



INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016



OVERVIEW

Restaurant
sales up
10.4%
(from continuing
operations)



Comparable
HEPS
up 4.5%
(from continuing
operations)



Comparable
profit before tax
up 5.0%
(from continuing
operations)



Interim
dividend per
share
up 6.0%
to 71 cents



OVERVIEW

- Foot count down in all malls
- Black Friday effect
- Festive season shorter
- Constrained economy – consumer confidence
- Stress on the consumer – pressure on disposable income / discretionary spend
- Escalating food inflation due to drought and imports, margins under pressure
- Franchisor and franchisee profit margins under pressure
- Reasonable performance

RESTAURANT COUNT

(31 December 2016)

Brand	South Africa	International	Total
Spur Steak Ranches	291	39	330
Panarottis Pizza Pasta	81	12	93
John Dory's Fish Grill Sushi	47	1	48
Captain DoRegos	44	4	48
The Hussar Grill	14	1	15
RocoMamas	48	3	51
Casa Bella	5	-	5
Total	530	60	590



**FINANCIAL OVERVIEW
FOR THE SIX MONTHS
TO 31 DECEMBER 2016**

FRANCHISE - SPUR

R'000	HY 2017	HY 2016	% change
Revenue	123 013	119 438	3.0
Operating profit	108 822	107 411	1.3
Operating margin	88.5%	89.9%	(1.4)

FRANCHISE – PIZZA PASTA

R'000	HY 2017	HY 2016	% change
Revenue	18 488	16 608	11.3
Operating profit	12 372	11 904	3.9
Operating margin	66.9%	71.7%	(4.8)

FRANCHISE – JOHN DORY’S

R'000	HY 2017	HY 2016	% change
Revenue	10 319	9 331	10.6
Operating profit	5 657	5 024	12.6
Operating margin	54.8%	53.8%	1.0

FRANCHISE – CAPTAIN DOREGOS

R'000	HY 2017	HY 2016	% change
Revenue	1 589	2 698	(41.1)
Operating profit	110	1 148	(90.4)
Operating margin	6.9%	42.6%	(35.7)

FRANCHISE – THE HUSSAR GRILL

R'000	HY 2017	HY 2016	% change
Revenue (including inter-company revenue)	3 467	2 527	37.2
Operating profit	2 323	848	173.9
Operating margin	67.0%	33.6%	33.4

Please note: Revenue per the operating segment report, excludes R1.0 million (PY: R0.9m) of inter-company revenue

FRANCHISE – ROCOMAMAS

R'000	HY 2017	HY 2016	% change
Revenue (including inter-company revenue)	11 861	7 916	49.8
Operating profit	8 224	5 069	62.2
Operating margin	70.4%	64.0%	6.4

Please note: Revenue per the operating segment report, excludes R0.2 million (PY: Rnil) of inter-company revenue

SOUTH AFRICA RETAIL*

R'000	HY 2017	HY 2016	% change
Revenue	30 677	18 890	62.4
Comparable revenue	20 243	15 533	30.3
Operating profit	2 312	67	3 350.7
Add back: new/relocated restaurants	282	2 053	
Comparable operating profit	2 594	2 120	22.4
Comparable operating margin	12.8%	13.6%	(0.8)

* Comprises four The Hussar Grill restaurants and one RocoMamas

MANUFACTURING & DISTRIBUTION

R'000	HY 2017	HY 2016	% change
Revenue	98 356	96 186	2.3
Operating profit	37 041	37 060	(0.1)
Operating margin	37.7%	38.5%	(0.8)

CORPORATE SERVICES & OTHER SA

R'000	HY 2017	HY 2016	% change
Revenue	33 794	35 335	(4.4)
Operating loss	(22 140)	(34 946)	36.6
Interest received	(18 821)	(16 581)	
IFRS2 charge (net of hedge)	(2 246)	15 857	
IFRS2 charge (new scheme)	1 671	-	
Spur Foundation	877	(458)	
RocoMamas contingent consideration FV adjustment	2 816	4 758	
Comparable operating loss	(37 843)	(31 370)	(20.6)

AUSTRALASIA

R'000	HY 2017	HY 2016	% change
Revenue	5 614	4 710	19.2
Profit before income tax	533	1 269	(58.0)
Margin	9.5%	26.9%	(17.4)

AFRICA, MAURITIUS & THE MIDDLE EAST

R'000	HY 2017	HY 2016	% change
Revenue	11 632	9 870	17.9
Operating profit	5 272	4 723	11.6
Operating margin	45.3%	47.9%	(2.6)

INTERNATIONAL CORPORATE SERVICES

R'000	HY 2017	HY 2016	% change
Loss before income tax	(2 991)	(4 195)	28.7
Foreign exchange loss	164	958	
Adjusted loss before income tax	(2 827)	(3 237)	12.7

