



SPUR^{CORP.}

PASSIONATE PEOPLE BUILDING GREAT BRANDS

ANALYSTS' PRESENTATION RESULTS TO JUNE 2014

AGENDA

- Highlights
- Operational Review
- Financial Overview
- Outlook
- Questions and Answers

OVERVIEW – HIGHLIGHTS

- Restaurant sales up **13.5%**
- R5 billion restaurant turnover reached
- Group revenue up **9.1%**
- Gross profit **12.5%**
- Comparable profit before tax up **9.9%**
- Dividend per share up **9.0%** to **121.0** cents
- Total number of restaurants at 30 June 2014 - 490
- Transactions:
 - The Hussar Grill
 - Rib manufacturing facility
 - GPI transaction

OVERVIEW – TRADING ENVIRONMENT

- Domestic GDP growth remains at decade lows
- Impact of mining strike still weighs on economy – impact throughout industry – impact on lower LSM earnings
- Households' financial strain deepens – especially lower LSM
- Income growth remains sluggish

RESTAURANT COUNT

Franchise brand	South Africa	Inter-national	Total
Spur Steak Ranches	270	39	309
Panarottis Pizza Pasta	68	11	79
John Dory's Fish Grill Sushi	33	-	33
Captain DoRegos	61	2	63
The Hussar Grill	6	-	6
Total	438	52	490



TRADING PERFORMANCE

- 9.8% existing store turnover growth
- 11.3% turnover growth
- Menu price increase 3.4% November 2013, 3.9% May 2014
- Average annual store turnover – R14.4m
- Average spend per head – R84.20
- Average profit per store – 12.8%
- Opened eight new restaurants; relocated five and revamped 63 (R45m spent by franchisees)





FAMILY CARD STATISTICS

■ Key Performance Indicators

- Number of active family card members – 1.71m
- Loyalty turnover for June 2014 is R144m (June 2013: R119m – 21% increase)
- The national average of loyalty turnover as a % of total turnover was 40.0% (PY: 28.7%) in December 2013, and has increased to 44.0% June 2014 (PY: 38.3%)
- Loyalty vs Non-Loyalty invoices: 34.8% (PY:27.6%) higher turnover on loyalty invoices
- Voucher redemption 60.2%



- 15.2% existing store turnover growth
- 28.2% overall growth
- Average annual store turnover – R6.6m
- Average spend per head – R75.94
- Average profit per store – 9.9%
- Ongoing process of revamps and upgrading kids facilities; focus on improving operational standards and franchisee profitability
- Opened eight new restaurants; relocated four and revamped seven



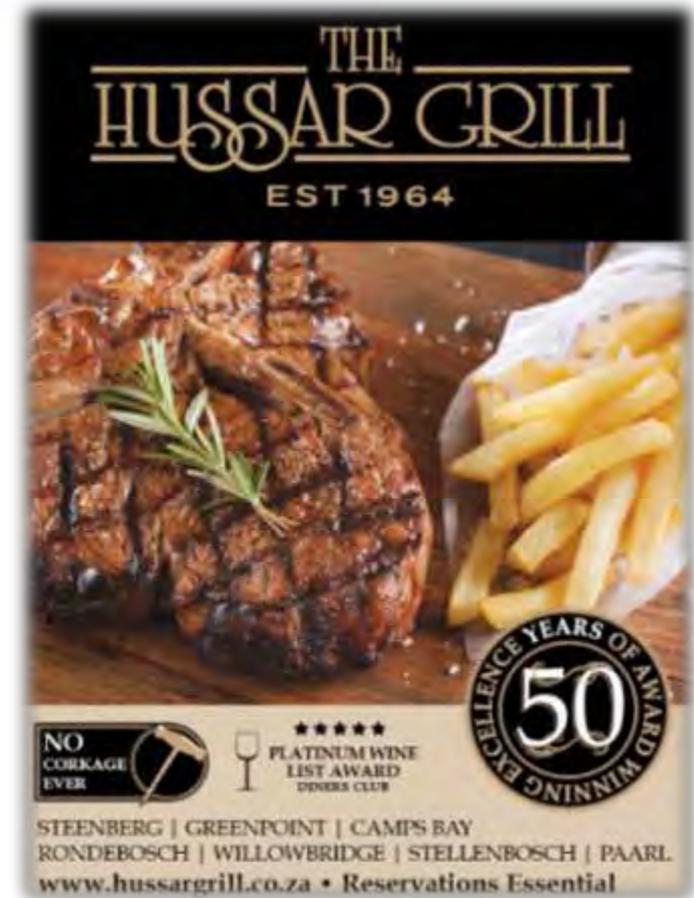
- 12.0% existing store turnover growth
- 21.0% overall growth
- Average annual store turnover – R9.1m
- Average spend per head – R97.64
- Average profit per store – 13.6%
- Invested in human capital – national development and national sushi trainer
- Five new restaurants opened; three revamped



- 6.5% like for like store turnover decline
- Overall store turnover R164.8m – 13.8% decline
- Closure of distribution centre in November 2013 – items incorporated into Vector
- Closed 18 marginal businesses
- Average annual store turnover – R2.2m
- Average spend per head – R31.32
- Average profit per store – 8.0%
- Lower LSM
- Opened five new restaurants



- Acquired 1 January 2014
- Higher LSM - more resilient
- 50 years of trading experience
- Turnovers have exceeded expectations since acquisition



TRADING PERFORMANCE

	2014		
Brand	Ave annual store turnover	Ave spend per head	Ave profit %
Spur	R14.4m	R84.20	12.8%
Panarottis	R6.6m	R75.94	9.9%
John Dory's	R9.1m	R97.64	13.6%
Captain DoRegos	R2.2m	R31.32	8.0%
Hussar Grill	R9.4m	R220.00	18.0%

