



Annual results 2006

September 2006



Presentation overview

- Highlights of the year
- Brand performance & operations
- Financial performance
- Outlook for 2007
- Questions

Brand performance & operations

Pierre van Tonder



Highlights of the year

- Opened 34 new restaurants (Spur: 15, Panarottis: 9, John Dory's: 10)
- Restaurant base passes 300 mark to reach a total of 321
- Restaurant turnover exceeds R2 billion for first time
- Entrenched position in family sit-down restaurant market
- Solid financial performance

Spur Steak Ranches



- Turnover growth
 - 17.7% - all restaurants
 - 10.7% - same restaurants – measuring tool to judge increase in market share
 - Menu price increase of only 3.2%



Spur Steak Ranches *continued*

- Number of restaurants grown by 15
 - 13 in SA & 2 International
- Relocated 8 restaurants
 - All showing turnover growth in excess of 25%
- 15 restaurants revamped
 - 182 since revamp programme started in 1999
 - Add an average of 12% - 13% to existing business
- Total restaurants now 239

Spur Steak Ranches *continued*



- Expanding range of retail sauces – extension of the brand
- Continuous innovation in kids' entertainment
- Secret Tribe Kids Club grown by 11%
 - Over 715 000 active members
- New menus introduced on 1 September 2006
- New product development
- Customer care centre expanded to all brands

Spur Steak Ranches *continued*



- 16 new restaurants planned for 2007
- Further 24 restaurants to be revamped
- 7 relocations planned for 2007

Panarottis Pizza Pasta



- Turnover growth
 - 21.3% - all restaurants
 - 14% - same restaurants
 - Menu price increase of only 3.9%

Panarottis Pizza Pasta *continued*



- Number of restaurants grown by 9
 - 8 in SA & 1 International
- Relocated 1 restaurant
- Total restaurants now 65
- Located in high profile centres only
- Brand development / new décor / new menu
- Expect to open 5 new restaurants in 2007

John Dory's Fish & Grill



- Number of restaurants grown by 10
 - 4 in Western Cape; 4 in Gauteng
- Expanding national footprint
- Total restaurants now 17
- New menu
- Communication between franchisor & franchisee
- 5 new restaurants planned for 2007



International

- Number of restaurants grown by 3
 - Campbelltown, Australia (Spur)
 - China (Spur)
 - Campbelltown, Australia (Panarottis)
- Total restaurants now 32
 - 24 Spur
 - 14 Africa (incl. Mauritius)
 - 10 International
 - 8 Panarottis
 - 4 Africa (incl. Mauritius)
 - 4 International



International *continued*

- United Kingdom
 - Investment proposal to accelerate growth
- Australia
 - Expand restaurant base to reach critical mass in New South Wales
 - Proposals for joint venture/investment
 - 3 new restaurants scheduled
- China - Trading proving challenging
- Africa – 3 new restaurants planned
 - Windhoek, Swakopmund & Gaborone
 - Opportunities in Angola & Ghana
 - UAE – still pursuing interest

Operations



- Launched in-house radio station – Taste FM
 - Daily broadcast to over 10 000 staff
 - Quality music experience for customers
 - Training, product awareness & general information
- Investment in manufacturing facilities beneficial
 - Improvement of existing products
 - Quality
 - General food safety
 - New products / opportunities



Distribution

- Completed outsourcing to Vector Logistics in August 2005
- Consistency of quality of all products in restaurants & cold chain maintenance
- Increase basket size of goods from Vector
- Enhanced profitability for Group & franchisee alike
- Enhanced efficiency through reduced stock levels & risk relating to stock holding & lowering of credit risk

Financial performance

Ronel van Dijk

Key financial indicators



	<u>2006</u>	<u>2005</u>	<u>% change</u>
Headline earnings (R'000)	57 971	50 223	15.4
Headline EPS (cents)	65.76	55.32	18.9
Diluted headline EPS (cents)	65.10	55.32	17.7
Distribution per share (cents)	47	40	17.5
Distribution cover (times)	1.4	1.4	-

