

WELCOME

**Annual results
2008**



Welcome



Performance & operations

Pierre van Tonder



The year under review

- » Challenging trading environment
 - Food price inflation
 - Electricity crisis
 - Pressure on consumer spending
- » 11.7% growth in restaurant turnover
- » Opened 17 new restaurants
- » Restaurant base now 343
- » UK operations restructured
- » Solid underlying financial performance
 - Impacted by impairment & losses in Australian outlet



Spur Steak Ranches

- » Turnover growth
 - 8.6% - all restaurants
 - 6.3% - same restaurants
- » Food price inflation 17.6%
- » Menu price increase limited to 2.6% in October 2007 & 9.1% in April 2008
- » Opened 11 restaurants in SA
- » Relocated 6 & revamped 9 restaurants
- » 236 restaurants in SA



Spur Steak Ranches *continued*

- » Continuing to broaden base in SA
 - Soweto
 - Braamfontein
 - Future sites include:
 - Hillbrow
 - Gugulethu
 - Atteridgeville
- » 14 new restaurants planned for 2009
- » Further 13 restaurants to be revamped
- » 4 relocations planned for 2009



Spur Steak Ranches *continued*

- » New menu concept launched October 2007
- » Spur TV installed in February 2008
- » Taste FM
- » “Coolest place to eat” in Sunday Times survey
- » Star Leisure Options awards:
 - Best dinner on a budget
 - Best kids indoor party venue
 - Best children’s restaurant menu
 - Best franchise steakhouse



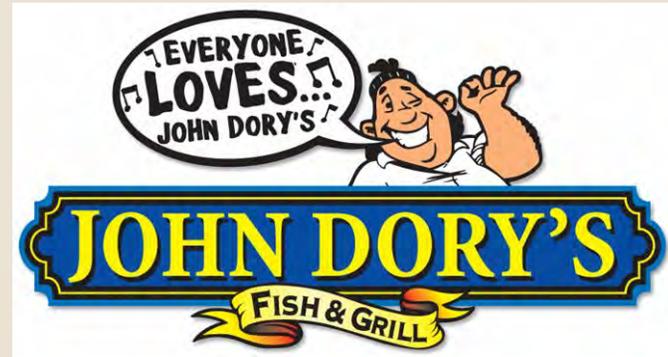
Panarottis Pizza Pasta

- » Turnover growth
 - 1.1% - all restaurants
 - 0.1% - same restaurants
 - Menu price increase limited to 8.4% in October 2007 & 4.7% in April 2008
- » Upgraded 13 restaurants & relocated 2
- » Total restaurants 51 in SA
- » Top ten of the “Coolest eat out places” in the Generation Next Survey
- » Design update to brand image



John Dory's Fish & Grill

- » Turnover growth of 23.4%
- » 7 restaurants revamped
- » Total restaurants now 21
- » Design update to brand image



Marketing

- » Secret Tribe Kids Club grown by 11.6%
 - 915 221 active members
- » Loyalty card launched September 2008
- » New agencies in both Spur & Panarottis
- » John Dory's affiliation with Jeep & fishing
- » Continued investment in CSI



Operations

» Procurement

- Continued investment in procurement to:
 - limit food inflation impact on franchisees
 - ensure sustained quality supply

» Manufacturing division

- Impacted by higher cost of raw materials
- Increase in sales of sauces in supermarkets

» IT

- Locked down
- Improved business intelligence



International

- » 3 new Spur restaurants
 - Kampala (Uganda)
 - Newry & Belfast (Northern Ireland)
- » Total restaurants now 35
- » Africa
 - Region continues to trade well
 - New restaurant planned in Lusaka (Zambia)
 - Investigating opportunities in Ghana, Kenya, Nigeria & Tanzania
- » Middle East
 - Location secured



International *continued*

» United Kingdom & Ireland

- Transaction concluded with effect from 1 April 2008
 - Spur Corporation UK acquired 100% of Mohawk Spur in Wandsworth, including lease & franchise rights
 - All future franchise rights for the UK & Ireland now vest with Spur Corporation UK
- Enables expansion of the restaurant base in the region



International *continued*

» Australia

- Operations restructured; acquired minority interests in two Spur restaurants
- Unsuccessful pilot of fish & grill concept in January 2008
 - Concept not accepted by the market
 - Restaurant closed in August 2008
 - Negative impact on results of R9.2 million



Financial performance

Ronel van Dijk



Key changes in group structure

Company-owned restaurants

Panarottis Blacktown (Aus)

2008

Full year

2007

9 months

Seven Eagles Spur (Aus)

Full year

4 months

Mustang Spur (Aus)

5 months

-

Fish & Grill pilot (Aus)

6 months

-

Cheyenne Spur (UK)

Full year

1 week

Silver Lake Spur (UK)