TRADING PERFORMANCE - INTERNATIONAL

Australia

- Turnover growth for all stores 6.7%
- Tough trading once again
- Unable to convert POS to hand-held this year - thus labour still high
- Opened new franchised outlet in Perth – encouraging results
- New restaurant opened in Wanneroo (September 2014)
- New franchised Spur and Panarottis planned in February 2015 and June 2015 respectively



TRADING PERFORMANCE - INTERNATIONAL

United Kingdom and Ireland

- Overall turnover growth 2.0% decline
- Hotel test site opened in December 2013 - Leicester
- Streamlined menus
- Bedded down operations



TRADING PERFORMANCE - INTERNATIONAL

Middle East & Africa

- Revenue up 22.30%
- Store closed in Dubai
- 37 restaurants in the region – new stores opened in Nigeria, Tanzania, Zambia, Swaziland and Namibia

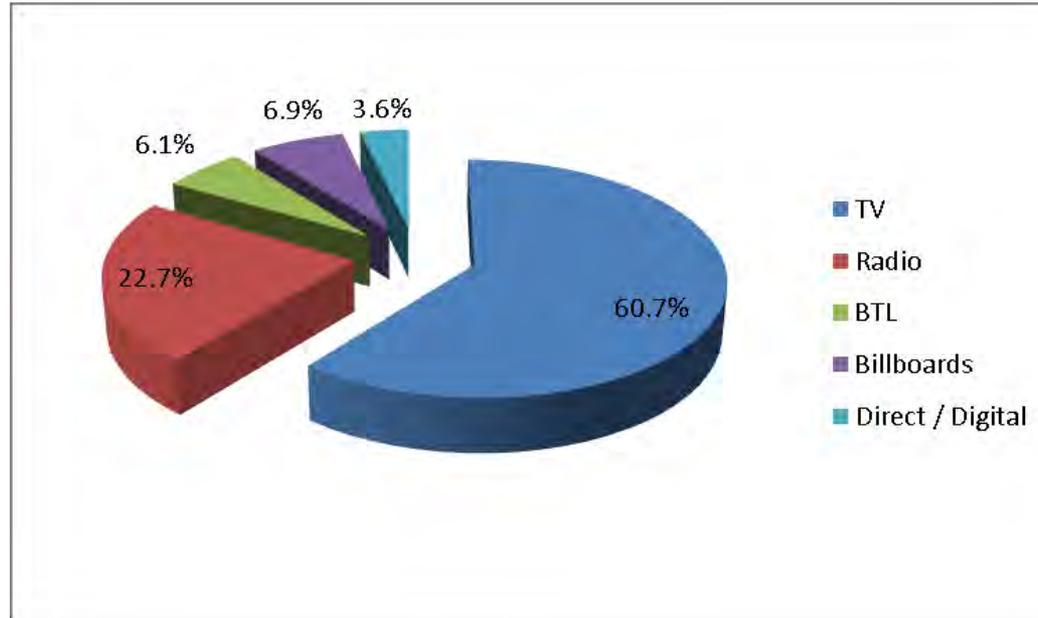


INTERNATIONAL RESTAURANT COUNT

Location	Spur Steak Ranches	Panarottis Pizza Pasta	Captain DoRegos
Australia	4	4	
UK & Ireland	9		
Botswana	4		
Kenya	2		
Lesotho	1		
Malawi	1		
Mauritius	3	5	1
Namibia	6	1	1
Nigeria	2		
Swaziland	2		
Tanzania	2		
Uganda	1		
Zambia	1		
Zimbabwe	1	1	

GROUP MARKETING

- R183.5m business spent as follows:



- Menu engineering – increase in spend per head
- Introduced television exposure – Panarottis and John Dory's
- Enhancing business intelligence – allowing more focused marketing initiatives / increase share of voice

REGULATIONS

■ POPI

- In the PY engaged all 3rd party service providers who process data for us to ensure compliance
- In the process of analysing current systems and processes to ensure compliance
 - 1st business units investigated – Call Centre and Marketing where effect is greatest
- New draft food labelling and advertising regulations (R429 of 29 May 2014)
 - Recent submission
 - To actively engage with government proposing solutions

MANUFACTURING

- Full absorption costing system implemented – successful implementation
- Change of management at facility
- HACCP certification maintained
- On-going improvements – third party business



DISTRIBUTION

- Number of cases delivered by Vector 5.3m (13.5% increase on PY)
- Number of kgs delivered 43 603 tons (16.0% increase on PY)
- Total Vector basket turnover R1 147.6m (28.9% increase on PY)
- Strike action at Vector – increased infractions, closely monitored – disaster recover
- Profit unaffected due to outsourced solution
- Franchisee profitability / margin



IT EFFICIENCY

- Head Office
 - Tablet-based mobile application developed and in use – Mobile Operations Manager (“MOM”)
 - Improve efficiencies, reporting consistencies and enable faster remedial action
 - Continuous investment in and use of business intelligence and data analysis
 - Cloud storage – capex vs opex
 - Gift card launched – encouraging sales
 - Supporting loyalty programs – Spur and Panarottis (November 2014)



THE SPUR TRAINING ACADEMY

■ Training

- 8 565 staff trained (7 220 in 2013 FY)
- Certified training stores in Gauteng, Western Cape and KwaZulu-Natal across all brands
- Facilitated the roll out of the Spur Family Card and the e-card
- Implementation of the Management Prestige Training Program (modular training)

