



**ANNUAL RESULTS**  
**2013**

S P U R C O R P O R A T I O N

# OPERATIONAL OVERVIEW

Pierre van Tonder



# RESTAURANT BASE

<b>Franchise brand</b>	<b>South Africa</b>	<b>Inter-national</b>	<b>Total</b>
Spur Steak Ranches	267	36	303
Panarottis Pizza Pasta	61	12	73
John Dory's Fish Grill Sushi	29	-	29
Captain DoRegos	72	2	74
<b>Total</b>	<b>429</b>	<b>50</b>	<b>479</b>



# OVERVIEW

- 15.2% turnover growth
- Continuous enforcement of standards
- Positioning of the menu (menu price increase 3.6%) / Value perspective
- Excellent national marketing initiatives, boosting quieter weekday trading periods
  - Monday Burger
  - Kids Eat Free Wednesdays
  - Thursday Bottomless Ribs and Wings
  - Spur Unreal Breakfast





# OVERVIEW (cont.)

- Breakfast offering strengthened in growth and turnover – now 14% of unit sales
- Opened 13 new restaurants in SA, 3 relocations and 53 revamps (franchisee investment approximately R39m)





# OVERVIEW

- 17.51% existing store turnover growth – STAR OF THE YEAR!
- Ongoing process of revamps and upgrading kids facilities
- Focus on weekday promotions – 33% of sales
  - Tuesday – Buy one get one free
  - Thursday – All you can eat Pizza for R59.90 (Kids R39.90)
  - Sunday – Family Sunday – Kids Eat Free



- Focus on menu engineering – rationalise and improve menu content to improve franchisee profitability
- Opened 10 new restaurants (4 Express)
- Revamped 7 restaurants
- 61 restaurants in South Africa





# OVERVIEW

- 11.4% turnover growth
- Successful national integration of John Dory's sauces into Central Kitchens basket
- New spec and look completed – 9 stores revamped, 11 stores with kids facilities, 2 new stores (WIP)
- Furthered relationship with SASSI
- Redesigned weekday promotions
- TV advertisement





# OVERVIEW

- Rebranded to original Captain DoRegos
- Distribution integrated into Vector (Nov 2013)
- Continued aggressive expansion – 11 new stores opened
- Upgrading POS – enhance BI
- Franchisee integration



# INTERNATIONAL - Australia

- Marketing consolidated
- Appointed a labour analyst to assess restaurants and implement labour saving strategies
- Upgrading POS to Pilot and introducing hand-held ordering devices
- Tight trading conditions



# INTERNATIONAL – United Kingdom & Ireland

- Acquired two former franchised sites – Arapaho Spur in Staines and Iowa Spur in Dublin
- Continued re-branding
- Eight company owned restaurants
- Aggressive marketing
- Focused operations



# INTERNATIONAL – Africa & Islands

- Spur brand successfully re-launched and well received in Zambia
- Captain DoRegos introduced in Namibia and Mauritius – well received
- Namibia remains an attractive market
  - Set up a National Marketing Fund – national promotions run, aligned with South African model – produced positive results
  - Renovated older restaurants, emphasis on kids play areas
- Gaborone restaurants closed for the moment
- Panarottis Windhoek – new owners
- Strengthened operations team
- Primary focus is to grow existing territories



# MANUFACTURING

- Bottling plant commenced production in September 2012
  - 876 000 bottles of salad dressing
  - 325 000 bottles of barbecue sauce
- Total production – 4.95 million litres
- HACCP certification for further three years obtained
- Third party manufacturing



# DISTRIBUTION

- Number of cases delivered by Vector 4.7m (12.1% increase on PY)
- Number of kgs delivered 35 869 tons (12.9% increase on PY)
- Total Vector basket turnover R890.0m (19.9% increase on PY)
- Franchisee profitability / margin



# TRAINING & THE COLLEGE OF EXCELLENCE

- Training
  - 7 220 staff trained (5 171 in 2012 FY)
  - Product workshops completed for Spur, Panarottis and John Dory's; Captain DoRegos workshops being developed
- College of Excellence
  - 13 candidates completed course
  - Cape Town college opened
  - To have dual intake in both Johannesburg and Cape Town – increase availability of graduates to franchisees



