

WELCOME

**Annual results
2009**



Performance & operations

Pierre van Tonder



The year under review

- » Difficult trading environment
 - High rentals
 - Increased costs of electricity, rates and taxes
 - Reduced disposable income
 - High food price inflation
- » 7.3% growth in restaurant turnover
 - Strength of brands and value of customer loyalty
- » Opened 11 new restaurants and refurbished/relocated 28
- » Restaurant base now 347
- » Sound financial performance



Spur Steak Ranches

- » 8.6% turnover growth
- » Food price inflation 10.2%
- » Menu price increase limited to 4% in October 2008 and 7% in May 2009
- » Opened 10 restaurants in SA
- » Relocated 7 and revamped 9 restaurants
- » 240 restaurants in SA



Spur Steak Ranches *continued*

- » Signature store concept for high profile sites
 - V&A Waterfront, Bryanston, Bloemfontein Waterfront
 - Cape Town International Airport – November 2009
- » Continuing to broaden base in SA
 - Hillbrow, Atteridgeville
- » 8 new restaurants planned for FY2010
- » Further 17 restaurants to be revamped and 7 relocations planned for FY2010



Spur Steak Ranches *continued*



- » Promotions
 - Value-added campaigns
 - Theme evenings
- » Secret Tribe
 - Totem Card launched
 - Totem Magazine launched



Panarottis Pizza Pasta

- » 4.4% turnover growth
- » Menu price increase limited to 2.5% in December 2008 and 3.9% in May 2009
- » Upgraded 5 restaurants and relocated 1
- » Total restaurants 50 in SA
- » Reintroduced marketing campaign into cinemas



John Dory's Fish & Grill

- » 18.2% turnover growth
- » Menu price increase limited to 7.5% in November 2008
- » 3 restaurants revamped
- » Total restaurants now 22
- » John's Club loyalty programme to be launched



Operations

- » Procurement
 - Benefits of long-term partnership with suppliers
 - Ongoing improvement in procurement and distribution efficiencies
- » Manufacturing division
 - Reduction in cost of raw materials
 - Increase in sales of sauces in supermarkets
- » Information technology
 - Significant investment this year and next year
 - Increased operational reporting
 - Business Intelligence
- » Sustainability



International

- » 2 new Spur restaurants
 - Derby (United Kingdom) & Nairobi (Kenya)
 - Total restaurants now 35
- » Africa
 - Region continues to trade well
 - Investigating opportunities in Angola, Ghana, Kenya, Mozambique, Nigeria, Swaziland, Tanzania & Zambia
- » Middle East
 - 1st restaurant to open in November 2009 in Dubai Festival City



International *continued*

» Australia

- Restaurant industry hit hard by economic environment
- Solid performances by Panarottis Blacktown, Panarottis Mingara and Silver Spur, Penrith
- Relocated Panarottis Penrith to new premises – improved performance
- Disappointing performance from two retail outlets – impairments
- New Spur franchise outlet to open in Perth



International *continued*

» United Kingdom & Ireland

- Restaurants trading reasonably well
- New retail outlet opened in Derby in current year – revenue a challenge
- New retail outlet to open in Aberdeen in October 2009
- Engaged consultant to develop Retail Footprint Model for Spur
- Investigating opportunities in a number of sites
- Investigating sources of funding for future expansion
- Relocation of UK MD



Restaurant base

Franchise brand	South Africa	Inter-national	Total
Spur Steak Ranches	240	29	269
Panarottis Pizza Pasta	50	6	56
John Dory's Fish & Grill	22	-	22
Total	312	35	347



Financial performance

Ronel van Dijk



Turnover

<u>R'000</u>	<u>2009</u>	<u>2008</u>	<u>% change</u>
Wholesale & distribution	91 578	80 603	13.6
Franchise – Spur	115 836	107 982	7.3
Franchise – Panarottis	10 137	10 116	0.2
Franchise – John Dory's	6 788	5 799	17.1
Franchise – International	12 883	12 250	5.2
Retail outlets	83 846	75 197	11.5
Corporate services & other (Taste FM, Store Design, Training)	5 706	3 891	46.6
Total	326 774	295 838	10.5

