



RESULTS FOR THE SIX MONTHS
ENDED 31 DECEMBER 2019



TRADING ENVIRONMENT

- Challenging economic conditions in South Africa and Australia
- Continued increasing demands on disposable income
- Load shedding impacted trading
- Weakened consumer sentiment
- Gains in market share – resilience of certain brands
- Continuous strategic focus to drive product quality, service excellence and value throughout company
- Focus on franchisee profit margins





**FINANCIAL RESULTS
FOR THE SIX MONTH PERIOD ENDED
31 DECEMBER 2019**

THE PERIOD AT A GLANCE

- GPI transaction concluded
- Revenue  8.4% (excluding marketing funds  10.3%)
- Profit before tax  19.5% (excluding marketing funds  22.1%)
- Diluted HEPS  35.6%
- Comparable profit before tax  8.2%
- Comparable diluted HEPS  14.6%
- Margin 30.5% (2019: 28.0%) (excluding marketing funds 40.8% (2019: 36.8%))
- Effective tax rate 27.8% (HY 2019: 32.1%)
- Dividend per share 78.0 cents ( 23.8%)

ADOPTION OF NEW STANDARDS

- IFRS 16 – leases, properties and vehicles
 - Applied using the modified retrospective approach i.e. **NO** restatement of comparatives
 - Recognition of lease liabilities on the statement of financial position of R46.0m with corresponding ROU asset
 - Net decrease in profit on comparable basis R1.7m
 - Additional depreciation R7.0m
 - Additional interest R2.4m

RESTAURANT TURNOVERS – SOUTH AFRICA

R'000

Brand	HY 2020 (# of outlets)	HY 2019 (# of outlets)	% change
Spur Steak Ranches	2 484 675 (303)	2 378 138 (296)	4.5
Pizza and Pasta	416 614 (94)	410 388 (93)	1.5
John Dory's Fish Grill Sushi	252 566 (53)	236 888 (53)	6.6
The Hussar Grill	112 129 (22)	102 652 (20)	9.2
RocoMamas	360 620 (77)	338 886 (70)	6.4
Nikos [^]	35 846 (10)	29 959 (8)	19.7
Total	3 662 450 (559)	3 496 911 (540)	4.7

[^] Acquired 1 August 2018

SA TRADING BRANDS

Brand	% of segment revenue	% change in revenue	% change in operating profit	% margin CY	% margin PY
Spur	69.4	3.8	3.9	84.0	84.0
Pizza and Pasta	10.8	0.5	(6.9)	59.3	64.1
John Dory's	6.1	3.3	6.6	49.5	48.0
The Hussar Grill	2.8*	9.5*	15.2	63.0*	59.9*
RocoMamas	10.1*	4.0*	2.9	73.4*	74.1*
Nikos	0.8	0.3	(58.5)	12.7	30.6

* Pre-interco eliminations

SOUTH AFRICA RETAIL*

R'000	HY 2020	HY 2019	% change
Revenue	34 302	34 354	(0.2)
Operating profit	1 783	4 171	(57.3)
Operating margin	5.2%	12.1%	(6.9)

Impacted by:

- THG Camps bay refurbishment: closed for 1 month;
R0.169m costs
- IFRS 16: includes a charge R0.826m

- Comprises four The Hussar Grill restaurants and one RocoMamas

MANUFACTURING & DISTRIBUTION

R'000	HY 2020 (margin)	HY 2019 (margin)	% change
Revenue – Manufacturing	49 702	48 364	2.8
Revenue – Retail	34 433	31 276	10.1
Revenue – Distribution	33 960	22 377	51.8
Revenue – Total	118 095	102 017	15.8
Operating profit – Manufacturing*	9 568 (19.3)	11 068 (22.9)	(13.6)
Operating profit – Retail	460 (1.3)	843 (2.7)	(45.4)
Operating profit – Distribution	33 960 (100)	22 377 (100)	51.8
Operating profit – Total	43 988 (37.2)	34 288 (33.6)	28.3

- Includes refurbishment costs of R1.770m

SA MARKETING FUNDS

R'000	HY 2020	HY 2019	% change
Revenue – Spur Advertising	99 481	95 422	4.3
Revenue – Other Funds	33 177	32 249	2.9
Revenue – Total	132 658	127 671	3.9
Underspend – Spur Advertising	3 125	112	
Underspend – Other Funds	109	4 545	
Underspend – Total	3 234	4 657	(30.6)
Cumulative overspend – Spur Advertising	(4 607)	(14 140)	
Cumulative underspend – Other Funds	14 159	13 591	
Cumulative under/(over) spend – Total	9 552	(549)	

