



INTERIM RESULTS

FOR THE PERIOD ENDED
31 DECEMBER 2017



OVERVIEW

R3.7 billion
restaurant
sales
achieved

**Comparable
HEPS**
down 19.6%
(from continuing
operations)



Restaurant
sales down
2.6%



**Comparable
profit before tax**
down 18.6%
(from continuing
operations)



OVERVIEW

- Economic conditions – political instability, impact on consumer sentiment
- Increasing living costs – discretionary spend under pressure
- Sharp decline in shopping centre foot traffic
- Effect of social media – turned the corner, lessons learnt
- Strategy to drive home quality and value
- Franchisee profit margins improved due to shift in promotional strategy away from discounting



FINANCIAL RESULTS FOR THE SIX MONTHS TO 31 DECEMBER 2017

RESTAURANT TURNOVERS – SOUTH AFRICA

July to September

Brand	HY 2018 (R'000)	HY 2017 (R'000)	% change
Spur Steak Ranches	998 133	1 160 120	(14.0)
Pizza Pasta	195 781	182 425	7.3
John Dory's Fish Grill Sushi	106 984	105 557	1.4
Captain DoRegos	25 750	31 090	(17.2)
The Hussar Grill	39 929	33 208	20.2
RocoMamas	147 433	102 417	44.0
Total	1 514 010	1 614 817	(6.2)

RESTAURANT TURNOVERS – SOUTH AFRICA

October to December

Brand	HY 2018 (R'000)	HY 2017 (R'000)	% change
Spur Steak Ranches	1 243 462	1 312 604	(5.3)
Pizza Pasta	220 698	208 182	6.0
John Dory's Fish Grill Sushi	131 839	129 080	2.1
Captain DoRegos	30 113	32 510	(7.4)
The Hussar Grill	50 242	39 448	27.4
RocoMamas	172 361	130 130	32.5
Total	1 848 715	1 851 954	(0.2)

RESTAURANT TURNOVERS – SOUTH AFRICA

Six months to December

Brand	HY 2018 (R'000)	HY 2017 (R'000)	% change
Spur Steak Ranches	2 241 595	2 472 724	(9.3)
Pizza Pasta	416 479	390 607	6.6
John Dory's Fish Grill Sushi	238 823	234 637	1.8
Captain DoRegos	55 863	63 600	(12.2)
The Hussar Grill	90 171	72 656	24.1
RocoMamas	319 794	232 547	37.5
Total	3 362 725	3 466 771	(3.0)

RESTAURANT COUNT

(31 December 2017)

Brand	South Africa	International	Total
Spur Steak Ranches	292	41	333
Panarottis Pizza Pasta	83	11	94
Casa Bella	7	-	7
John Dory's Fish Grill Sushi	51	3	54
Captain DoRegos	42	2	44
The Hussar Grill	17	1	18
RocoMamas	58	5	63
Total	550	63	613

FRANCHISE - SPUR

R'000	HY 2018	HY 2017	% change
<u>Revenue</u>			
July – September	47 508	57 652	(17.6)
October – December	59 662	65 361	(8.7)
<u>Six months to December 2017</u>			
Revenue	107 170	123 013	(12.9)
Operating profit	90 184	108 822	(17.1)
Operating margin	84.2%	88.5%	(4.3)

FRANCHISE – PIZZA PASTA

R'000	HY 2018	HY 2017	% change
<u>Revenue</u>			
July – September	9 179	8 845	3.8
October – December	9 601	9 643	(0.4)
<u>Six months to December 2017</u>			
Revenue	18 780	18 488	1.6
Operating profit	11 595	12 372	(6.3)
Operating margin	61.7%	66.9%	(5.2)

FRANCHISE – JOHN DORY’S

R'000	HY 2018	HY 2017	% change
<u>Revenue</u>			
July – September	4 843	4 722	2.6
October – December	5 875	5 597	5.0
<u>Six months to December 2017</u>			
Revenue	10 718	10 319	3.9
Operating profit	5 133	5 657	(9.3)
Operating margin	47.9%	54.8%	(6.9)

FRANCHISE – CAPTAIN DOREGOS

R'000	HY 2018	HY 2017	% change
Revenue			
July – September	718	701	2.4
October – December	915	888	3.0
<u>Six months to December 2017</u>			
Revenue	1 633	1 589	2.8
Operating profit	38	110	(65.5)
Operating margin	2.3%	6.9%	(4.6)