* Applying a constant exchange rate, corporate costs decreased by 14.7%

COMPARABLE PROFIT – CONTINUING OPERATIONS

R'000	HY 2017	HY 2016	% change
Profit before tax	162 477	134 014	21.2
Loss from discontinuing operations	(3 456)	(1 144)	
Profit before tax – continuing operations	159 021	132 870	19.7
Share appreciation rights (net of related hedge)	(2 246)	15 857	
Share appreciation rights (actual net cost amortised)	(3 055)	(4 143)	
New scheme – IFRS2 charge	1 671	-	
RocoMamas contingent consideration FV adjustment	2 816	4 758	
Spur Foundation	877	(458)	
New store/relocation costs	282	2 053	
Foreign exchange loss	185	1 002	
Comparable profit before tax	159 551	151 939	5.0%

COMPARABLE HEADLINE EARNINGS

R'000	HY 2017	HY 2016	% change
Headline earnings	107 999	97 939	10.3
Impact of share scheme (old)	(3 817)	8 434	
Impact of share scheme (new) – IFRS2 charge	1 403	-	
RocoMamas contingent consideration FV adjustment	2 816	4 758	
Discontinued operation - UK	1 525	(7 254)	
New store/relocation costs	296	1 251	
Foreign exchange loss	185	749	
Comparable headline earnings	110 407	105 877	4.3

CASH FLOW

R'000	HY 2017	HY 2016
Cash flow from operations	139 427	139 157
Net interest received	12 939	11 558
	152 366	150 715
Distributions paid	(71 879)	(67 933)
Taxation paid	(43 649)	(57 289)
Working capital changes	(21 341)	(15 183)
Net investment in fixed and intangible assets	(11 504)	(23 273)
Purchase of treasury shares	-	(8 278)
(Outflow)/inflow from share-based payment hedge	(7 359)	12 563
Loans receivable/(granted)	1 753	(1 952)
Outflow as a result of discontinued operation	(1 525)	-
Net cash decrease for the year	(3 138)	(10 630)

FINANCIAL POSITION

R'000	HY 2017	HY 2016
<u>ASSETS</u>		
Leasing rights	4 759	8 505
Trade and other receivables	117 557	131 676
Loans receivable – ST	19 944	28 636
<u>LIABILITIES</u>		
Trade and other payables	64 561	96 228



**OPERATIONAL OVERVIEW
FOR THE SIX MONTHS TO
31 DECEMBER 2016**

RESTAURANT TURNOVERS – SOUTH AFRICA

Brand	HY 2017 (R)	HY 2016 (R)	% change
Spur Steak Ranches	2 472 723 983	2 376 644 666	4.0
Pizza Pasta	390 606 592	338 602 836	15.4
John Dory's Fish Grill Sushi	234 636 814	199 203 163	17.8
Captain DoRegos	63 600 276	75 523 338	(15.8)
The Hussar Grill	72 656 262	45 975 596	58.0
RocoMamas	232 547 482	109 027 094	113.3
Total	3 466 771 409	3 144 976 693	10.2



SPUR STEAK RANCHES

- 291 restaurants in South Africa
- 4.0% turnover growth
- Menu price increases
 - 3.3% December 2015
 - 2.1% June 2016
 - 3.5% December 2016
- Market share maintained – foot traffic; lower spend per head
- Family card redemption at 79.2% – consumer value driven
- Investment in operational team
- Spur Grill & Go – exciting opportunities



PIZZA PASTA

- 86 restaurants in South Africa
- Store turnover growth 15.4%
- Menu price increases:

Date of increase	Panarottis	Casa Bella
November 2015	2.1%	
July 2016	5.1%	
November 2016		7.2%
December 2016	2.9%	

- Very competitive market with international competitors
- Loyalty launched – 176 000 members; redemption rate of R25 vouchers 21.7%
- Focus on product quality and franchisee profitability

- 47 restaurants in South Africa
- 17.8% turnover growth
- Menu price increases
 - 2.8% July 2015
 - 1.9% December 2015
 - 7.0% June 2016
 - 6.1% December 2016
- New design rolled out and well accepted by consumer
- Loyalty programme 319 000 members, redemption rate of 56%
- Menu reduced and more focused



CAPTAIN DOREGOS

- 44 restaurants in South Africa
- 15.8% decrease in turnover
- Menu price increases
 - 2.4% December 2015
 - -0.5% May 2016
 - 3.9% December 2016
- New model for franchisees introduced to maintain franchisee profitability (franchise fees)
- Direct reflection of the state of the lower end of the economy