OTHER SOUTH AFRICA*

R'000	HY 2020	HY 2019	% change
Revenue	41 563	27 389	51.8
Operating profit/(loss)	1 353	(3 338)	140.5
Retrenchment costs	-	1 410	
Comparable operating profit/(loss)	1 353	(1 928)	170.2

* Comprises décor, training, restaurant sundries, export, call centre

CORPORATE SERVICES SOUTH AFRICA

R'000	HY 2020	HY 2019	% change
Revenue	33	165	(80.0)
Marketing fund admin fee income	11 910	11 605	2.6
GPI finance income	2 935	4 648	(36.9)
Net interest income	9 206	11 596	(20.6)
Shared overheads	(52 922)	(64 292)	17.7
Operating loss	(28 871)	(36 443)	20.8

CORPORATE SERVICES SOUTH AFRICA

R'000	HY 2020	HY 2019	% change
Shared overheads	(52 922)	(64 292)	17.7
Impairment of GPI funding	(10 812)	4 304	
Impact of IFRS 16	358	-	
Spur Foundation	83	(301)	
Nikos contingent consideration FV adjustment	114	(50)	
Other IFRS9 ECL (movement)	37	626	
Foreign exchange	(18)	-	
Comparable shared overheads	(63 160)	(59 713)	(5.8)

CORPORATE SERVICES SOUTH AFRICA

R'm	HY 2020	HY 2019
IT	13.4	12.2
HR	3.2	3.5
Executives	12.5	14.5
Procurement	2.9	2.7
Finance and legal (employment costs)	8.0	8.2
Development	2.0	1.2
LTI	2.9	1.5
Spur Corporation (listing related costs)	4.0	2.7
Audit and accounting	1.6	2.4
Depreciation	2.9	2.9
Other (travel, consulting, rent, advisory, etc)	9.8	8.9
Shared overheads	63.2	59.7

RESTAURANT TURNOVERS – INTERNATIONAL

Location	HY 2020 (R'000) (# of outlets)	HY 2019 (R'000) (# of outlets)	% change	% change*
Australasia	78 096 (8)	97 971 (11)	(20.3)	(18.7)
Africa	231 746 (52)	217 060 (47)	6.8	8.2
Cyprus	3 568 (1)	-	-	-
India	1 620 (1)	98 (1)	-	-
Mauritius	97 664 (18)	86 165 (13)	13.3	15.7
Middle East	27 669 (3)	27 336 (4)	1.2	(2.2)
Total	440 363 (83)	428 630 (76)	2.7	4.1

* Using a constant exchange

AUSTRALASIA

R'000	HY 2020	HY 2019	% change
Restaurant turnover	78 096	97 971	(20.3)
Number of restaurants	8	11	
Revenue	1 199	2 578	(53.5)
Net loss	(2 325)	(4 099)	
IFRS 9 movements	90	2 913	
RocoMamas Australia impairment	436	-	
Redundancy pay	305	-	
Foreign exchange loss	15	-	
Adjusted operating loss	(1 479)	(1 186)	(24.7)

OTHER INTERNATIONAL*

R'000	HY 2020	HY 2019	% change
Total Revenue	16 292	14 901	9.3
Operating profit	8 636	6 772	27.5
Operating margin	53.0%	45.4%	7.6
<u>Made up of:</u>			
Africa & Mauritius			
Revenue	14 139	13 084	8.1
Operating profit	7 497	6 265	19.7
Operating margin	53.0%	47.9%	5.1

* Includes Africa, Mauritius, India, the Middle East and Cyprus

OTHER INTERNATIONAL

R'000	HY 2020	HY 2019	% change
India, The Middle East and Cyprus			
Revenue	2 153	1 817	18.5
Operating profit	1 139	507	124.7
Operating margin	52.9%	27.9%	25.0

INTERNATIONAL CORPORATE SERVICES

R'000	HY 2020	HY 2019	% change
Operating loss	(3 061)	(4 654)	34.2
Zambian settlement	-	1 641	
Other IFRS 9 ECL (movement)	2	(45)	
Foreign exchange loss	(130)	432	
Adjusted operating loss	(3 189)	(2 626)	(21.4)