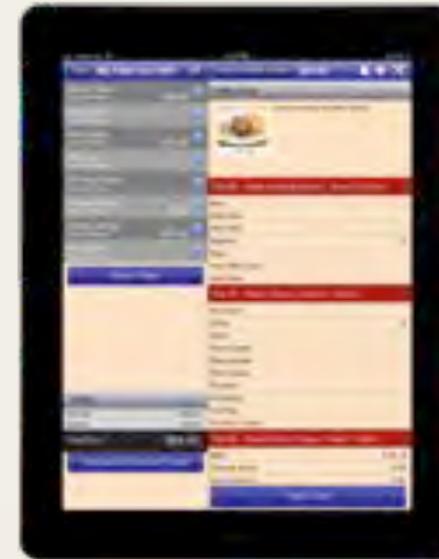
# INFORMATION TECHNOLOGY

- Head Office

- Tablet-based Operations Manager Application
- Spur TV

- Restaurants

- Speed of Service – hand held devices



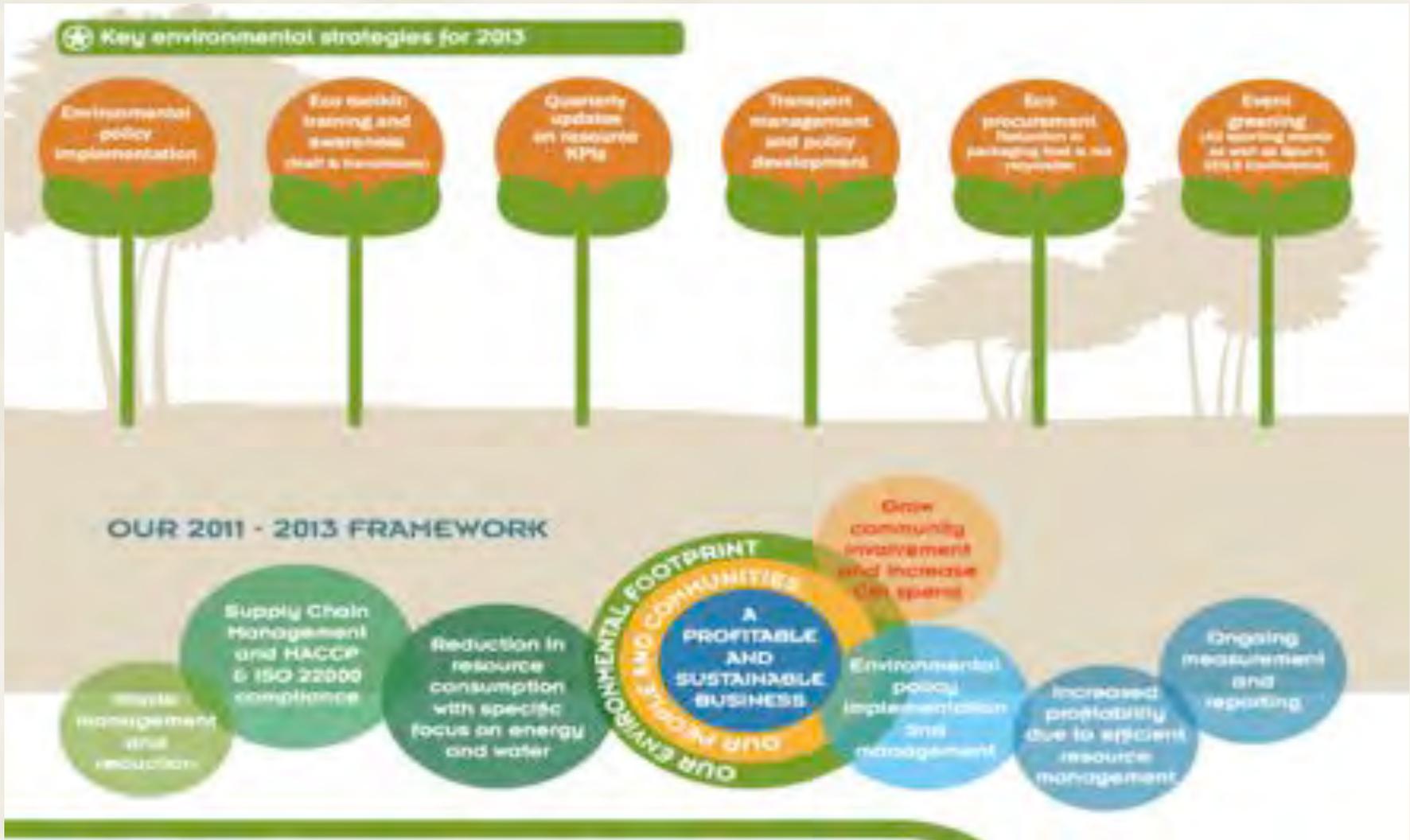
# FAMILY CARD STATISTICS

## ■ Key Performance Indicators

- Number of family card members – 1.39m
- Number of Secret Tribe members – 1.08m
- Loyalty turnover for June 2013 is R119m
- The national average of loyalty turnover as a % of total turnover was 28.74% in December 2012, and has increased to 38.3%, June 2013.
- Loyalty vs. Non-Loyalty invoices: 27.6% higher turnover on loyalty invoices.
- 32% of June 2013 Loyalty customers returned to Spur in June 2013, up from 25% in July 2012.



# ENVIRONMENTAL SUSTAINABILITY



# SPUR FOUNDATION

- “Nurture, Nourish, Now”
- Budget to 2017 set
  - Total spend of approximately R5.5m
- Beneficiaries identified
  - “Adopted” creches in GT and WC
  - Committed to Asha Trust and Heifer International
  - JAM
  - Creating Change
  - Sisanda Fundaytion
  - Teddy Bear Clinic
  - Reach for a Dream
  - Foodbank
- Registered as PBO and S18A with SARS



# FINANCIAL OVERVIEW

Ronel van Dijk



# FINANCIAL HIGHLIGHTS

- Revenue up **29.7%**
- Comparable profit up **15.8%**
- Headline earnings up **19.9%**