FRANCHISE – HUSSAR GRILL

R'000	HY 2018	HY 2017	% change
<u>Revenue</u> (pre-interco eliminations)			
July – September	1 983	1 581	25.4
October – December	2 384	1 886	26.4
<u>Six months to December 2017</u>			
Revenue (pre-interco eliminations)	4 367	3 467	26.0
Operating profit	2 487	2 323	7.1
Operating margin	56.9%	67.0%	(10.1)

FRANCHISE – ROCOMAMAS

R'000	HY 2018	HY 2017	% change
<u>Revenue</u> (pre-interco eliminations)			
July – September	8 038	5 525	45.5
October – December	9 332	6 336	47.3
<u>Six months to December 2017</u>			
Revenue (pre-interco eliminations)	17 370	11 861	46.4
Operating profit	12 726	8 224	54.7
Operating margin	73.3%	70.4%	2.9

SOUTH AFRICA RETAIL*

R'000	HY 2018	HY 2017	% change
Revenue	35 144	30 677	14.6
Operating profit	3 571	2 312	54.5
Operating margin	10.2%	7.5%	2.6

* Comprises four The Hussar Grill restaurants and one RocoMamas

MANUFACTURING & DISTRIBUTION

R'000	HY 2018	HY 2017	% change
Revenue	101 340	98 356	3.0
Operating profit	33 523	37 041	(9.5)
Operating margin	33.1%	37.7%	(4.6)

CORPORATE SERVICES & OTHER SA

R'000	HY 2018	HY 2017	% change
Revenue	32 304	33 794	(4.4)
Operating loss	(28 245)	(22 140)	(27.6)
IFRS2 charge (net of hedge)	2 283	(2 246)	
IFRS2 charge (new scheme)	1 138	1 671	
Profit on sale of Braviz	(17 500)	-	
Spur Foundation	(79)	877	
RocoMamas contingent consideration FV adjustment	10 607	2 816	
Comparable operating loss	(31 796)	(19 022)	(67.2)
Comprises:			
Net interest income	15 044	18 821	
Admin fees received	13 330	16 084	
Recurring net costs	(60 170)	(53 927)	(11.5)

AUSTRALASIA

R'000	HY 2018	HY 2017	% change
Revenue	3 813	5 614	(32.1)
Net (loss)/profit	(462)	533	(186.7)
Net operating margin	(12.1%)	9.5%	(21.6)

AFRICA, MAURITIUS & THE MIDDLE EAST

R'000	HY 2018	HY 2017	% change
Revenue	13 445	11 632	15.6
Operating profit	6 974	5 272	32.3
Operating margin	51.9%	45.3%	6.5

INTERNATIONAL CORPORATE SERVICES

R'000	HY 2018	HY 2017	% change
Operating loss	(3 191)	(2 991)	(6.7)
<u>Exceptional items</u>			
Foreign exchange loss	174	164	
Adjusted operating loss	(3 017)	(2 827)	(6.7)

* Applying a constant exchange rate, corporate costs increased by 4.0%

COMPARABLE PROFIT – CONTINUING OPERATIONS

R'000	HY 2018	HY 2017	% change
Profit before tax	134 333	162 477	(17.3)
Loss from discontinued operations	-	(3 456)	
Profit before tax – continuing operations	134 333	159 021	(15.5)
Share appreciation rights (net of related hedge)	2 283	(2 246)	
Share appreciation rights (actual net cost amortised)	(1 258)	(3 055)	
New scheme – IFRS2 charge	1 138	1 671	
RocoMamas contingent consideration FV adj	10 607	2 816	
Disposal of Braviz	(17 500)	-	
Spur Foundation	(79)	877	
Foreign exchange loss	183	185	
Comparable profit before tax	129 707	159 269	(18.6)

COMPARABLE HEADLINE EARNINGS

R'000	HY 2018	HY 2017	% change
Headline earnings	96 625	107 999	(10.5)
United Kingdom	-	1 525	
Headline earnings – continuing operations	96 625	109 524	(11.8)
Impact of share scheme (old)	738	(3 817)	
Impact of share scheme (new) – IFRS2 charge	983	1 403	
RocoMamas contingent consideration FV adj	10 607	2 816	
Disposal of Braviz	(20 757)	-	
Foreign exchange loss	183	185	
Comparable headline earnings	88 379	110 111	(19.7)
WANOS	95 632	95 834	(0.2)
Comparable HEPS (cents per share)	92.42	114.90	(19.6)