* Applying a constant exchange rate - corporate costs increased by 21.5%

COMPARABLE PROFIT

R'000	HY 2020	HY 2019	% change
Profit before tax	161 776	135 416	19.5
Exclude: Marketing Funds	(3 041)	(5 461)	
	158 735	129 955	22.1
Financial instruments impairments	(10 247)	7 798	
Refurbishment of Sauce Factory and THG Camps Bay	1 939	-	
Impact of IFRS16	1 675	-	
Retrenchment costs	305	1 410	
Nikos contingent consideration FV adjustment	114	(50)	
Spur Foundation	30	(341)	
Litigation costs – Zambia	-	1 641	
Foreign exchange loss	(133)	432	
Comparable profit before tax	152 418	140 845	8.2

COMPARABLE HEADLINE EARNINGS

R'000	HY 2019	HY 2019	% change
Headline earnings	113 518	88 015	29.0
Exclude: Marketing Funds	(2 478)	(4 134)	
	111 040	83 881	32.4
Financial instruments impairments	(10 283)	7 585	
Refurbishment costs	1 676	-	
Impact of IFRS16	687	-	
Retrenchment costs	305	1 410	
Nikos contingent consideration FV adjustment	114	(50)	
Litigation costs – Zambia	-	1 595	
Foreign exchange loss	(128)	432	
Comparable headline earnings	103 411	94 853	9.0
Comparable HEPS (cents per share)	114.61	99.51	15.2
WANOS	90 232	95 319	(5.3)

FINANCIAL POSITION (extract)

R'000	HY 2020	HY 2019
<u>ASSETS</u>		
Plant, property and equipment	107 558	98 263
Right-of-use assets	44 849	-
Lease receivable	3 810	-
Loans receivable	7 891	117 903
Trade and other receivables	132 928	124 579
Tax receivable	29 543	32 587
Restricted cash	6 482	9 866
Cash & cash equivalents	147 602	244 113

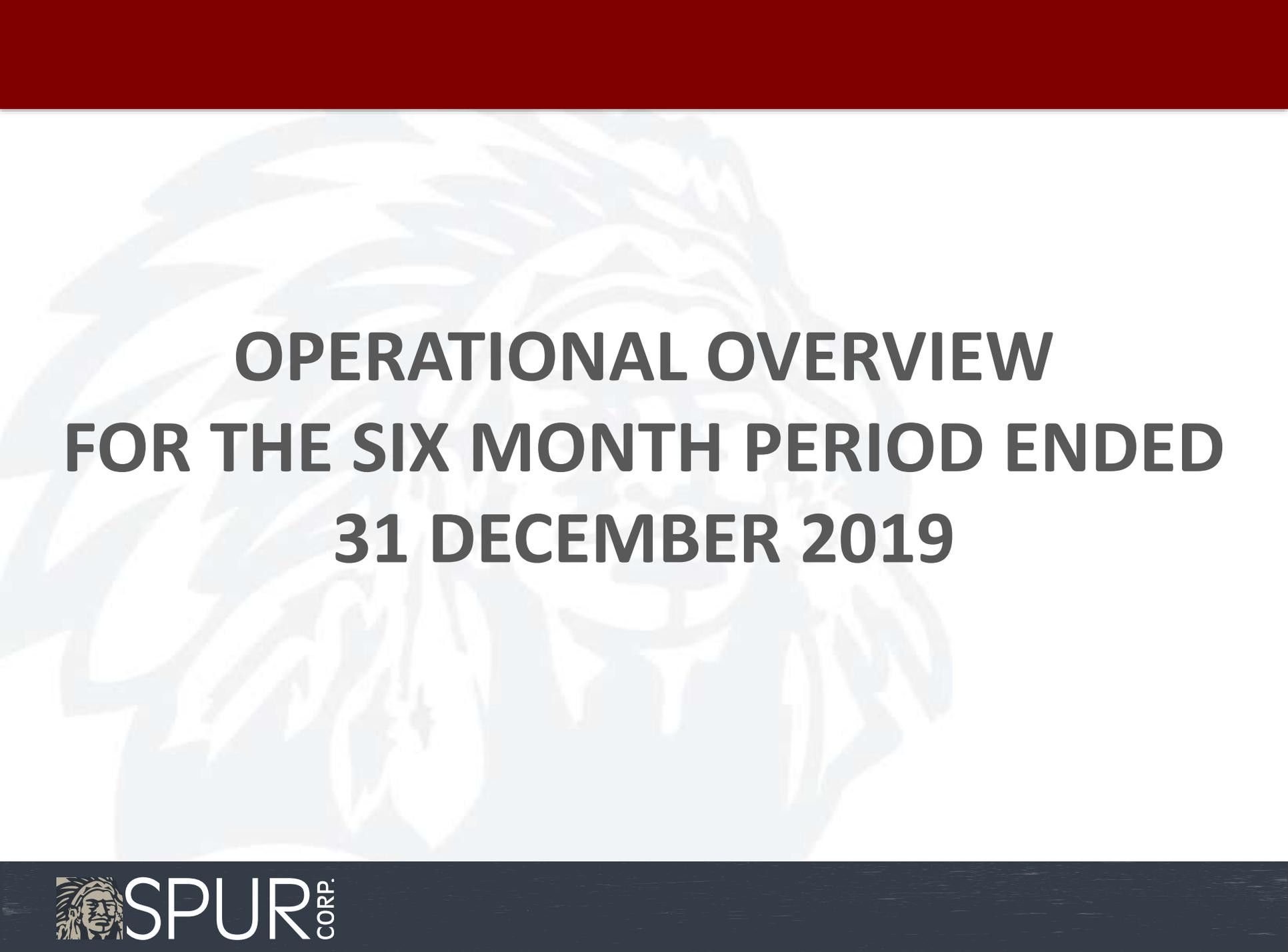
FINANCIAL POSITION (extract)

