



SPUR CORP.

RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2015



OVERVIEW

Restaurant sales
up
12.6%

R3.5 billion
restaurant
turnover
reached
(for 6 months)

Comparable
profit
before tax
up 5.8%

Comparable
HEPS
up 1.4%

Dividend per
share up 8.1% to
67 cents

RESTAURANT COUNT

(31 December 2015)

Brand	South Africa	International	Total
Spur Steak Ranches	288	43	331
Panarottis Pizza Pasta	81	13	94
John Dory's Fish Grill Sushi	40	1	41
Captain DoRegos	59	3	62
The Hussar Grill	11	1	12
RocoMamas	31	1	32
Total	510	62	572



**FINANCIAL OVERVIEW
FOR THE SIX MONTHS TO
31 DECEMBER 2015**

FRANCHISE - SPUR

R'000	HY 2016	HY 2015	% change
Revenue	119 438	112 669	6.0
Operating profit	107 411	100 856	6.5
Operating margin	89.9%	89.5%	0.4

FRANCHISE - PANAROTTIS

R'000	HY 2016	HY 2015	% change
Revenue	16 608	13 476	23.2
Operating profit	11 904	9 144	30.2
Operating margin	71.7%	67.9%	3.8

FRANCHISE – JOHN DORY'S

R'000	HY 2016	HY 2015	% change
Revenue	9 331	8 126	14.8
Operating profit	5 024	4 672	7.5
Operating margin	53.8%	57.5%	(3.7)

FRANCHISE – CAPTAIN DOREGOS

R'000	HY 2016	HY 2015	% change
Revenue	2 698	3 262	(17.3)
Operating profit	1 148	973	18.0
Operating margin	42.6%	29.8%	12.7

FRANCHISE –THE HUSSAR GRILL

R'000	HY 2016	HY 2015	% change
Revenue	1 641	1 226	33.8
Operating profit	848	759	11.7
Operating margin	51.7%	61.9%	(10.2)

SOUTH AFRICA RETAIL

R'000	HY 2016	HY 2015	% change
Revenue	18 890	14 579	29.6
Operating profit	67	1 985	(96.6)
Add back: new/relocated restaurants set up costs	2 070	-	
Adjusted operating profit	2 137	1 985	7.7
Adjusted operating margin	11.3%	13.6%	(2.3)

FRANCHISE – ROCOMAMAS

(acq. 1 March 2015)

R'000	HY 2016
Revenue	7 916
Operating profit	5 069
Operating margin	64.0%

MANUFACTURING & DISTRIBUTION

R'000	HY 2016	HY 2015	% change
Revenue	96 186	93 035	3.4
Operating profit	37 060	36 391	1.8
Operating margin	38.5%	39.1%	(0.6)

CORPORATE SERVICES & OTHER SA

R'000	HY 2016	HY 2015	% change
Revenue	35 335	34 296	3.0
Operating loss	(34 946)	(67 911)	48.5
Interest received	(13 245)	(7 319)	
GPI preference dividend	(3 336)	(1 043)	
IFRS2 charge (net of hedge)	15 857	11 835	
IFRS2 charge – GPI deal	-	32 957	
Spur Foundation	(738)	(518)	
RocoMamas contingent consideration FV adjustment	4 759	-	
Transaction costs relating to GPI deal	-	301	
Consulting fees	-	337	
Comparable operating loss	(31 649)	(31 361)	(0.0)

UNITED KINGDOM

R'000	HY 2016	HY 2015	% change
Revenue	63 972	80 107	(20.1)
Operating profit/(loss)	1 144	(2 418)	147.3
Closure of two restaurants	(6 055)	861	
Foreign exchange (gain)/loss	4	68	
	(4 907)	(1 489)	229.6
Add back/(deduct):			
Depreciation	2 250	1 786	
Interest	(25)	-	
Adjusted cash flow (loss)/profit	(2 682)	297	(1003.0)