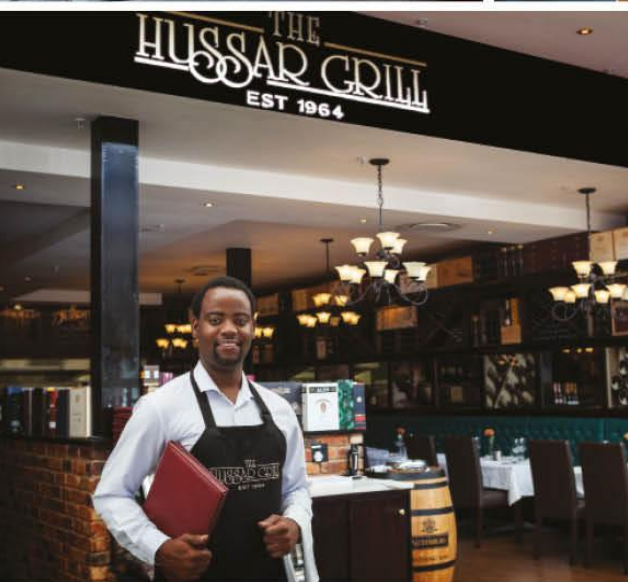
CASH FLOW

R'000	HY 2018	HY 2017
Cash flow from operations	122 623	139 427
Net interest received	10 191	12 939
	132 814	152 366
Distributions paid	(61 236)	(71 879)
Taxation paid	(33 513)	(43 649)
Working capital changes	(36 512)	(21 341)
Net investment in fixed and intangible assets	(3 305)	(11 504)
Purchase of treasury shares	(3 456)	-
Cash flow from share-based payment hedge	(13 740)	(7 359)
Cash outflow due to discontinued operation	-	(1 525)
(Increase)/decrease in loans receivable	(32 419)	1 753
Net cash decrease for the period	(51 367)	(3 138)

FINANCIAL POSITION

R'000	HY 2018	HY 2017
<u>ASSETS</u>		
Intangible assets and goodwill	361 870	368 298
Loans receivable	144 032	149 223
Tax receivable	42 686	33 917
Trade and other receivables	150 078	117 557
<u>LIABILITIES</u>		
Contingent consideration – LT	-	12 323
Contingent consideration – ST	16 404	13 784

OPERATIONAL OVERVIEW FOR THE SIX MONTHS TO 31 DECEMBER 2017





SPUR STEAK RANCHES

- 286 Spur Steak Ranches in South Africa
- 6 Spur Grill & Go restaurants in South Africa
- 14.0% restaurant turnover decline Q1
- 5.3% restaurant turnover decline Q2
- Menu price increases
 - 3.5% December 2016
 - 1.1% December 2017



SPUR STEAK RANCHES

Strategy for the six months ahead

- Back to basics
 - Focus on core quality products
 - Service excellence
 - Kids' experience
 - Innovations on kids entertainment opportunities
- Creative and focused marketing – new agency
- Employed a full-time chef to drive innovation
- In-house manufacturing of products to sustain quality and franchisee profitability



PIZZA PASTA

- 83 Panarottis restaurants in South Africa
- 7 Casa Bella restaurants in South Africa
- Store turnover growth 6.6%
- Menu price increases:

Date of increase	Panarottis	Casa Bella
July 2016	5.1%	
November 2016		7.2%
December 2016	2.9%	
July 2017	1.8%	
December 2017	0.9%	4.2%

- Focus on product quality and franchisee profitability



Strategy for the six months ahead

- Further opening of Casa Bella
- Installation of rotating wood-fired pizza oven – enhance product authenticity and franchisee profitability
- Basic operational fundamentals – more compact footprint, labour and energy efficiencies and rental negotiations
- Rationalisation of menu
- Loyalty programme growth

- 51 restaurants in South Africa
- 1.8% turnover growth
- Menu price increases
 - 6.0% December 2016
 - 5.6% May 2017
 - 4.0% December 2017
- Focus on labour costs and effective scheduling
- Making in-house products to improve margins and quality

- 42 restaurants in South Africa
- 12.2% decrease in turnover (same stores 7.4% decline)
- Menu price increase
 - 3.9% December 2016
 - 4.5% December 2017
- Consolidation of operations
- Impact of economic factors on brand and customers
- Disposed of with effect from 1 March 2018 for R5 million