■ College of Excellence

- 13 candidates completed course (GT and CT)
- 12 candidates in the program currently
- All placed in store permanent jobs



SPUR^{CORP.}

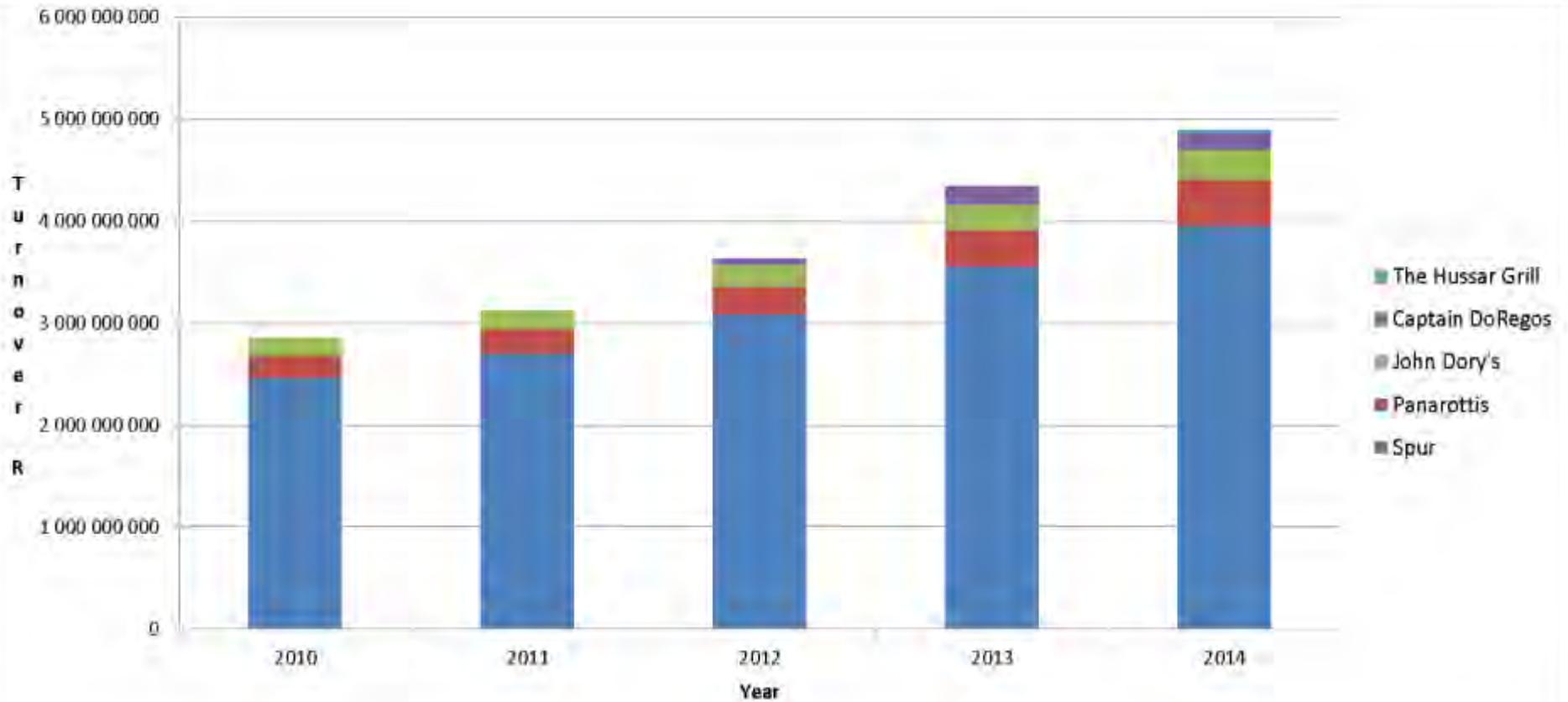
PASSIONATE PEOPLE BUILDING GREAT BRANDS

FINANCIAL OVERVIEW RESULTS TO JUNE 2014

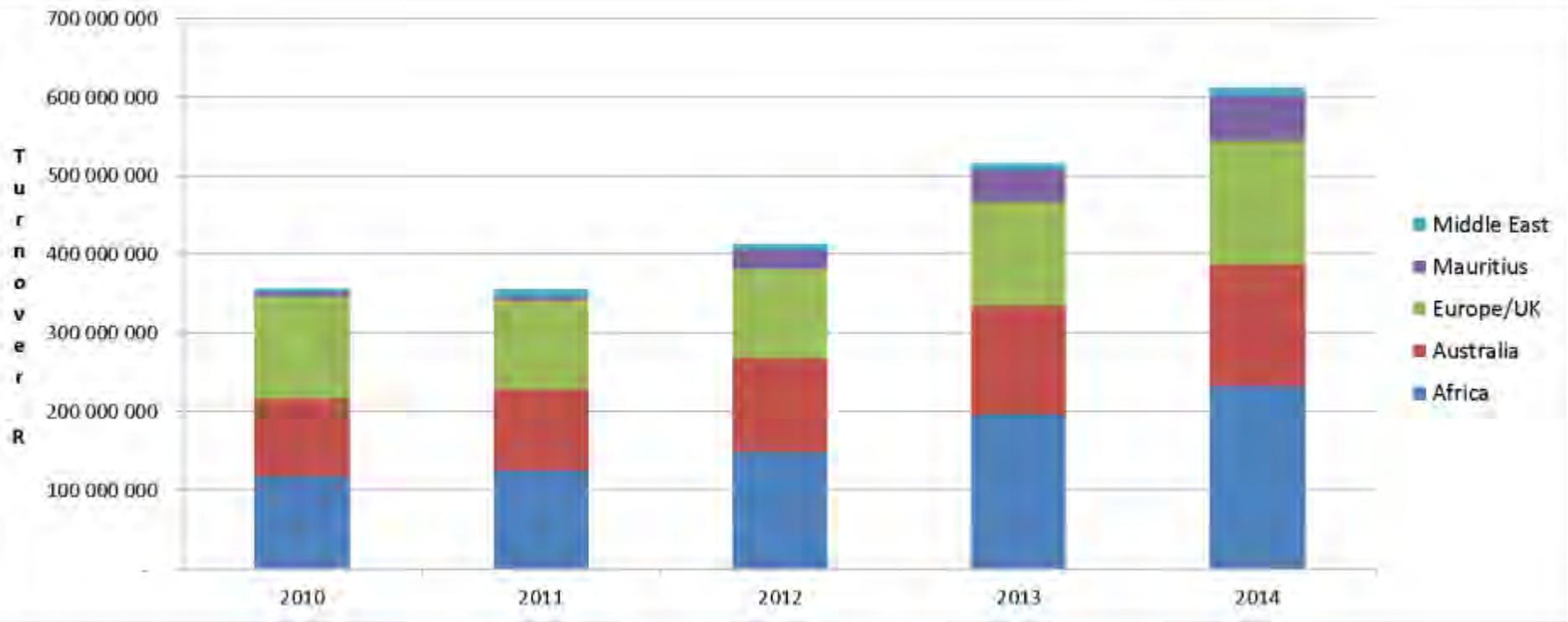