UNITED KINGDOM

R'000

HY 2016

Impact of closure of 2 restaurants

Profit on sale of leases 16 291

Loss on disposal of assets* (10 927)

Goodwill disposed of* (444)

Foreign currency translation reserve on disposal* 4 310

9 230

Trading losses (3 175)

6 055

*excluded from net profit to calculate headline earnings

AUSTRALIA

R'000	HY 2016	HY 2015	% change
Revenue	4 710	37 932	(87.6)
Operating profit/(loss)	1 269	4 252	(70.2)
Profit on sale of Panarottis Blacktown	-	(1 506)	
Foreign exchange loss	44	16	
	1 313	2 762	(52.5)
Add back/(deduct):			
Depreciation	-	836	
Interest	-	(26)	
Adjusted cash flow profit	1 313	3 572	(63.2)

AUSTRALIA - FRANCHISE

R'000	HY 2016	HY 2015	% change
Revenue	4 710	2 712	73.7
Net profit*	1 269	719	76.5
Net profit margin*	26.9%	26.5%	1.6

* Before interest and tax

AFRICA & MAURITIUS

R'000	HY 2016	HY 2015	% change
Revenue	9 870	9 974	(1.0)
Operating profit	4 723	5 966	(20.8)
Operating margin	47.9%	59.8%	(11.9)

INTERNATIONAL CORPORATE SERVICES

R'000	HY 2016	HY 2015	% change
Operating loss	(4 195)	(2 176)	(92.8)
Foreign exchange loss/(gain)	958	(485)	
Comparable operating loss	(3 237)	(2 661)	(21.6)
Increase in costs in Euros 14.7%			

COMPARABLE PROFIT

R'000	HY 2016	HY 2015	% change
Profit before tax	134 014	92 139	45.4
Share appreciation rights (net of related hedge)	15 857	11 835	
Share appreciation rights (actual net cost amortised on straight line basis)	(4 143)	(3 625)	
Impact of GPI transaction	(10 520)	29 820	
RocoMamas contingent consideration FV adjustment	4 758	-	
Profit on sale of Australian restaurant	-	(1 506)	
Effect of closure of UK restaurants	(6 055)	892	
Spur Foundation	(458)	(518)	
New store / relocation costs	2 053	-	
International consulting fees	-	337	
Foreign exchange	1 006	(401)	
Comparable profit before tax	136 512	128 973	5.8

COMPARABLE HEADLINE EARNINGS

R'000	HY 2016	HY 2015	% change
Headline earnings	97 939	54 533	79.6
Share appreciation rights (net of related hedge)	11 417	8 521	
Share appreciation rights (actual net cost amortised on straight line basis)	(2 983)	(2 610)	
Impact of GPI transaction	(8 508)	30 491	
RocoMamas contingent consideration FV adj.	4 758	-	
Effect of closure of UK restaurants (leases & trading only)	(11 901)	861	
New store / relocation costs	1 251	-	
International consulting fees	-	243	
Foreign exchange	755	(301)	
Comparable headline earnings	92 728	91 738	1.1
Comparable headline earnings per share	108.82c	107.27c	1.4

CASH FLOW

R'000	HY 2016	HY 2015
Cash flow from operations	139 157	109 407
Net interest received	11 558	5 589
	150 715	114 996
Distributions paid	(67 933)	(54 732)
Taxation paid	(57 289)	(38 635)
Working capital changes	(15 183)	(15 448)
Net investment in fixed assets	(23 273)	(15 305)
Purchase of treasury shares	(8 278)	(9 345)
Inflow from share-based payment hedge	12 563	20 565
Cash impact of BEE deal	-	221 053
Cash impact of investments in/disposals of subsidiaries	-	(2 198)
Loans granted	(1 952)	(2 779)
Net cash (decrease)/increase for the period	(10 630)	218 172