- 14 restaurants in South Africa
- 58.0% turnover growth
- Menu price increases
 - 4.3% May 2015
 - 6.0% May 2016
- Consumer more resilient to economic decline
- Good acceptance of the brand in new regions
- Encouraging interest in other regions for growth

- 48 restaurants in South Africa
- 113.3% turnover growth
- Menu price increases
 - 1.7% in first half of FY 2016
 - 3.3% in second half of FY 2016
 - 2.3% in November 2016
- Edgy brand appealing to millennials
- Huge customer and franchisee interest
- Social media following

BRAND DEVELOPMENT IN SOUTH AFRICA

Brand	1 Jan 2017 – 30 June 2017
Spur Steak Ranches	3
Pizza Pasta	1
John Dory's Fish Grill Sushi	3
Captain DoRegos	2
The Hussar Grill	1
RocoMamas	2
Total	12

RESTAURANT TURNOVERS – INTERNATIONAL

Location	HY 2017 (R)	HY 2016 (R)	% change
Australasia	135 858 281	112 581 119	20.7
Africa	181 601 282	179 347 066	1.3
Mauritius	61 205 172	48 060 617	27.3
Middle East	2 098 925	-	
Total continuing operations	380 763 660	339 988 802	12.0
United Kingdom	-	63 951 333	
Total	380 763 660	403 940 135	(5.7)

RESTAURANT FOOTPRINT – INTERNATIONAL

Location	Spur Steak Ranches	Panarottis Pizza Pasta	John Dory's Fish Grill Sushi	Captain DoRegos	Hussar Grill	RocoMamas	Total
Australia	6	5					11
Botswana	2						2
Ethiopia	1						1
Kenya	4						4
Lesotho	1						1
Oman						1	1
Malawi	1						1
Mauritius	3	6		1		1	11
Namibia	7			2		1	10
New Zealand	1						1
Nigeria	3						3
Swaziland	2						2
Tanzania	3	1					4
Uganda	1						1
Zambia	3		1		1		5
Zimbabwe	1			1			2
Total	39	12	1	4	1	3	60

INTERNATIONAL

- Australia
 - Trade in Western Australia heavily affected by mining slump
 - Aggressive marketing campaigns
 - Positive signs/interest in NSW
- New Zealand
 - White Cloud Spur opened in Auckland in October 2016
 - Exceeded all expectations
 - Launching pad for new opportunities
 - Cautious approach to expansion

INTERNATIONAL

- Africa

- Difficult trading conditions
- Currency fluctuations and political uncertainties - stress on franchisee margins
- Focus on expanding in territories in which we trade
- Country-specific marketing and loyalty initiatives

- Middle East

- RocoMamas Oman launched in October 2016 – encouraging turnover and interest in the brand family
- RocoMamas Saudi Arabia opened February 2017
- SLA signed for future development

BRAND DEVELOPMENT - INTERNATIONAL

Brand	1 Jan 2017 – 30 June 2017
Botswana – Spur	1
Kenya – Spur	1
Kenya – RocoMamas	1
Namibia – John Dory's	1
Nigeria – Panarottis	1
Nigeria – Spur	1
Saudi Arabia - RocoMamas	1
Zimbabwe – RocoMamas	1
Zimbabwe – Panarottis	1
Total	9