R'000	HY 2020	HY 2019
<u>LIABILITIES</u>		
Contingent consideration liability	1 860	-
Contract liabilities	34 070	33 314
Lease liabilities	53 682	-

CASH FLOW

R'000	HY 2020	HY 2019
Cash flow from operations	162 161	135 886
Net interest received	6 935	10 743
	169 096	146 629
Distributions paid	(72 236)	(61 294)
Taxation paid	(41 098)	(37 937)
Working capital changes	(28 889)	(38 111)
Net investment in fixed and intangible assets	(12 819)	(2 595)
Purchase of treasury shares	(2 956)	(15 395)
Net impact of GPI repurchase	(147 194)	-
Payment of lease liabilities	(4 952)	-
Loans granted	(957)	(1 021)
Acquisition of subsidiary	-	(5 012)
Inflow from loans repaid	5 330	5 800
Net cash decrease for the period	(136 675)	(8 936)





**OPERATIONAL OVERVIEW
FOR THE SIX MONTH PERIOD ENDED
31 DECEMBER 2019**

RESTAURANT COUNT

(31 December 2019)

Brand	South Africa	International	Total
Spur Steak Ranches	303	37	340
Panarottis Pizza Pasta	87	28	115
Casa Bella	7	-	7
John Dory's Fish Grill Sushi	53	3	56
The Hussar Grill	22	2	24
RocoMamas	77	13	90
Nikos	10	-	10
Total	559	83	642



GRILL&GO®

SPUR STEAK RANCHES

- 295 Spur Steak Ranches in South Africa
- 8 Spur Grill & Go restaurants in South Africa
- 4.5% increase in restaurant turnover (existing 2.5%)
- Menu price increases
 - 5.3% April 2018
 - 3.0% December 2018
 - 3.2% November 2019



GRILL&GO

SPUR STEAK RANCHES

- New menus taking into account the changing taste profile of customers – vegan friendly offering
- New crockery and restaurant design – more contemporary look
- Continuous investment in growing market presence and brand awareness with successful high profile marketing campaigns
- Investment in technology enabling personalised communications with Family Club members
- Installation of generators a necessity (85% (252) of all Spur Steak Ranches have invested in generators)



PIZZA and PASTA

- 87 Panarottis restaurants in South Africa
- 7 Casa Bella restaurants in South Africa
- 1.5% increase in restaurant turnover (existing decline of 1.6%)
- 1 size pizza - efficiencies
- Moved away from significant discounting – impact on turnover
- Menu price increases/(decreases):

Date	Panarottis	Casa Bella
May 2018	3.5%	
December 2018	1.9%	3.2%
November 2019	(0.4%)	
December 2019		(0.7%)



PIZZA and PASTA

- Increased marketing presence
- Continued focus on installation of rotating wood-fired pizza ovens to enhance product authenticity and franchisee profitability – successful (29 installed)
- Call and collect launched
- Focus on product quality and customer value
- Loyalty programme enjoying continued growth with almost 300 000 members
- Premium quality pizza still at the forefront – even in tough economic times