Full year

1 week

Mohawk Spur (UK)

3 months

-

Turnover

<u>R'000</u>	<u>2008</u>	<u>2007</u>	<u>% change</u>
Wholesale & distribution	80 603	76 192	5.8
Franchise – Spur	107 982	99 911	8.1
Franchise – Panarottis	10 078	9 526	5.8
Franchise – John Dory's	5 799	4 687	23.7
Franchise – International	12 250	9 410	30.8
Retail outlets	75 197	13 828	>100
Corporate services & other (Taste FM, Store Design, Training)	3 929	1 726	>100
Total	295 838	215 411	37.3

Turnover – geographic split

<u>R'000</u>	<u>% of total</u>	<u>2008</u>	<u>% of total</u>	<u>2007</u>	<u>% change</u>
South Africa	70.4	208 391	89.2	192 172	8.4
Wholesale	27.2	80 603	35.4	76 192	5.8
Franchise	41.9	123 896	53.0	114 291	8.4
Other	1.3	3 892	0.8	1 689	>100
Africa & Mauritius	2.1	6 075	1.9	4 172	45.6
Australia	10.7	31 726	7.7	16 525	92.0
UK	16.8	49 646	1.2	2 542	>100
Total		295 838		215 411	

Operating income

<u>R'000</u>	<u>% of franchise</u>	<u>2008</u>	<u>2007</u>	<u>% change</u>
Wholesale & distribution	20.2	26 349	31 444	(16.2)
Franchise – Spur	70.1	91 539	84 295	8.6
Franchise – Panarottis	5.6	7 326	6 777	8.1
Franchise – John Dory's	1.9	2 440	1 443	69.1
Franchise – International	2.2	2 902	5 876	(50.6)
Total franchise		130 556	129 835	0.6
Retail stores		(11 101)	(3 285)	
Corporate services		(33 958)	(37 133)	
Operating margin		28.9%	41.5%	

Operating income – franchise international

<u>R'000</u>	<u>2008</u>	<u>2007</u>	<u>% change</u>
Franchise – International	2 902	5 876	(50.6)
Profit on sale of intangible	-	(1 397)	
Abnormal legal costs	2 003	1 868	
Foreign exchange loss/(gain)	1 627	(455)	
Comparable operating income	<u>6 532</u>	<u>5 892</u>	10.9

Comparable profit after tax

<u>R'000</u>	<u>2008</u>	<u>2007</u>	<u>% change</u>
Profit after tax	59 602	81 752	(27.1)
Taxes relating to foreign subsidiaries	1 476	(16 554)	
Fish & grill concept – impairment & op loss	9 213	-	
Investment in procurement	2 600	-	
Foreign exchange loss/(gain)	1 236	(94)	
International restaurants start up losses	1 093	2 680	
Abnormal legal costs (UK restructuring)	1 531	1 392	
Write off of old tax receivable	-	487	
SARS VAT query (under objection)	-	430	
Loss on sale of associates	210	1 129	
Profit on sale of intangible asset	-	(1 194)	
Comparable profit after tax	76 961	70 028	9.9

Balance sheet – assets

<u>R'000</u>	<u>2008</u>	<u>2007</u>
Property, plant & equipment	98 890	82 982
Intangibles	281 867	272 596
Investments & loans	24 520	25 072
Deferred tax	18 966	15 612
Other non-current assets	3 697	-
Inventory	6 624	4 943
Trade & other receivables	52 381	47 100
Taxation	3 324	2 285
Cash	66 865	45 134
Total assets	557 134	495 724

Balance sheet – equity & liabilities

<u>R'000</u>	<u>2008</u>	<u>2007</u>
Capital & reserves	437 102	403 636
Long-term loan	15 579	-
Operating lease liability	1 321	-
Deferred tax	40 736	34 252
Trade & other payables	35 927	32 280
Loans payable	15 126	14 411
Shareholders for distribution	352	302
Taxation	8 729	9 927
Bank overdraft	2 262	916
Total equity & liabilities	557 134	495 724

Cash utilisation

R'000

2008

Cash from operations

110 013

Net interest received

4 852

114 865

Distributions paid

(50 199)

Taxation paid

(24 763)

Working capital changes

(8 865)

Investment in buildings & leasehold improvements

(8 512)

Investment in associates & subsidiaries

(15 205)

Information technology

(1 845)

Other asset purchases

(7 058)

Increase in loans & minorities

18 862

Net increase in cash during the year

17 280

Outlook for 2009

Pierre van Tonder



Outlook for 2009

- » High interest rates & inflationary pressures to continue to impact consumer spending
- » Value proposition is critical
- » Food prices continue to be a challenge, but inflation should have peaked
- » Continued restaurant growth in SA
- » Selective international restaurant openings
- » Increased revenue & profitability growth in 2009



Questions?

Thank you

