

WELCOME

**ANNUAL RESULTS
2010**



PERFORMANCE & OPERATIONS

Pierre van Tonder



Review of the year

- » Worldwide recovery from economic recession slow
 - Success of value proposition in increasing traffic
 - Focus on sustaining franchisee profitability
- » FIFA 2010 World Cup – 24.8% turnover increase year-on-year
- » 9.1% growth in restaurant turnover for the year
 - Strength of brands and value of customer loyalty
- » Opened 21 new restaurants, refurbished 27 and relocated seven
- » Restaurant base now 359
- » Strong financial performance



Spur Steak Ranches

- » 9.5% turnover growth
- » Food price inflation lower than previous fiscal
- » Menu price increase of 7.3%, driven by overhead cost increases
- » Opened nine restaurants in SA
- » Relocated six and revamped 18 restaurants
- » 245 restaurants in SA



Spur Steak Ranches *continued*

- » Launch of smaller model for outlying areas
- » 14 new restaurants planned for FY2011
- » Further 21 restaurants to be revamped and seven relocations planned for FY2011



Spur Steak Ranches *continued*

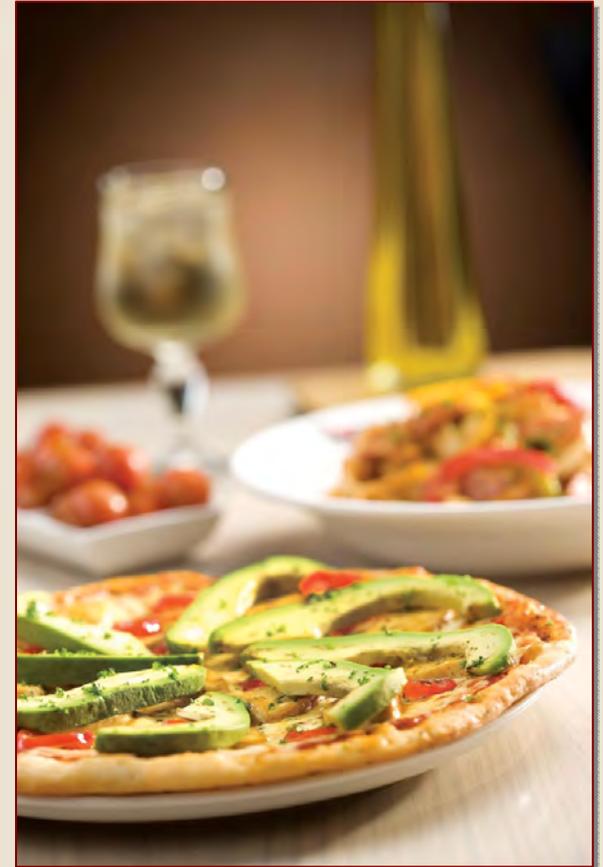


- » Launch of direct marketing initiatives in FY2011
 - Spur Family loyalty card
 - Spur Group gift card
- » Ongoing value added campaigns to drive turnover
- » Managed over 140 Spur events
- » New Spur and Panarottis websites
- » Operations and marketing collaboration
 - Monday Burger special – increased foot count, turnover and profit
 - Breakfast special launched



Panarottis Pizza Pasta

- » 7.8% turnover growth
- » Menu price increase of 7.9%
- » Refurbished seven restaurants
- » 50 restaurants in SA
- » Value added campaigns a success
- » Focus on providing “authentic Italian” offering
- » Piloting Panarottis Express
- » Four new restaurants to open in FY2011



John Dory's Fish & Grill

- » 23.4% turnover growth
- » Menu price increase limited to 4.2%
- » Five new restaurants
- » Two restaurants revamped and one relocated
- » Total restaurants now 26
- » Menu streamlined
- » Focus on consistency of offering
- » Three new restaurants to open in FY2011



Procurement

- » Increased franchisee participation
- » Improved efficiencies and profitability
- » Consistency in supply chain
- » Health and safety
 - Supplier audits
 - Transparency
 - Confidence in supplier function
- » Vector Logistics
 - Service level agreement
 - Logistics policies



Manufacturing

- » Improved efficiencies
- » Improvement in costings
 - Recipe reformulation
 - Raw material costs
- » Third party supply chain
 - Wholesale
- » Retail sauces
 - Extended range
 - Increased volumes
- » Consolidation of manufacturing facilities investigated



Information technology

- » Significant investment over past 2 years
- » Business intelligence
 - Enhanced operational reporting
 - Implementing data warehouse
 - Information to assist operational and marketing strategy



International

- » Four new Spur restaurants
 - Aberdeen (UK), Maseru (Lesotho), Mandurah (Australia) and Dubai (UAE)
 - Total restaurants now 38
- » Africa
 - Healthy trading results
 - First Spur Express opened Botswana in April 2010
 - Investigating opportunities in Angola, Botswana, Kenya, Mozambique, Namibia, Swaziland, Tanzania and Ethiopia
- » Middle East
 - Performance and expansion opportunities impacted by difficult economic climate