- 17 restaurants in South Africa
- 24.1% turnover growth (existing restaurant turnover up 11.1%)
- Menu price increase
 - 6.0% May 2017
- Three new restaurants opened
 - Waterfall Corner, Pretoria
 - Monte Casino, Johannesburg
 - Franschhoek, Western Cape
- Consumer less affected by economic climate

- 58 restaurants in South Africa
- Menu price increase
 - 2.3% November 2016
 - 3.9% September 2017
- Focused on growing market share in a highly competitive environment
- Focus on franchisee profitability
- Product engineering and innovation
- Monitor market pulse and consumer trends eg GoReview and UberEATS

BRAND DEVELOPMENT IN SOUTH AFRICA

Brand	31 December 2017	30 June 2018
Spur Steak Ranches	10	3
Pizza Pasta	5	2
John Dory's Fish Grill Sushi	7	-
Captain DoRegos	2	5
The Hussar Grill	3	1
RocoMamas	8	10
Total	35	21

RESTAURANT TURNOVERS – INTERNATIONAL

Location	HY 2018 (R'000)	HY 2017 (R'000)	% change	% change*
Australasia	119 590	135 858	(12.0)	(13.5)
Africa	180 046	181 601	(0.9)	2.2
Mauritius	70 809	61 205	15.7	15.0
Middle East	15 195	2 099	623.9	653.3
Total	385 640	380 763	1.3	3.2

* Using a constant exchange

RESTAURANT FOOTPRINT – INTERNATIONAL

Location	Spur	Panarottis	John Dory's	DoRegos	Hussar	RocoMamas	Total
Australia	6	4					10
Botswana	3						3
Ethiopia	1						1
Kenya	5					1	6
Lesotho	1						1
Malawi	1						1
Mauritius	4	6				1	11
Namibia	7		2	2		1	12
New Zealand	1						1
Nigeria	4	1					5
Oman						1	1
Saudi Arabia						1	1
Swaziland	2						2
Tanzania	2						2
Uganda	1						1
Zambia	3		1		1		5
Total	41	11	3	2	1	5	63

INTERNATIONAL

- Australasia
 - 10 franchised restaurants
 - Franchisee assistance
 - Concessions
 - Marketing assistance
 - Joint venture to open a RocoMamas in Melbourne
 - 1st opening in April 2018

- Mauritius
 - 11 restaurants
 - Good growth
 - Continued prospects across our brand family

INTERNATIONAL

- Africa
 - Volatile trading conditions
 - Currency devaluations result in pressure on margins
 - Constantly improving supply channels
 - GoReview and loyalty

- Middle East
 - RocoMamas Oman opened in October 2016
 - RocoMamas Saudi Arabia opened in February 2017
 - Second RocoMamas to open in April 2018
 - The Hussar Grill Saudi Arabia to open in March 2018

BRAND DEVELOPMENT - INTERNATIONAL

Brand	30 June 2018
Australia – RocoMamas	1
Mauritius – Panarottis Express	1
Namibia – Panarottis	2
Namibia – Spur Grill & Go	1
Saudi Arabia – The Hussar Grill	1
Saudi Arabia – RocoMamas	1
Swaziland – Spur	1
Zambia – The Hussar Grill	1
Zimbabwe – RocoMamas	1
Total	10

MANUFACTURING & DISTRIBUTION

- Sauce factory turnover and margins under pressure
 - 7% price increase in March 2017
 - Balancing margins of franchisee and franchisor
 - Investigation continuing into the relocation of current facility to Baker Street; looking into a storage facility (hub) in Gauteng region
- Outsourced distribution
 - Delivered 2.4 million cases to our restaurants in the six months to December 2017
 - Investigating use of electronic ordering – minimise human error at depots
 - Investigating ePOD – to facilitate efficiencies in restaurants

PROSPECTS / OUTLOOK

PROSPECTS

- Erratic exchange rate
- Regional droughts in South Africa
 - Western Cape water crisis
- Economy
- Stabilising political environment
- Franchisee profitability and margins
 - Improvements coming through in stores
- New footprints – more franchising opportunities; improved ROI for franchisees; Grill & Go, smaller Spurs

PROSPECTS

- Reengineering BOH facilities
- New sauce factory – improved efficiencies and wider range of sauces
- Investment in marketing automation – commenced June 2017
- Continuous investment in social media
- New store openings locally and internationally
- Acquisitive – local brands with growth potential

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THANK YOU
QUESTIONS?

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