MANUFACTURING & DISTRIBUTION

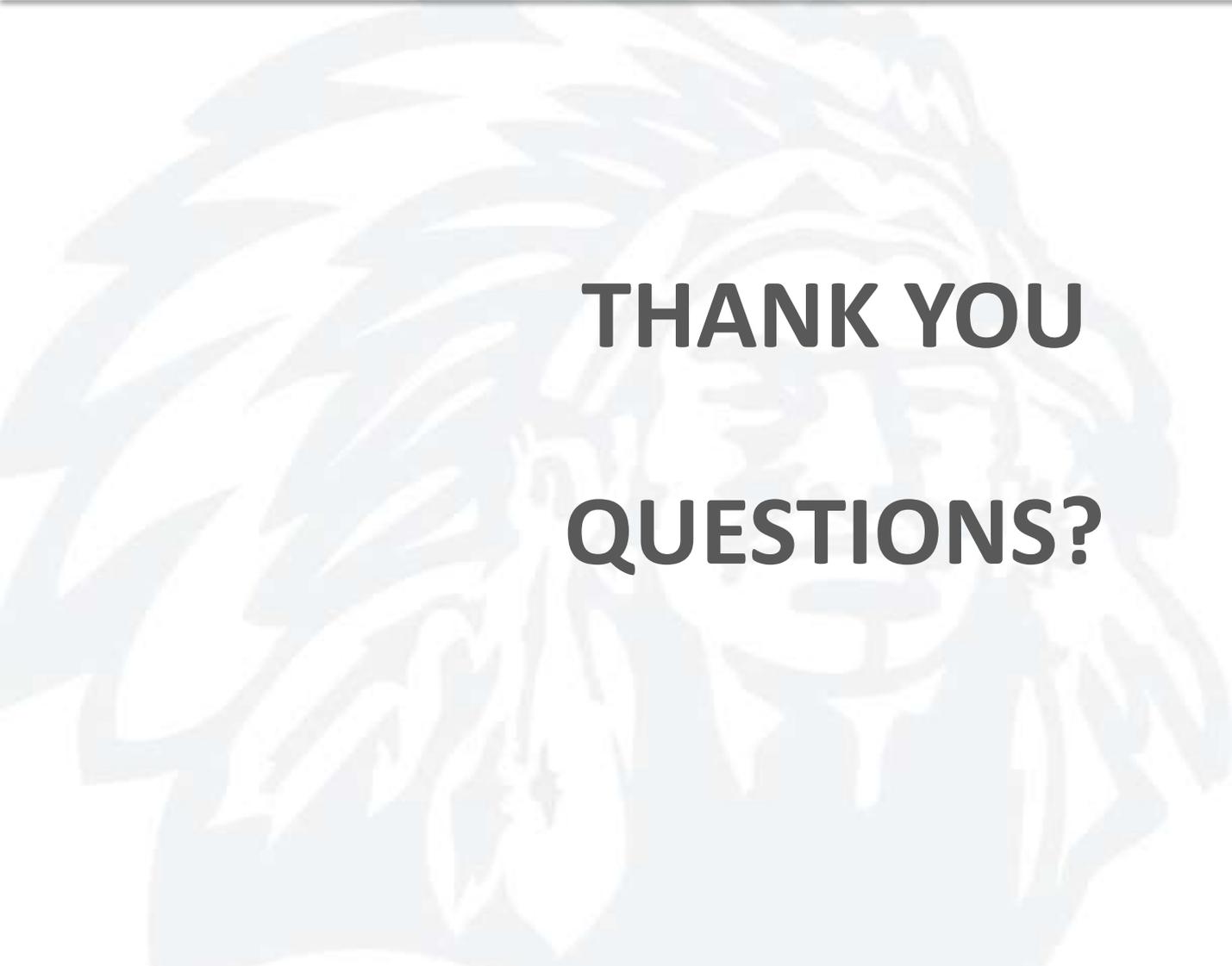
- Sauce factory margins under pressure
 - Imported raw materials – double digit increases
 - Affected by exchange rate
 - 5.7% selling price increase in March 2017
 - Unable to pass increase onto franchisees
- Rib manufacturing plant
 - Improvements since change of management implemented
- Investigating new manufacturing facilities

PROSPECTS

- Focus on sustainable growth
 - Opportunities to be explored in consultation with our franchisees to ensure continuation/growth of brands
 - RocoMamas / Casa Bella / Grill & Go
- Declining disposable income
 - Rising food, energy and medical costs
 - Franchisee profitability and margins
- Political uncertainty worldwide
 - Declining consumer confidence
- Expansion in the Middle East and Africa

DISCLAIMER

- Spur Corporation has acted in good faith and has made every reasonable effort to ensure the accuracy and completeness of the information contained in this presentation, including all information that may be defined as 'forward-looking statements' within the meaning of United States securities legislation.
- Forward-looking statements may be identified by words such as 'believe', 'anticipate', 'expect', 'plan', 'estimate', 'intend', 'project', 'target', 'predict' and 'hope'.
- Forward-looking statements are not statements of fact, but statements by the management of Spur Corporation based on its current estimates, projections, expectations, beliefs and assumptions regarding the group's future performance.
- No assurance can be given that forward-looking statements will prove to be correct and undue reliance should not be placed on such statements.
- The risks and uncertainties inherent in the forward-looking statements contained in this presentation include, but are not limited to: changes to IFRS and the interpretations, applications and practices subject thereto as they apply to past, present and future periods; domestic business and market conditions; changes in the domestic regulatory and legislative environments; changes to domestic operational, social, economic and political risks; and the effects of both current and future litigation.
- Spur Corporation does not undertake to update any forward-looking statements contained in this presentation and does not assume responsibility for any loss or damage whatsoever and howsoever arising as a result of the reliance by any party thereon, including, but not limited to, loss of earnings, profits, or consequential loss or damage.



**THANK YOU
QUESTIONS?**

CONTACT DETAILS



CEO – Pierre van Tonder
pvt@spur.co.za

CFO – Ronel van Dijk
ronelv@spur.co.za

Tier 1 Investor Relations
021 702 3102