International *continued*

» Australia

- Improved performance in tough trading environment
- Sold retail outlet in Campbelltown and closed Erina Fair
- Revamp of Silver Spur in Penrith
- Partnership changes post year-end
- Increased interest and opportunity in Perth

» United Kingdom and Ireland

- Fair performance in very tough environment
- Continuing recessionary trading environment
- FIFA 2010 Soccer World Cup impact
- Impairment of retail outlet in Derby



Restaurant base

Franchise brand	South Africa	Inter-national	Total
Spur Steak Ranches	245	32	277
Panarottis Pizza Pasta	50	6	56
John Dory's Fish & Grill	26	-	26
Total	321	38	359



FINANCIAL PERFORMANCE

Ronel van Dijk



Revenue

<u>R'000</u>	<u>2010</u>	<u>2009</u>	<u>% change</u>
Manufacturing & Distribution	94 008	82 097	14.5
Franchise – Spur	124 411	113 229	9.9
Franchise – Panarottis	10 751	10 137	6.1
Franchise – John Dory's	8 847	6 788	30.3
United Kingdom	56 080	55 840	0.4
Australia	30 013	34 048	(11.9)
Africa, Mauritius & Middle East	6 360	6 842	(7.0)
Corporate services & other (SA) (Taste FM, Store Design, Training)	17 554	17 793	(1.3)
Total	348 024	326 774	6.5

Operating profit

<u>R'000</u>	<u>2010</u>	<u>2009</u>	<u>% change</u>
Manufacturing & Distribution	44 714	36 141	23.7
Franchise – Spur	107 339	97 525	10.1
Franchise – Panarottis	6 560	6 592	(0.5)
Franchise – John Dory's	4 567	3 058	49.3
United Kingdom	(12 396)	(1 540)	
Australia	(1 807)	(12 122)	
Africa, Mauritius & Middle East	5 287	5 966	(11.4)
Other – South Africa	(691)	(1 530)	54.8
Unallocated – International & SA	(35 024)	(36 429)	3.9
Total	118 549	97 661	21.4
Operating margin	34.1%	29.9%	

Comparable operating profit

<u>R'000</u>	<u>2010</u>	<u>2009</u>	<u>% change</u>
Operating profit	118 549	97 661	21.4
IFRS 2 charge	1 682	2 118	
Foreign exchange (gain)/loss	(1 555)	1 285	
International restaurants start up losses	597	-	
Impairment of restaurants	7 994	10 044	
Bad debts write off (UK)	1 075	-	
Comparable operating profit	128 342	111 108	15.5

Financial position – assets

<u>R'000</u>	<u>2010</u>	<u>2009</u>
Property, plant & equipment	75 184	84 429
Intangible assets & goodwill	279 609	279 970
Investments & loans	14 533	14 651
Deferred tax	11 128	16 618
Leasing rights	2 155	2 731
Inventory	6 389	6 066
Taxation receivable	3 600	3 567
Trade & other receivables	53 499	54 320
Cash & cash equivalents	84 628	83 887
Total assets	530 725	546 239

Financial position – equity & liabilities

<u>R'000</u>	<u>2010</u>	<u>2009</u>
Equity	403 295	434 320
Long-term loans	7 181	11 413
Operating lease liability	3 328	1 352
Deferred tax	54 060	47 472
Bank overdraft	3 596	2 853
Taxation	4 832	6 351
Trade & other payables	53 969	42 080
Shareholders for distribution	464	398
Total equity & liabilities	530 725	546 239

Cash utilisation

<u>R'000</u>	<u>2010</u>	<u>2009</u>
Cash from operations	134 474	118 205
Net interest received	4 948	5 803
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	139 422	124 008
Distributions paid	(80 708)	(47 722)
Taxation paid	(49 528)	(34 292)
Working capital changes	3 394	(6 321)
Investment in leasehold improvements	(8 791)	(9 721)
Purchase of treasury shares	(3 888)	(2 013)
Information technology	(976)	(857)
Other asset purchases	(2 605)	(2 659)
Additional interest in associate	(495)	-
Landlord contribution	2 066	-
Decrease/(increase) in loans & minorities	1 886	(3 846)
Net (decrease)/increase in cash for the year	<hr/>	<hr/>
	(223)	16 577

OUTLOOK FOR 2011

Pierre van Tonder



Outlook for 2011

- » Economic recovery expected to continue at slow pace
- » Continued pressure on franchisee profitability from increased electricity, rates and taxes and general property costs
- » Value proposition remains strategically focused
- » Continued restaurant growth in SA
 - 14 Spur Steak Ranches
 - Four Panarottis Pizza Pasta
 - Three John Dory's Fish & Grill
- » Selective international openings
 - Gateshead, UK
 - Lusaka, Zambia
 - Lilongwe, Malawi



Outlook for 2011 *continued*

- » Consumer Protection Act
 - October 2010
 - Regulations
- » King III
- » Sustainability and Green Economics
- » Procurement focus
- » College of Excellence and skills development



QUESTIONS?

Thank you