FINANCIAL POSITION

R'000	HY 2016	HY 2015
<u>ASSETS</u>		
Property, plant and equipment	97 272	83 077
Intangible assets and goodwill	384 165	359 169
Investments and loans	147 584	130 689
Tax receivable	34 359	11 314
Trade and other receivables	165 522	117 956
Net cash balance	290 575	309 791
<u>LIABILITIES</u>		
Contingent consideration – LT	34 339	-
Contingent consideration – ST	17 802	-
Net derivative financial liability/(asset)	760	(4 315)



**OPERATIONAL OVERVIEW
FOR THE SIX MONTHS TO
31 DECEMBER 2015**

RESTAURANT TURNOVERS – SOUTH AFRICA

Brand	HY 2016 (R)	HY 2015 (R)	% change
Spur Steak Ranches	2 376 644 666	2 226 357 107	6.8
Panarottis Pizza Pasta	338 602 936	278 431 762	21.6
John Dory's Fish Grill Sushi	199 203 163	165 689 621	20.2
Captain DoRegos	75 523 338	75 059 475	0.6
The Hussar Grill	45 975 596	33 585 287	36.9
RocoMamas	109 027 094	-	
Total	3 144 976 693	2 779 123 252	13.2



SPUR STEAK RANCHES

- 288 restaurants in South Africa
- 6.8% turnover growth
- Menu price increases
 - 3.3% December 2015
- Dramatic slow down in consumer spending – drastic rise in domestic costs for individual consumers
- Smaller units for smaller towns
 - Spur Grill & Go (3 open)





PANAROTTIS PIZZA PASTA

- 81 restaurants in South Africa
- Exceptional store turnover growth
 - 2013/2014 – 28.2%
 - 2014/2015 – 25.4%
 - 6 months to Dec 2015 – 21.6%
- Menu price increases
 - 2.1% November 2015
- Continuous use of authentic Italian products
- Focus on product quality
- Loyalty



- 40 restaurants in South Africa
- 20.2% turnover growth
- Menu price increases
 - 2.8% July 2015
 - 1.9% December 2015
- New look restaurants
- Supply chain issues
 - Engage with Namibian authorities for FIP (Fisheries Improvement Project)
 - On a sustainability journey to become fully SASSI compliant – target 2018





CAPTAIN DOREGOS

- 59 restaurants in South Africa
- 0.6% turnover growth
- Menu price increases
 - 2.4% December 2015
- Market highly affected by economic environment
- New model for franchisees introduced to maintain franchisee profitability (franchise fees)



- 11 restaurants in South Africa
- 36.9% turnover growth
 - Existing store turnover growth 18.5%
- No menu price increase
- Consumer more resilient with more disposable income



RocoMamas

WE'RE NOT NORMAL

ROCOMAMAS

- 51% acquired 1 March 2015
- Five franchised restaurants at 1 March 2015
 - 31 restaurants - 31 December 2015
- Menu price increase 1.7% over the period
- Trendy, personalised restaurant concept; customised but casual and affordable menu
- Handmade “smash-style” burgers, ribs and wings - all prepared fresh on site
- Founder, Brian Altriche, our partner, COO of the brand



BRAND DEVELOPMENT IN SOUTH AFRICA

Brand	Opened 1 July – 31 Dec 2015	To open 1 Jan – 30 June 2016	Total to open	Total stores at 30 June 2016
Spur Steak Ranches	12	5	17	293
<i>above includes Spur Grill & Go</i>	<i>3</i>	<i>1</i>	<i>4</i>	<i>4</i>
Panarottis Pizza Pasta	6	3	9	84
John Dory's Fish Grill Sushi	3	5	8	45
Captain DoRegos	5	-	5	59
The Hussar Grill	3	1	4	12
RocoMamas	22	17	39	48
Total	51	31	82	541

RESTAURANT TURNOVERS – INTERNATIONAL

Location	HY 2016 (R)	HY 2015 (R)	% change
Australia	112 581 119	108 610 217	3.7
United Kingdom	63 951 333	79 735 217	(19.8)
Africa	179 347 066	146 179 314	20.2
Mauritius	48 060 617	38 349 974	25.3
Total	403 940 135	372 874 722	8.3