HIGHLIGHTS

- Restaurant sales up **13.5%**
- Group revenue up **9.1%**
- Gross profit **12.5%**
- Comparable profit before tax up **9.9%**
- Dividend per share up **9.0%** to **121.0** cents

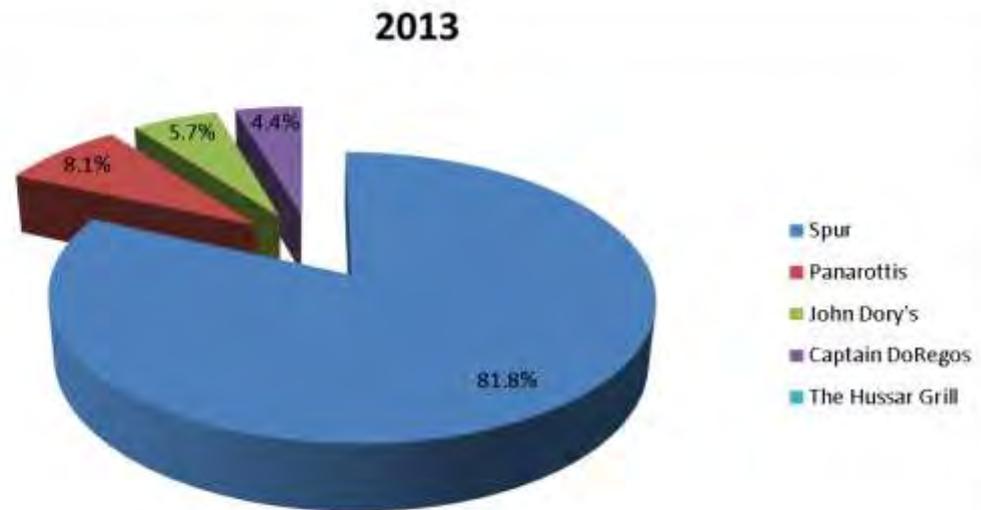
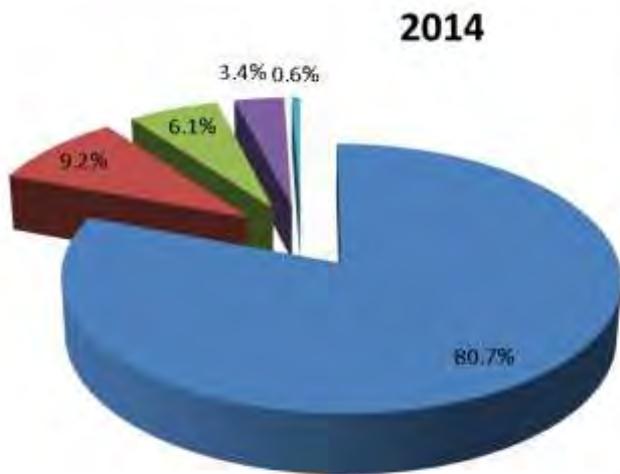
SA RESTAURANT TURNOVER BY BRAND