Impact of change to IFRS



<u>R'000</u>	<u>Reserves</u>	<u>Accum (loss)/ profit & min int</u>
Balance at 1 July 2004 – as previously stated	-	(44 688)
IFRS adjustments	-	196 614
Trademark	-	263 391
Property, plant & equipment	-	825
Deferred taxation	-	(67 602)
Restated balance at 30 June 2004	-	151 926
Attributable earnings as previously stated		51 922
IFRS adjustments	2 298	(1 277)
Foreign currency translation	1 546	(1 493)
Property, plant & equipment	-	40
Deferred taxation	-	928
Share-based payments	752	(752)
Attributable earnings restated as at 30 June 2005	2 298	50 645

Turnover



<u>R'000</u>	<u>2006</u>	<u>2005</u>	<u>% change</u>
Wholesale & distribution*	73 852	110 165	(33.0)
Franchise – Spur	86 548	73 494	17.8
Franchise – Panarottis	8 655	6 836	26.6
Franchise – John Dory's	3 922	1 628	140.9
Franchise – International	6 681	5 326	25.4
Franchise – other	177	488	(63.7)
Corporate services (Taste FM, Store Design, Training)	2 857	2 695	6.0
Total	182 692	200 632	(8.9)

* Comparable turnover impacted by outsourcing of distribution

Turnover – geographic split



<u>R'000</u>	<u>% of total</u>	<u>2006</u>	<u>% of total</u>	<u>2005</u>	<u>% change</u>
South Africa	96.3	176 012	97.3	195 306	(9.9)
Wholesale	40.4	73 852	54.9	110 165	
Franchise	54.4	99 302	41.1	82 446	
Other	1.5	2 858	1.3	2 695	
Africa & Mauritius	1.6	2 844	1.3	2 550	11.5
UK & Australia	2.1	3 836	1.4	2 776	38.2
Total		182 692		200 632	(8.9)

Operating profit – operating income



<u>R'000</u>	<u>% of total</u>	<u>2006</u>	<u>2005</u>	<u>% change</u>
Wholesale & distribution	26%	27 432	23 034	19.1
Franchise – Spur	69%	72 326	61 470	17.7
Franchise – Panarottis	5%	5 749	4 533	26.8
Franchise – John Dory's	-	(232)	296	(178.4)
Operating margin		42.4%	32.9%	28.9

Normalised/comparable operating profit



<u>R'000</u>	<u>2006</u>	<u>2005</u>	<u>% change</u>
Operating profit	77 441	66 100	17.2
Release of tax provision	-	(1 267)	
Release of international loan provision	(1 779)	-	
Foreign exchange loss/(gain)	1 119	(980)	
IFRS 2 charge	2 118	1 059	
Comparable operating profit	78 899	64 912	21.5



Balance sheet – assets

R'000

Property, plant & equipment

2006

37 612

2005

27 100

Intangibles

271 865

271 865

Investments & loans

26 049

18 618

Deferred tax

11 323

13 053

Inventory

2 232

5 024

Trade & other receivables

41 942

28 080

Cash

45 689

41 637

Taxation

2 844

2 587

Total assets

439 556

407 964

Balance sheet – equity & liabilities



<u>R'000</u>	<u>2006</u>	<u>2005</u>
Capital & reserves	362 640	336 591
Deferred tax	37 939	32 570
Trade & other payables	18 220	19 565
Loans payable	9 023	5 036
Taxation	6 561	12 055
Bank overdraft	4 801	1 934
Shareholders for distribution	372	213
Total equity & liabilities	439 556	407 964

Cash utilisation



R'000

Cash from operations

Interest received

Distributions paid

Taxation paid

Working capital changes

Investment in buildings

Investment in associates

Information technology

Other asset purchases

Net increase in cash during the year

2006

82 175

4 007

86 182

(36 867)

(22 795)

(4 285)

(14 537)

(2 783)

(1 626)

(1 920)

1 369

Outlook for 2007

Pierre van Tonder

Outlook for 2007



- Rising interest rates to impact consumer spending
- Continued restaurant growth in SA
- Selective international restaurant openings
- Black empowerment remains a priority
- Sustained revenue & earnings growth for 2007 through maintenance of improved margins
- IP & franchisee support

Questions?

Thank you