11.7m)
- Increased credit risk resulting in increase in expected credit losses (ECL)
 - Australia R7.1m* (2019: R12.0m)
 - Other R6.1m (2019: R1.4m)

* Including IFRS 16 lease receivable



FINANCIAL IMPACT OF COVID-19 (cont.)

- Reduced workweek and employment costs from June 2020
- Reduced marketing spend
- Reduced all discretionary expenditure where possible
- Deferred payment of interim dividend; no final dividend
- Reduced cash reserves
 - Net outflow from April to September R72m
 - Ungeared at year end and no borrowings required



THE YEAR AT A GLANCE

- Revenue -19.4% (-17.3%*)
- Profit before tax -50.3% (-39.3%*)
- Comparable profit before tax -40.9%
- Headline earnings -56.1% (-41.5%*)
- Comparable headline earnings -43.5%
- Cash balances declined R116.7m from R284.0m to R167.3m

* Excluding marketing funds: marketing fund surpluses not for the benefit of shareholders



ADOPTION OF NEW STANDARD (IFRS 16)

- Leases of properties, vehicles and machinery
- No restatement of comparatives
- Recognition of lease liabilities of R52.9m and ROU assets of R41.9m
- Additional depreciation R12.3m
- Additional net interest expense R4.7m
- Net decrease in profit on comparable basis R5.9m (R2.9m + ECL of R3.0m on Australia lease receivable)



RESTAURANT TURNOVERS – SOUTH AFRICA

R'000

Brand	2020	2019	% change
Spur Steak Ranches	3 552 221	4 585 811	(22.5)
Pizza and Pasta	602 338	799 422	(24.7)
John Dory's Fish Grill Sushi	358 081	474 551	(24.5)
The Hussar Grill	168 035	209 059	(19.6)
RocoMamas	556 627	675 193	(17.6)
Nikos	53 278	65 882	(19.1)
Total	5 290 580	6 809 918	(22.3)

- Decline in restaurant sales All related to COVID-19
- No menu price increase in H2



SA FRANCHISE BUSINESS

Brand	% change in revenue	Profit 2020 R'000	Profit 2019 R'000	% change in profit
Spur	(25.9)	134 461	192 361	(30.1)
Pizza and Pasta	(27.8)	13 202	23 453	(43.7)
John Dory's	(28.3)	5 053	9 880	(48.9)
The Hussar Grill	(21.3)	4 025	5 664	(28.9)
RocoMamas	(22.5)	17 645	24 380	(27.6)
Nikos	(10.6)	(5 465)	779	-

- Franchise fees reduced from 5% to 4% for half of March and 3% for May and June
- Majority of overheads employment costs, not variable in the short term
 - 20% reduction in employment costs only effective from June 2020
- No allowance for STI or bonus
- Nikos includes impairment of R5.7m

SOUTH AFRICA RETAIL*

R'000	2020	2019	% change
Revenue	53 694	69 753	(23.0)
Operating (loss)/profit	(3 761)	8 576	(143.9)
IFRS 16 impact	2 049	-	
Impairment of PPE at THG Morningside	1 322	-	
THG Camps Bay refurbishment	169	-	
Comparable operating (loss)/profit	(221)	8 576	(102.6)
Comparable operating margin	(0.6%)	17.6%	

- The Hussar Grill Camps Bay closed for 6 weeks for revamp (cost of R4.5m)
- The Hussar Grill restaurants did not trade from April to June

* Comprises four The Hussar Grill restaurants and one RocoMamas



MANUFACTURING & DISTRIBUTION

R'000	2020	2019	% change
Revenue – Manufacturing	68 418	88 746	(22.9)
Revenue – Retail sauces	69 446	62 107	11.8
Revenue – Distribution	47 604	51 081	(6.8)
Revenue – Total	185 468	201 934	(8.2)

- Manufacturing revenue is a function of restaurant sales
 - Previous price increase of 4% was in December 2018
- Retail sauce sales surprisingly buoyant
 - Small margin
- Distribution is a function of restaurant sales
 - Reduction is less than restaurant sales reduction
 - Commission increased from 3% to 4% in January 2019



MANUFACTURING & DISTRIBUTION

R'000	2020 (margin)	2019 (margin)	% change
Operating profit – Manufacturing	8 022 (11.7)	19 924 (22.5)	(59.7)
Operating profit – Retail	2 938 (4.2)	2 355 (3.8)	24.8
Operating profit – Distribution	47 604 (100)	51 081 (100)	(6.8)
Operating profit – Total	58 564 (31.6)	73 360 (36.3)	(20.2)