- 53 restaurants in South Africa
- 6.6% increase in restaurant turnover (existing 4.4%)
- Impacted by the re-opening of two large outlets – reopened in December 2018
- Menu price increases/decreases
 - 3.2% November 2018
 - -2.1% August 2019
- Launch of new brand advert
- Key focus remains on sustainability, quality and presentation

- 22 restaurants in South Africa
- 9.2% increase in restaurant turnover (existing 7.5%)
- Menu price increase
 - 3.5% September 2019
- Maintained market share
- New businesses in new areas
- Menu innovation
- Refurbishment of existing restaurants

- 71 RocoMamas restaurants in South Africa
- 6 RocoGo restaurants in South Africa
- 6.4% increase in restaurant turnover
- Menu price increase
 - 2.8% November 2018
 - 3.2% July 2019
- Consolidation of the brand
- Increasingly competitive and fast-growing gourmet burger market
- Lessons learnt from the fast tracked roll out – ensuring delivery areas do not encroach on current franchisees
- Roll out rate expected to slow down

- 10 restaurants in South Africa
- 3 new restaurants opened since acquisition
- 19.7% increase in restaurant turnover
- Detailed customized marketing plan for each business
- Only AAA sites
- Cautious measured roll out

BRAND DEVELOPMENT IN SOUTH AFRICA

Brand	Opened to 31 December 2019	To open to 30 June 2020	# of outlets 30 June 2020
Spur Steak Ranches	4	4	307
Pizza Pasta	5	4	98
John Dory's Fish Grill Sushi	2	2	55
The Hussar Grill	2	-	22
RocoMamas	6	1	78
Nikos	1	-	10
Total	20	11	570

RESTAURANT FOOTPRINT – INTERNATIONAL

Location	Spur	Panarottis	John Dory's	Hussar	RocoMamas	Total
Australia	4	3			1	8
Botswana	2				1	3
Cyprus					1	1
Ethiopia	1					1
India					1	1
Kenya	5	1			1	7
Lesotho	1					1
Mauritius	3	12			3	18
Middle East				1	2	3
Namibia	9	1	2		1	13
New Zealand	1					1
Nigeria	4	1				5
Eswatini	3					3
Tanzania	1					1
Zambia	3	10	1	1	1	16
Zimbabwe					1	1
Total	37	28	3	2	13	83

INTERNATIONAL

- Africa
 - Opened 3 new restaurants in the period, closed 1 in Malawi
 - Volatile trading conditions but our restaurants have traded reasonably well
 - Partnering with franchisees able to expand to critical mass
 - Smaller footprint more viable with encouraging results

- Mauritius
 - 6 new restaurants opened in this period
 - 18 restaurants on the island
 - Encouraging restaurant turnover growth at 10.6%

INTERNATIONAL

- Middle East
 - 3 restaurants – 2 RocoMamas, 1 The Hussar Grill
 - Brands well accepted
 - 3 new restaurants to open in Saudi Arabia

- Australasia
 - 8 restaurants
 - Concessions to aid franchisees
 - Cost model under review by management to contain expenses
 - RocoMamas Australia – closed Chapel Street, opened High Point – trading above expectations

BRAND DEVELOPMENT - INTERNATIONAL

Country	Opened to 31 Dec 2019	To open to 30 June 2020
Australia	1	-
Ghana	-	1
Kenya	-	2
Mauritius	6	-
Middle East	-	3
Nigeria	-	2
Eswatini	-	2
Zambia	3	6
Zimbabwe	-	1
Total	10	17
Total international footprint at 30 June 2020		100

MANUFACTURING & DISTRIBUTION

- Sauce Factory
 - 4% price increase in December 2018
 - Revenue from sauce sales grew by 2.8%
 - Net margin decline due to refurbishment costs
 - To expand range of sauces
- Outsourced distribution
 - Delivered 2.6 million cases/22 735 tonnes to our restaurants in the six months
 - Volumes up 4.1%