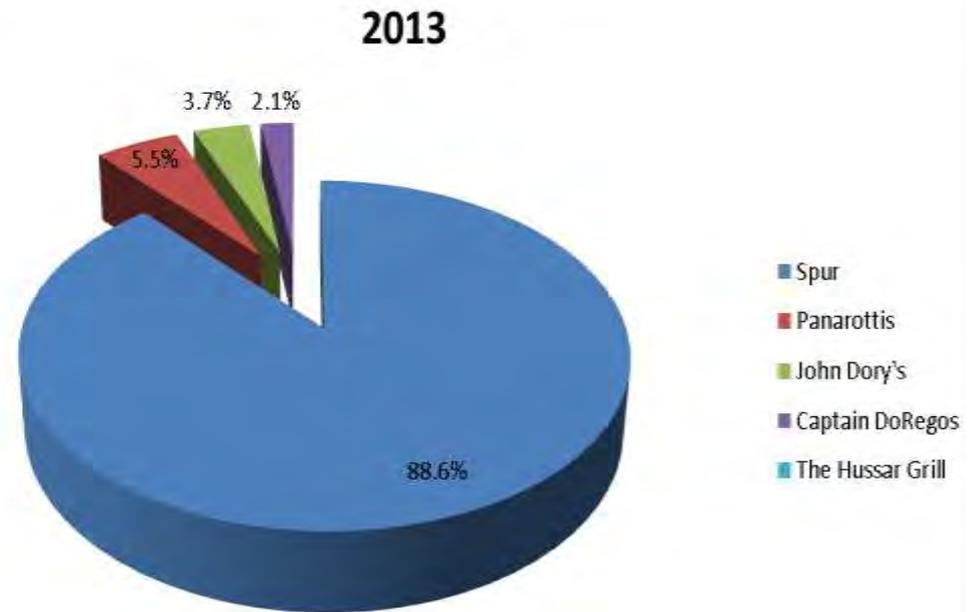
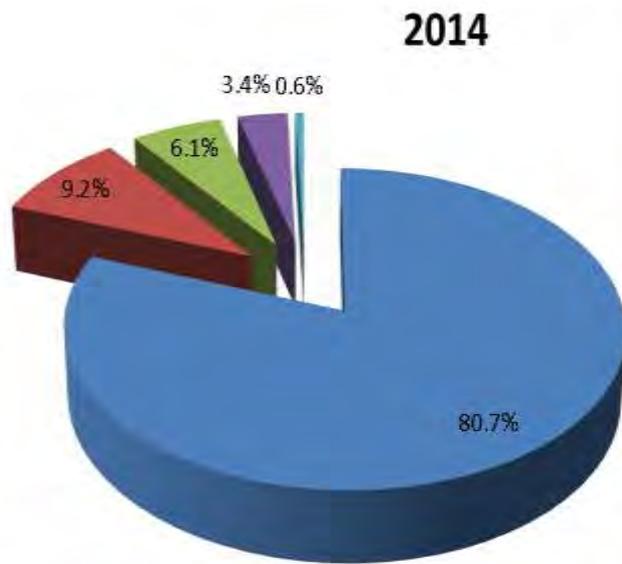
INTERNATIONAL RESTAURANT TURNOVER



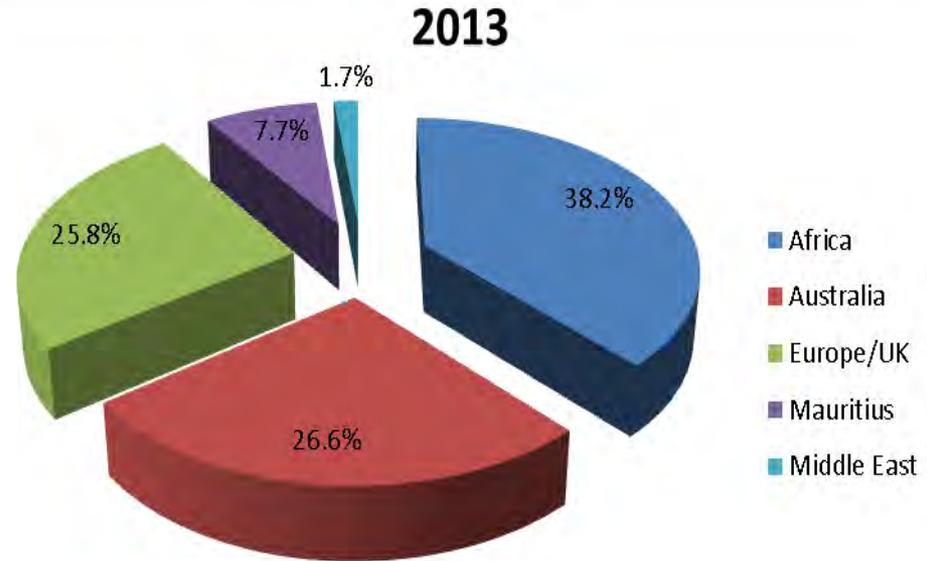
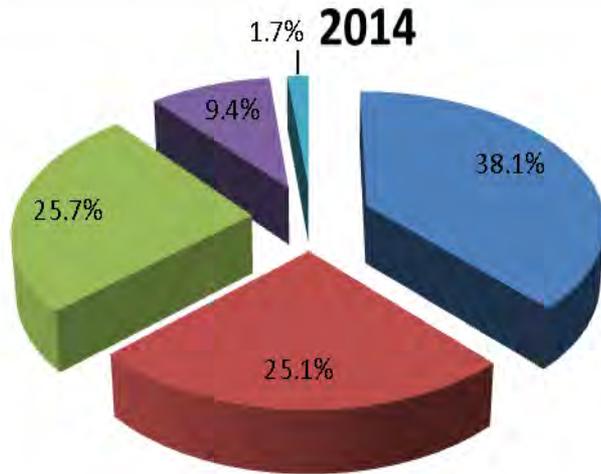
BRAND CONTRIBUTIONS TO TURNOVER