- Manufacturing
 - No sales in last quarter
 - Pre-COVID refurbishment of R8.5m (2019: R3.5m); R1.8m expensed
 - Additional depreciation, rent, security and staff costs as a result of the expansion
- Retail sauces growing margin
- Distribution margin 100%



SA MARKETING FUNDS

R'000	2020	2019	% change
Revenue	184 288	245 112	(24.8)
(Over)/under spent	(19 115)	12 555	(252.3)
Cumulative (over)/under spend	(12 918)	7 267	

- Marketing fees reduced by 1% for half of March, and from 4%/2% to 1% for May and June
- Significant reduction in marketing spend (R30m cut)
- Cumulative deficit and working capital funded by group to sustain marketing efforts (total funding R23.4m)



CORPORATE SERVICES SOUTH AFRICA

R'000	2020	2019	% change
Marketing admin fees income	16 245	22 503	(27.8)
GPI interest income	2 935	9 530	(69.2)
Net interest income	15 042	23 259	(35.3)
Shared overheads	(103 421)	(129 435)	20.1
Operating loss	(69 199)	(74 143)	6.7

- Admin fee income calculated as a percentage of marketing revenue
- GPI loan repaid in October 2019
- Interest down due to GPI share buyback, lower cash and interest rates



CORPORATE SERVICES SOUTH AFRICA

R'000	2020	2019	% change
Shared overheads	(103 421)	(129 435)	20.1
Nikos contingent consideration FV adjustment	(3 977)	1 555	
(Reversal)/impairment of GPI loan	(10 812)	6 688	
Other IFRS9 ECL	5 367	1 443	
Other	752	(408)	
Comparable shared overheads	(112 091)	(120 157)	6.7

- Nikos contingent consideration due to downward revision of projected profits
- Impairment of GPI loan receivable in PY reversed as settled in full
- ECL increased due to increase in credit risk local and export debtors
- CY includes reductions of R6.9m in leave pay and bonuses

CORPORATE SERVICES SOUTH AFRICA

R'm	2020	2019
Consulting and legal fees	3.5	2.5
Leave pay and bonuses	(6.9)	0.1
Executives	24.5	28.5
IT	28.1	25.1
Finance and legal (employment costs)	15.7	17.6
Development and procurement	11.2	9.2
HR	6.5	6.2
Property company costs, rent, utilities, R&M	7.3	6.7
Spur Corporation (listing related costs)	3.4	3.6
Audit and accounting	2.2	2.1
Non-executive directors (incl. VAT)	3.6	2.4
Depreciation (pre-IFRS 16)	5.5	5.9
Other (travel, insurance, cleaning, bank charges etc)	7.5	10.3
Shared overheads	112.1	120.2

RESTAURANT TURNOVERS – INTERNATIONAL

R'000

Location	2020	2019	% change	% change*
Australasia	114 795	176 236	(34.9)	(37.0)
Africa (excl. SA)	367 869	420 148	(12.4)	(12.6)
Mauritius	158 006	173 875	(9.1)	(8.0)
Middle East	40 501	51 206	(20.9)	(28.1)
Cyprus & India	7 464	5 361	39.2	30.5
Total	688 635	826 826	(16.7)	(12.4)

- Australia trading conditions difficult pre-COVID-19, exacerbated by harsh lockdown
 - 1 closure in current year; 3 closures in prior year
- Africa net 4 new restaurants (5 new in Zambia)
- Mauritius net 4 new restaurants
- Cyprus & India India only open for 7 months in prior year

* Using a constant exchange

AUSTRALASIA

R'000	2020	2019	% change
Revenue	1 817	4 349	(58.2)
Net loss	(9 822)	(16 992)	
IFRS 9 Impairment of loans & lease receivable	6 636	8 686	
RocoMamas Australia impairment	436	3 357	
Retrenchment costs	308	-	
Foreign exchange loss	(19)	10	
Adjusted operating loss	(2 461)	(4 939)	50.2

- Looking to rationalise business model
- Disposed of loss-making RocoMamas Australia in October 2019
- Cut costs during the year only 1 person remains employed by the franchisor