- Diluted HEPS up **21.7%**
- Distribution per share up **27.6%** to **111.0 cents**

# FRANCHISE – SPUR SA

<u>R'000</u>	<u>June 2013</u>	<u>June 2012</u>	<u>% change</u>
Revenue	179 464	155 433	15.5
Operating profit	158 818	136 447	16.4
Operating margin	88.5	87.8	

# FRANCHISE – PANAROTTIS SA

<u>R'000</u>	<u>2013</u>	<u>2012</u>	<u>% change</u>
Revenue	16 692	12 952	28.9
Operating profit	9 874	7 866	25.5
Operating margin	59.2%	60.7%	

# FRANCHISE – JOHN DORY'S

<u>R'000</u>	<u>2013</u>	<u>2012</u>	<u>% change</u>
Revenue	11 712	11 092	5.6
Operating profit	6 629	5 818	13.9
Operating margin	56.6%	52.5%	

# FRANCHISE – CAPTAIN DOREGOS

**R'000**

**2013**

**2012** **% change**

Revenue

9 174

2 498

267.3

Operating profit

3 838

928

313.6

Operating margin

41.8%

37.1%

# PROCUREMENT, MANUFACTURING AND DISTRIBUTION

<u>R'000</u>	<u>2013</u>	<u>2012</u>	<u>% change</u>
<b>Revenue</b>	<b>213 712</b>	142 821	49.6
Captain DoRegos depot revenue	72 625	23 485	
<b>Adjusted revenue</b>	<b>141 087</b>	<b>119 336</b>	18.2
<b>Operating profit</b>	<b>59 525</b>	55 662	6.9
Exceptional items			
Relocation, revamp & retrenchments	-	259	
Captain DoRegos depot	(1 949)	(948)	
<b>Adjusted operating profit</b>	<b>57 576</b>	<b>54 973</b>	4.7
Comparable margin	40.8%	46.1%	