Turnover – geographic split

<u>R'000</u>	<u>% of total</u>	<u>2009</u>	<u>% of total</u>	<u>2008</u>	<u>% change</u>
South Africa	70.4	230 044	70.4	208 391	10.4
Wholesale	28.0	91 578	27.2	80 603	13.6
Franchise	40.6	132 761	41.9	123 896	7.2
Other	1.8	5 705	1.3	3 892	46.6
Africa	2.1	6 842	2.1	6 075	12.6
Australia	10.4	34 048	10.7	31 726	7.3
UK	17.1	55 840	16.8	49 646	12.5
Total		326 774		295 838	10.5

Operating income

<u>R'000</u>	<u>% of franchise</u>	<u>2009</u>	<u>2008</u>	<u>% change</u>
Wholesale & distribution	23.3	33 962	26 349	28.9
Franchise – Spur	67.0	97 525	91 539	6.5
Franchise – Panarottis	4.5	6 592	7 363	(10.5)
Franchise – John Dory's	2.0	2 920	2 440	19.7
Franchise – International	3.2	4 686	2 902	61.5
Total franchise		145 685	130 593	11.6
Retail outlets		(14 536)	(11 101)	(30.9)
Corporate services		(33 488)	(33 958)	1.4
Operating margin		29.9%	28.9%	

Comparable profit after tax

<u>R'000</u>	<u>2009</u>	<u>2008</u>	<u>% change</u>
Profit after tax	63 841	59 602	7.1
STC (previously capital distributions)	4 181	-	
Foreign exchange loss	957	1 236	
International restaurants start up losses	2 082	-	
Impairment of Australian restaurants	10 044	-	
Jack Salmon's – impairment & op loss	455	9 213	
Abnormal legal costs (UK restructuring)	-	1 531	
Loss on sale of associates	-	210	
Loss from associates	1 168	-	
Absorption of food price increases	-	1 872	
Once-off UK brand development costs	635	-	
International once-off staff costs	190	-	
Comparable profit after tax	83 553	73 664	13.4

Balance sheet – assets

<u>R'000</u>	<u>2009</u>	<u>2008</u>
Property, plant & equipment	84 429	98 890
Intangibles	279 970	281 867
Investments & loans	14 651	24 520
Deferred tax	16 618	18 966
Other non-current assets	2 731	3 697
Inventory	6 066	6 624
Trade & other receivables	54 320	52 381
Taxation	3 567	3 324
Cash	83 887	66 865
Total assets	546 239	557 134

Balance sheet – equity & liabilities

<u>R'000</u>	<u>2009</u>	<u>2008</u>
Capital & reserves	434 320	437 102
Long-term loan	11 413	15 579
Operating lease liability	1 352	1 321
Deferred tax	47 472	40 736
Trade & other payables	30 639	35 927
Loans payable	11 441	15 126
Shareholders for distribution	398	352
Taxation	6 351	8 729
Bank overdraft	2 853	2 262
Total equity & liabilities	546 239	557 134

Cash utilisation

<u>R'000</u>	<u>2009</u>	<u>2008</u>
Cash from operations	118 205	112 927
Net interest received	5 803	4 852
	124 008	117 779
Distributions paid	(47 722)	(50 199)
Taxation paid	(34 292)	(24 763)
Working capital changes	(6 321)	(8 474)
Investment in leasehold improvements	(9 721)	(8 512)
Investment in associates & subsidiaries	-	(15 205)
Purchase of treasury shares	(2 013)	-
Information technology	(857)	(1 845)
Other asset purchases	(2 659)	(7 058)
(Decrease)/increase in loans & minorities	(3 846)	18 862
Net increase in cash during the year	16 577	20 585

Outlook for 2010

Pierre van Tonder



Outlook for 2010

- » Environment expected to remain difficult
- » Pressure on franchisee profitability from increased electricity costs & wage demands
- » Value proposition remains critical
- » Benefit of 2010 FIFA World Cup
- » Continued restaurant growth in SA
 - 8 Spur Steak Ranches
 - 3 Panarottis Pizza Pasta
 - 4 John Dory's Fish & Grill
- » Selective international openings – 3 confirmed





Questions?

Thank you