OTHER INTERNATIONAL

R'000	2020	2019	% change
Total revenue	26 270	29 618	(11.3)
Operating profit	12 509	12 663	(1.2)
Operating margin	47.6%	42.8%	4.9
Includes:			
Africa (excl. SA) & Mauritius			
Revenue	22 351	26 190	(14.7)
Operating profit	10 740	11 796	(9.0)
Operating margin	48.1%	45.0%	3.0

Reduced operating costs due to international travel restrictions



INTERNATIONAL CORPORATE SERVICES

R'000	2020	2019	% change
Operating loss	(6 644)	(8 823)	24.7
Zambian settlement & related costs	-	2 350	
Other IFRS 9 ECL (movement)	734	(53)	
IFRS 16	14	-	
Foreign exchange loss and IFRS 16	126	592	
Adjusted operating loss	(5 770)	(5 934)	2.8

 Costs are being tightly managed; benefitted from Dutch government COVID relief of R0.5m

* Applying a constant exchange rate, corporate costs decreased by 9.0%



COMPARABLE PROFIT

R'000	2020	2019	% change
Profit before tax	127 774	257 077	(50.3)
Exclude: Marketing funds' deficit/(surplus)	20 209	(13 472)	
	147 983	243 605	(39.3)
Australia loan impairments (incl. RocoMamas)	7 072	12 043	
Other expected credit losses	6 101	1 390	
GPI receivable ECL	(10 812)	6 688	
Nikos contingent consideration FV adjustment	(3 977)	1 555	
Asset impairments (Nikos, Hussar Grill Morningside)	7 076	-	
Impact of IFRS 16 (excl. lease receivable ECL)	2 948	-	
Revamp costs not capitalised	1 939	-	
Litigation costs – Zambia	-	2 436	
Retrenchment costs	308	1 410	
Other	371	95	
Comparable profit before tax	159 009	269 222	(40.9)

COMPARABLE HEADLINE EARNINGS

R'000	2020	2019	% change
Headline earnings	72 463	165 110	(56.1)
Exclude: Marketing funds' deficit/(surplus)	18 365	(9 957)	
	90 828	155 153	(41.5)
Australia loan impairments	5 909	12 043	
Other expected credit losses	4 711	1 343	
GPI receivable ECL	(10 812)	6 688	
Nikos contingent consideration FV adjustment	(3 977)	1 555	
Impairment of international WHT	11 746	-	
Impact of IFRS 16 (excl. lease receivable ECL)	1 870	-	
Revamp costs not capitalised	1 753	-	
Litigation costs – Zambia	-	2 412	
Other	411	2 012	
Comparable headline earnings	102 439	181 206	(43.5)

COMPARABLE HEADLINE EARNINGS PER SHARE

R'000	2020	2019	% change
Comparable headline earnings	102 439	181 206	(43.5)
WANOS	87 061	95 065	(8.4)
Comparable HEPS (cents per share)	117.66	190.61	(38.3)

- GPI share buyback: 10.8m shares repurchased in October 2019
- WANOS reduced by 7.7m



FINANCIAL POSITION

R'000	2020	2019
ASSETS		
Right-of-use assets	41 921	-
Intangible assets and goodwill	365 253	369 092
Loans receivable	6 951	111 352
Tax receivable	28 073	36 939
Trade and other receivables	55 619	106 011
Cash and cash equivalents	167 289	283 979

- ROU assets due to IFRS 16
- Intangibles reduced by Nikos impairment
- Loans receivable reduced by GPI preference shares
- Tax receivable foreign WHT credit impairment
- Trade receivables lower revenue in Q4



FINANCIAL POSITION

R'000	2020	2019
LIABILITIES		
Lease liabilities	52 948	-
Trade and other payables	43 707	66 611
Shareholders for dividend	66 257	714

- Lease liabilities due to IFRS 16
- Trade and other payables R14.2m reduction in leave pay and bonus accrual, and lower VAT payable
- Shareholders for dividend increase due to deferment of 2020 interim dividend payment



CASH FLOW

R'000	2020	2019
Cash flow generated from operations	177 749	244 919
Net interest received (excl. GPI)	11 085	21 978
	188 834	266 897
Dividends paid	(75 350)	(123 826)
Taxation paid	(53 410)	(81 408)
Net impact of GPI repurchase	(149 896)	-
Net investment in fixed and intangible assets	(16 790)	(10 767)
Purchase of treasury shares	(2 956)	(19 609)
Payment of lease liabilities	(8 335)	-
Other	1 155	(411)
Net cash (decrease)/increase for the year	(116 748)	30 876