# CORPORATE SERVICES & OTHER SA

<u>R'000</u>	<u>2013</u>	<u>2012</u>	<u>% change</u>
Revenue	30 399	34 395	(11.6)
Operating loss	(35 598)	(35 018)	(0.2)
Exceptional items	(13 934)	(6 570)	
IFRS 2 (net of related hedge)	(10 711)	(3 514)	
Interest	(5 854)	(6 180)	
Due diligence	-	745	
Legal costs	1 424	3 171	
Spur Convention + Spur Foundation	-	2 670	
Captain DoRegos bargain purchase gain	-	(3 694)	
Structural changes (call centre)	-	232	
Other one off expenses	1 207	-	
Adjusted operating loss	(49 532)	(41 588)	(10.5)

# UNITED KINGDOM

<u>R'000</u>	<u>2013</u>	<u>2012</u>	<u>% change</u>
<b>Revenue</b>	118 353	81 631	45.0
Operating (loss)/profit	(1 006)	694	(245.0)
Exceptional items			
Gain on Larkspur One Limited realisation of collateral	-	(843)	
Larkspur One Limited rent	603	(603)	
New stores trading and start up losses	2 773	-	
Adjusted operating profit/(loss)	2 370	(752)	415.2
Add back:			
Depreciation	5 432	5 054	
Interest	126	103	
Adjusted cash flow profit	7 928	4 405	80.0

# AUSTRALIA

<u>R'000</u>	<u>2013</u>	<u>2012</u>	<u>% change</u>
<b>Revenue</b>	<b>60 632</b>	<b>53 140</b>	<b>14.1</b>
Operating loss	(2 194)	(682)	(221.7)
Add back:			
Depreciation	2 107	2 039	
Interest	(70)	10	
Impairment	2 188	1 564	
Cash flow profit	<u>2 031</u>	<u>2 931</u>	(30.7)

# INTERNATIONAL OTHER & CORPORATE SERVICES

R'000

2013

2012

% change

## International other

Revenue	12 374	9 277	33.4
Operating profit	7 487	5 305	41.1
Operating margin	60.5%	57.2%	

## International Corporate Services

Operating loss	(12 316)	(1 920)	
Exceptional items			
Australia wind up costs	1 052	-	
Foreign exchange loss/(gain)	6 518	(2 288)	
Adjusted operating loss	<u>(4 746)</u>	<u>(4 208)</u>	(12.8)

# COMPARABLE PROFIT BEFORE TAX

<u>R'000</u>	<u>2013</u>	<u>2012</u>	<u>% change</u>
Profit before tax	<b>195 057</b>	<b>175 100</b>	<b>11.4</b>
IFRS2 charge	(10 711)	(3 514)	
Corporate services and other exceptional items	2 631	3 124	
International exceptional items	6 616	118	
Procurement, manufacturing exceptional items	-	259	
Foreign exchange loss/(gain)	6 510	(2 288)	
<b>Comparable profit before tax</b>	<b><u>200 103</u></b>	<b><u>172 799</u></b>	<b>15.8</b>

# FINANCIAL POSITION - Assets

<u>R'000</u>	<u>2013</u>	<u>2012</u>
Property, plant & equipment	76 878	73 492
Intangible assets & goodwill	321 698	320 986
Investments & loans	13 880	8 818
Deferred tax	9 347	7 776
Leasing rights	5 290	1 826
Derivative financial asset	22 087	4 654
Inventory	17 020	10 304
Taxation receivable	8 134	5 488
Trade & other receivables	86 356	71 866
Derivative financial asset	15 703	-
Cash & cash equivalents	112 096	98 804
<b>Total assets</b>	<b>688 489</b>	<b>604 014</b>

# FINANCIAL POSITION – Equity & Liability

<u>R'000</u>	<u>2013</u>	<u>2012</u>
Equity	470 858	425 606
Long-term loans	423	446
Operating lease liability	5 481	6 564
Other non-current liabilities	12 048	4 520
Deferred tax	72 284	69 048
Bank overdrafts	1 605	1 854
Taxation	4 132	6 052
Trade & other payables	105 214	89 004
Other current liabilities	16 117	-
Shareholders for distribution	327	920
<b>Total equity &amp; liabilities</b>	<b>688 489</b>	<b>604 014</b>