INTERNATIONAL RESTAURANT FOOTPRINT

Location	Spur Steak Ranches	Panarottis Pizza Pasta	John Dory's Fish Grill Sushi	Captain DoRegos	Hussar Grill	RBW/Roco Mamas	Total
Australia	5	4					9
UK & Ireland	5					1	6
Botswana	3			1			4
Kenya	3						3
Lesotho	1						1
Malawi	1						1
Mauritius	3	6		1			10
Namibia	9	1		1		1	12
Nigeria	2						2
Swaziland	2						2
Tanzania	3	1					4
Uganda	1						1
Zambia	3		1		1		5
Zimbabwe	1	1					2
Total	42	13	1	3	1	2	62

BRAND DEVELOPMENT - INTERNATIONAL

Brand	Opened 1 July – 31 Dec 2015	To open 1 Jan – 30 June 2016	Total to open	Total stores at 30 June 2016
Spur Steak Ranches	2	4	6	47
Panarottis Pizza Pasta	1	1	2	14
John Dory's Fish Grill Sushi	-	-	-	1
Captain DoRegos	1	1	2	4
The Hussar Grill	1	-	1	1
RocoMamas	1	-	1	1
Total	6	6	12	68

INTERNATIONAL

- Australia
 - Fully franchised
- UK & Ireland
 - Strategy to exit leases
- Africa
 - Buoyant market
 - Costs need careful control
 - Distribution challenges
- Middle East
 - Oman deal signed



MANUFACTURING & DISTRIBUTION

- Sauce Manufacturing
 - HACCP certification maintained
 - Impact of rand slump on raw materials
 - Price increase June 2014 and January 2016
- Outsourced distribution – Vector
 - Delivered 19 143 tonnes during 6 months to December 2015 (6% up on prior year)
 - Good buy-in from franchisees
 - Demand service level (ability to honour orders placed) – 98% for December 2015
- 30% interest in rib manufacturing plant
 - Improvements in volume



MARKETING & LOYALTY

- Combined marketing funds managed R226.7 million
- 42 employees (6 in Johannesburg office)

Spur

- Family card – 1.9 million active members
 - Loyalty revenue 39.5%
 - Loyalty spend 32% higher than non-loyalty
 - 65.4% redemption rate on vouchers loaded
- 6 new TV commercials
- 480 events
- Substantial investment in eCommerce
- Move towards quality product marketing



MARKETING & LOYALTY

Panarottis Pizza Pasta

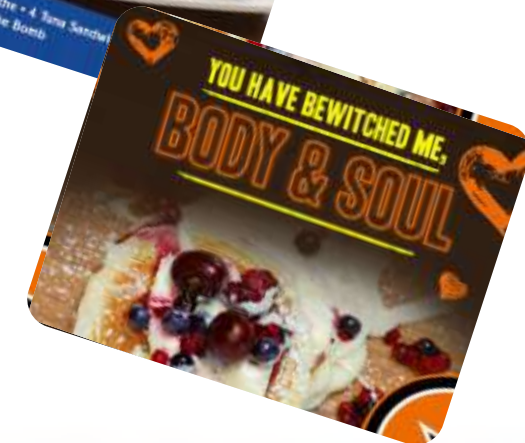
- New product quality-orientated TV and radio, and retail commercials
- New loyalty programme

John Dory's Fish Grill Sushi

- Amplify new front of house design
- New paid TV sponsorships of retail offers

RocoMamas and The Hussar Grill

- Digitally focused marketing on very specific markets



PROSPECTS

- Food inflation
 - Rand/Dollar exchange rate
 - Drought in South Africa
 - Expected 20% - 30%
- Cost of energy
- Political uncertainty
- Value-added product
- Franchisee profitability and margins
- RocoMamas / RBW / Grill & Go
- Alternative manufacturing facilities in Gauteng – transport costs

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THANK YOU
QUESTIONS?

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