LOOKING AT THE YEAR AHEAD



GOVERNANCE UPDATE



GOVERNANCE UPDATE

- Executive management changes:
 - Retirement of CEO after 38 years service, 24 as CEO
 - Appointment of Val Nichas as CEO from 1 January 2021
 - Resignation of COO from 31 August 2020, after 30 years
 - Appointment of Kevin Robertson as COO from 15 October 2020
 - Resignation of CFO appointment of Cristina Teixeira from 1 February 2021



GOVERNANCE UPDATE

- Board changes:
 - Appointment of three new executive directors from 15 October 2020
 - Resignation of two non-executive directors
 - Appointment of four independent non-executive directors from 15 October 2020
 - After appointment of new CEO and CFO board will comprise
 50% females and 50% black members (from February 2021)



BRAND FAMILY













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WoodFired Pizza • Pasta • Grills



we're not normal







FOCUS AREAS SINCE YEAR END

- Focus on operational fundamentals
- Franchisee sustainability
 - Discounted fees
 - Anticipate being back to full fees by March 2021
- Supply chain management
 - Ribs and primal cuts
 - Food inflation
- Occupational health and safety in-store
 - COVID-19 protocols
 - Customer and staff safety



VIRTUAL DELIVERY-ONLY BRANDS

- Adapting to home consumption
- Exposure to different target markets; attract different generations and lifestyles
- Four virtual brands launched late in the financial year



- Available on-line only
- Still in proof-of-concept phase; potential to grow
- No additional investment by franchisees
- Use existing restaurant kitchens



VIRTUAL DELIVERY-ONLY BRANDS (cont.)

- Incremental cash flow on top of existing trading
- Agile model: ability to pivot fast
- Part of strategy to innovate and respond to changing consumer behaviour
- Since 30 June 2020 additional virtual brands launched



VIRTUAL DELIVERY-ONLY BRANDS (cont.)





BRAND DEVELOPMENT IN SOUTH AFRICA

Brand	Opened to 30 June 2020	To open to 30 June 2021
Spur Steak Ranches	4	5
Pizza and Pasta	5	6
John Dory's Fish Grill Sushi	3	2
The Hussar Grill	2	-
RocoMamas	6	7
Nikos	1	1
Total	21	21



RESTAURANT FOOTPRINT - INTERNATIONAL

Location	Spur	Panarottis	John Dory's	Hussar	RocoMamas	Total
Australasia	4	3			1	8
Botswana	2				1	3
Cyprus					1	1
Eswatini	3					3
India					1	1
Kenya	5	1			2	8
Lesotho	1					1
Mauritius	3	12			2	17
Middle East				1	3	4
Namibia	7	1	2		1	11
Nigeria	5	2				7
Tanzania	1					1
Zambia	3	12	1	1	1	18
Zimbabwe					1	1
Total	34	31	3	2	14	84



BRAND DEVELOPMENT - INTERNATIONAL

Country	Opened to 30 June 2020	To open by 30 June 2021
Australia	1*	-
Eswatini	_	2
Ghana	_	1
Kenya	2	-
Mauritius	6	-
Middle East	2	1
Nigeria	2	-
Zambia	5	3
Zimbabwe	_	1
Total	18	8

* Relocation of closed RocoMamas in Melbourne



OUTLOOK



OUTLOOK

- Risk of a second wave of infections impacting trading
- Protracted period of recovery for restaurant industry
- Lack of consumer confidence in a shrinking economy
- Increasing unemployment
- Low interest rates positive for consumer spending



OUR RESPONSE

- Customer engagement
 - Continue to drive value and loyalty
 - Development of a food delivery solution
 - Initial focus on areas not currently serviced by third party aggregators
 - Improve online offering (including apps for all brands)
 - Loyalty
 - Order from anywhere (including in-store)
 - Online payments
 - Delivery



OUR RESPONSE

- Menu innovation
 - Vegan trends / plant-based protein
 - Home meal kits
- Evolution of virtual brand portfolio
- Continued focus on Health and Safety protocols in-store and at corporate offices



THANK YOU

QUESTIONS?

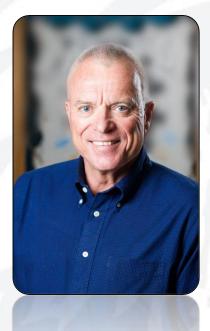


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