# CASH UTILISATION

**R'000**

Cash from operations

**2013**

**2012**

200 302

171 060

Net interest received

5 871

6 164

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206 173

177 224

Distributions paid

(88 444)

(65 108)

Taxation paid

(60 675)

(58 578)

Working capital changes

2 958

6 378

Investment in fixed assets

(12 937)

(6 204)

Acquisition of Captain DoRegos & John Dory's NCI

(5 092)

(41 413)

Purchase of treasury shares & options settled

(16 725)

(21 569)

Proceeds from disposal of PPE

159

133

Proceeds from share-based payment hedge

1 221

198

Landlord contribution received

-

683

Increase in loans & minorities

(12 815)

(8 602)

**Net increase/(decrease) in cash for the year**

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**13 823**

**(16 858)**

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# OTHER

- Appointment of new independent non-executive director
- JSE pro-active monitoring
- Contingent liabilities
  - SARS query
    - Paid R2.8 million in August 2013
    - ADR
  - Zambia legal case
- Fixed asset budget for 2014 – R9 million, excluding Johannesburg building

# OUTLOOK

Pierre van Tonder





- Consumer cash flow remains under pressure
- Opening 8 new restaurants

- Family card
- Gift card

## Spur Unreal Breakfast!

2 fried eggs, 2 grilled rashers of bacon & fried tomato. Served with chips, 2 slices of toast, jam and butter. **19<sup>95</sup>**

Available until **11 am.**

**Top up your breakfast**

Cheese Griller	<b>12<sup>90</sup></b>
Grilled Mushrooms	<b>10<sup>90</sup></b>
2 Pork Sausages	<b>10<sup>90</sup></b>
2 Viennas	<b>10<sup>90</sup></b>
Worst	<b>13<sup>90</sup></b>
Chicken Livers	<b>13<sup>90</sup></b>
Breakfast Juice (100ml)	<b>7<sup>90</sup></b>

**Grilled is healthier**

**BOTTOMLESS FILTER COFFEE 14<sup>90</sup>**

## DELICIOUS DESSERTS

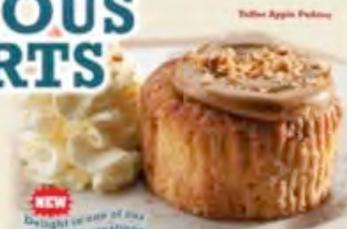
### SPUR CLASSICS

Some of SA's favourites since 1962!

ICE CREAM AND CHOCOLATE SAUCE	24.90
ICE CREAM SAUCE	24.90
ICE CREAM SAUCE	24.90

### Wowzer Waffles

Small	24 <sup>90</sup>
Large	14 <sup>90</sup>



**Baked Desserts**  
Served warm with fresh cream, soft serve

APPLE PIE	24.90
CHOCOLATE CAKE	24.90
LEMON MERINGUE	24.90



### Favourite WARMERS

HOT CHOCOLATE MILO	16.90
MILO	16.90

### Marvelous Shakes!

SHAKE - FLAVOURS	24.90
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### SPECIALITY DRINKS

SPECIALITY DRINKS	24.90
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- Opening six new restaurants
- Continuing upgrade of all restaurants with kids facilities
- Continuous innovations in marketing campaigns
- Loyalty programme



- Opening four new restaurants
- Continue to build on improved relationship with franchisees
- Landlord relationships





- Opening 12 new restaurants
- Extension of distribution centre basket
- Integration with Vector
- Upgrade signage and menu boards





# OUTLOOK INTERNATIONAL

- Australia – focus on franchised outlets
- UK – consolidate cash flow
- Africa – eight new restaurants
  - Namibia
  - Tanzania
  - Nigeria
  - Seychelles
  - Zambia
  - Mozambique

# OUTLOOK OTHER

- Increase Vector basket size
- Bottling plant – extend product range
- BBBEE
- Acquisitions
- Training focus
- Johannesburg building

**THANK YOU**

**QUESTIONS**