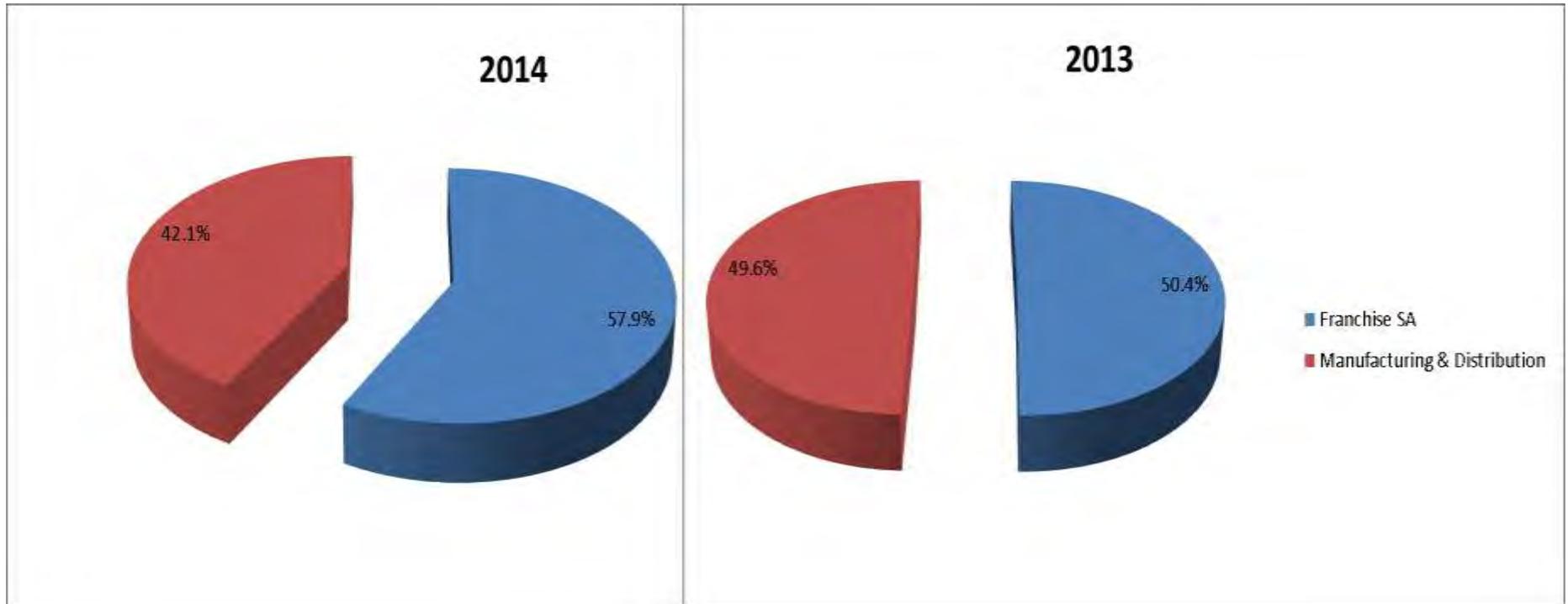
BRAND CONTRIBUTIONS TO PROFIT



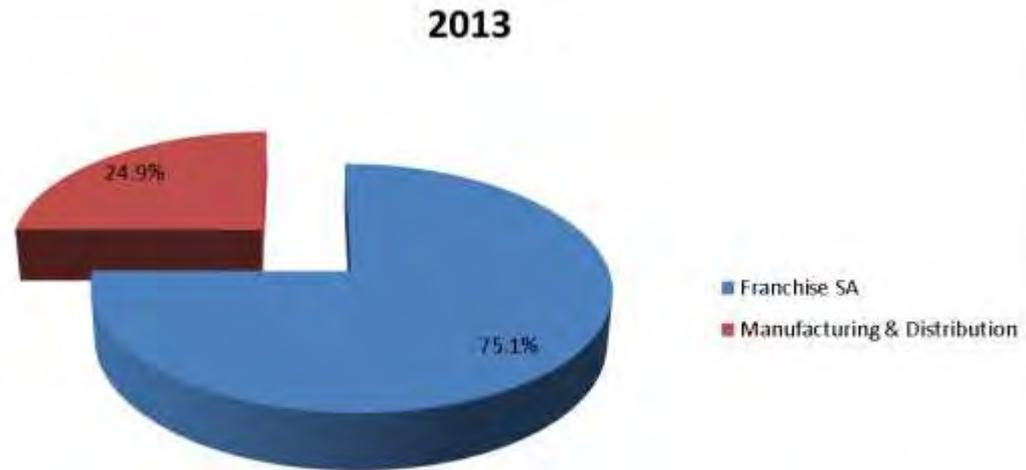
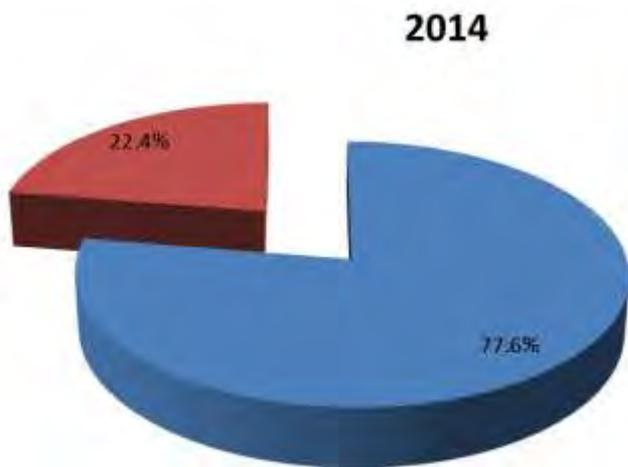
INTERNATIONAL TURNOVER SPLIT