THE SPUR FOUNDATION



Invested in 20 woman owned businesses through training and resources



Fed 817 children a nutritional meal every school day



Teacher training delivering a school readiness programme to 800+ children



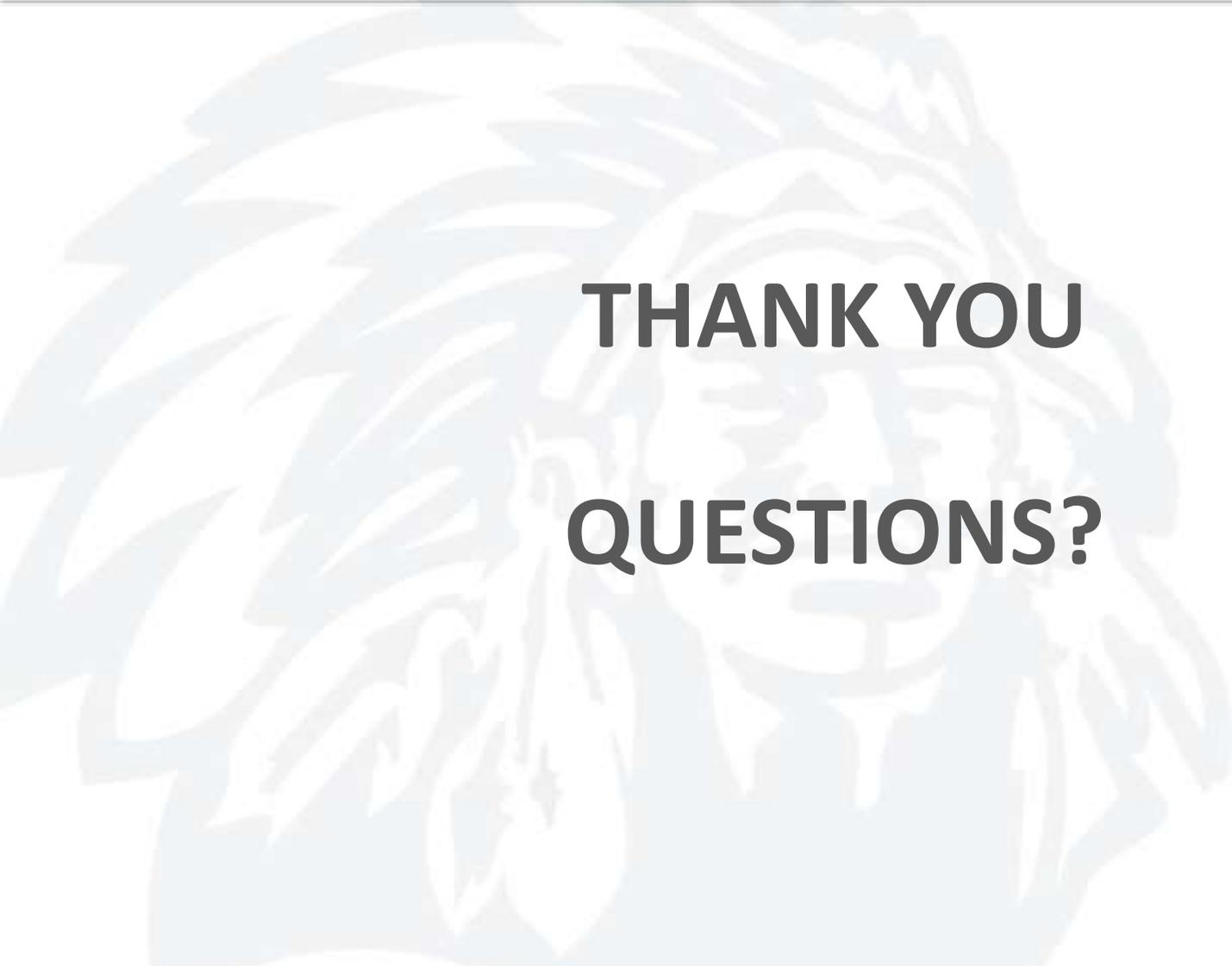
PROSPECTS

PROSPECTS

- Maintain focus on product quality, innovation, value and making our products relevant
- Drive customer loyalty across all brands
- Grow market share
- Targeted, customized marketing
- New opportunities/Acquisitive
- International expansion – focus on Africa and the Middle East

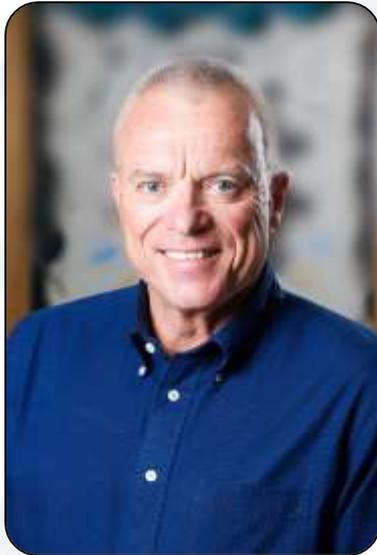
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**THANK YOU
QUESTIONS?**

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OUR BRAND FAMILY



GRILL & GO