CONTRIBUTION TO SA TURNOVER

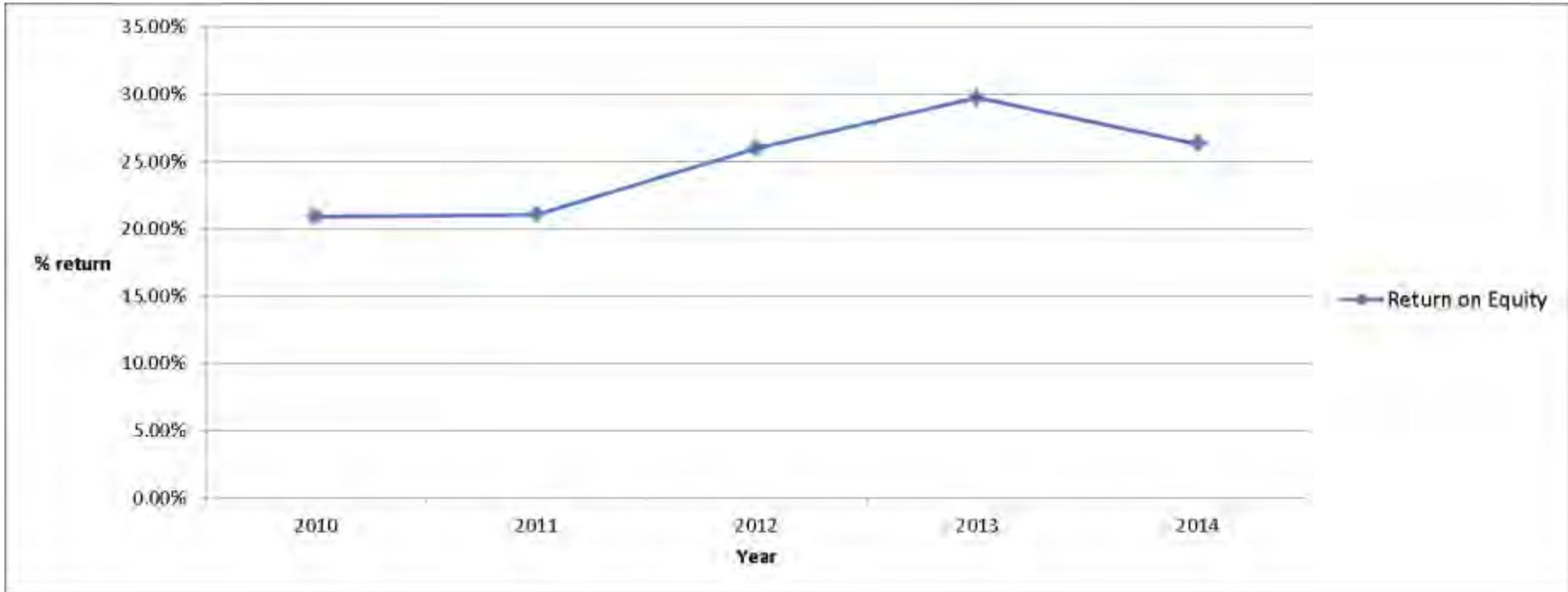


CONTRIBUTION TO SA PROFIT



■ Franchise SA
■ Manufacturing & Distribution

RETURN ON EQUITY



FRANCHISE – SPUR SA

<u>R' 000</u>	<u>2014</u>	<u>2013</u>	<u>% change</u>
Revenue	198 498	179 464	10.6
Operating profit	176 552	158 818	11.2
Operating margin	88.9%	88.5%	

FRANCHISE – PANAROTTIS SA

<u>R' 000</u>	<u>2014</u>	<u>2013</u>	<u>% change</u>
Revenue	20 932	16 692	25.4
Operating profit	13 117	9 874	32.8
Operating margin	62.7%	59.2%	

FRANCHISE – JOHN DORY'S

<u>R' 000</u>	<u>2014</u>	<u>2013</u>	<u>% change</u>
Revenue	14 271	11 712	21.8
Operating profit	7 736	6 629	16.7
Operating margin	54.2%	56.6%	

FRANCHISE – CAPTAIN DOREGOS SA

R' 000

2014

2013 % change

Revenue

8 185

9 174 (10.8)

Operating profit

2 158

3 838 (43.8)

Operating margin

26.4%

41.8%

THE HUSSAR GRILL (acq. 1 January 2014)

R' 000

2014

Franchise

Revenue

700

Operating profit

471

Operating margin

67.3%

Retail

Revenue

14 988

Operating profit

2 354

Operating margin

15.7%

PROCUREMENT, MANUFACTURING & DISTRIBUTION

<u>R' 000</u>	<u>2014</u>	<u>2013</u>	<u>% change</u>
Revenue	176 576	213 712	(17.4)
Captain DoRegos depot revenue	(22 724)	(72 625)	
Adjusted revenue	153 852	141 087	9.0
 Operating profit	 58 520	 59 525	 (1.7)
Exceptional items			
Relocation, revamp & retrenchments	1 326	-	
Adjusted operating profit	59 846	59 525	0.5
 Comparable margin	 38.9%	 42.2%	

CORPORATE SERVICES & OTHER SA

<u>R' 000</u>	<u>2014</u>	<u>2013</u>	<u>% change</u>
Revenue	46 553	30 914	50.6
Operating loss	(60 180)	(34 797)	72.9
Exceptional items	12 106	(8 296)	
IFRS 2 (net of related hedge)	10 195	(10 711)	
Due diligence	1 620	-	
Legal costs	-	1 424	
Spur Foundation	(122)	(216)	
Consulting fees	413	567	
Other one off expenses	-	640	
Adjusted operating loss	(48 074)	(43 093)	(11.6)

UNITED KINGDOM

<u>R' 000</u>	<u>2014</u>	<u>2013</u>	<u>% change</u>
Revenue	157 565	118 353	33.1
Operating loss	(2 232)	(1 006)	(121.9)
Exceptional items			
Impairment of Mohawk franchise rights	1 866	-	
Accelerated write-off of Mohawk prepaid rent	1 612	-	
Larkspur One Limited rent	-	603	
Foreign exchange loss/(gain)	75	(27)	
Adjusted operating profit/(loss)	1 321	(430)	(407.2)
Add back:			
Depreciation	7 136	5 432	
Interest	(42)	126	
Adjusted cash flow profit	8 415	5 128	64.1

AUSTRALIA

<u>R' 000</u>	<u>2014</u>	<u>2013</u>	<u>% change</u>
Revenue	79 366	79 157	0.3
Operating loss	(157)	(1 513)	89.6
Exceptional items			
Profit on sale of subsidiary	(2 154)	-	
Impairment	2 496	2 188	
Foreign exchange loss	8	19	
Consulting fees	82	-	
Adjusted operating profit	275	694	(60.4)
Add back:			
Depreciation	2 755	2 107	
Interest	168	(96)	
Adjusted cash flow profit	3 198	2 705	18.2

AFRICA, MAURITIUS & MIDDLE EAST

R' 000

	<u>2014</u>	<u>2013</u>	<u>% change</u>
Revenue	15 002	12 374	21.2
Operating profit	8 829	7 487	17.9
Operating margin	58.9%	60.5%	

INTERNATIONAL CORPORATE SERVICES

<u>R' 000</u>	<u>2014</u>	<u>2013</u>	<u>% change</u>
International Corporate Services			
Operating loss	(4 918)	(12 316)	60.1
Exceptional items			
Australia wind up costs	-	1 052	
Recycling of FCTR to OCI	(3 386)	842	
International restructure costs	1 674	-	
Foreign exchange loss	687	5 676	
Adjusted operating loss	<u>(5 943)</u>	<u>(4 746)</u>	(25.2)

COMPARABLE PROFIT

<u>R' 000</u>	<u>2014</u>	<u>2013</u>	<u>% change</u>
Profit before tax	201 871	196 539	2.7
IFRS2 charge	10 195	(10 711)	
Corporate services and other exceptional items	1 911	2 415	
International exceptional items	5 576	3 843	
Procurement, manufacturing exceptional items	1 326	-	
Foreign exchange (gain)/loss	(2 616)	6 510	
Comparable profit before tax	218 263	198 596	9.9

FINANCIAL POSITION - ASSETS

R' 000

	<u>2014</u>	<u>2013</u>
Property, plant & equipment	77 289	79 775
Intangible assets & goodwill	359 742	323 633
Investments & loans	53 471	11 315
Deferred tax	6 536	9 347
Leasing rights	3 352	5 290
Derivative financial asset (long term)	12 510	22 087
Inventory	12 132	17 156
Taxation receivable	10 719	8 134
Trade & other receivables	88 097	88 949
Derivative financial asset (short term)	22 157	15 703
Cash & cash equivalents	91 966	114 824
Total assets	737 971	696 213

FINANCIAL POSITION – EQUITY & LIABILITIES

<u>R' 000</u>	<u>2014</u>	<u>2013</u>
Equity	519 620	472 526
Long-term loans	-	423
Operating lease liability	1 776	5 481
Other non-current liabilities	11 228	12 048
Deferred tax	69 522	72 284
Bank overdrafts	539	1 605
Taxation	4 559	4 132
Trade & other payables	108 299	111 270
Other current liabilities	22 017	16 117
Shareholders for distribution	411	327
Total equity & liabilities	737 971	696 213

CASH FLOW

R'000

	<u>2014</u>	<u>2013</u>
Cash from operations	198 644	202 914
Net interest received	6 313	5 909
	204 957	208 823
Distributions paid	(96 682)	(88 444)
Taxation paid	(66 891)	(60 675)
Working capital changes	3 971	1 320
Investment in fixed assets	(10 082)	(13 628)
Acquisition of equity accounted investee, subsidiaries and business combinations	(72 030)	(5 092)
Purchase of treasury shares & inflow from share- based payment hedge	21 364	(15 504)
Proceeds from disposal of PPE	1 191	159
Landlord contribution received	947	-
Increase in loans & minorities	(8 544)	(12 815)
Net (decrease)/increase in cash for the year	(21 799)	14 144

CAPEX

- Spent during the year
 - R2.1m leasehold improvements
 - R1.3m furniture and fittings
 - R2.2m plant, equipment and vehicles
 - R4.5m computer equipment
- Plans for next year
 - Extension of Cape Town building (R35m – R40m)
 - Upgrading of central kitchen in Montague Gardens (R1m)
 - Continuous investment in BI and IT (R2.9m)



SPUR CORP.

PASSIONATE PEOPLE BUILDING GREAT BRANDS

LOOKING AHEAD

GPI TRANSACTION

- Looking for a BEE partner for 10 years
 - Good corporate citizen
 - Commercial benefits
- Synergies with GPI
 - Vertical integration
- Long term partnership benefitting both groups
- Funding
 - R72.3m Spur
 - R72.3m GPI
 - R150m Standard Bank
- GPI's effective holding after transaction is 10%
- Shares issued at a 10% discount
 - IFRS2 charge R48.7m
- Cash inflow R222.3m
- Dilutionary impact, excluding IFRS2 change – 3.1%



FRANCHISING – SOUTH AFRICA

- “Spur 2015 and Beyond” project
- Smaller units for smaller towns
- R&D kitchen innovation
- Improving footprint:
 - 10 new stores
 - 30 – 35 refurbishments
 - five relocations



- Kitchen efficiencies
- Improving footprint:
 - Continue roll-out of kids facilities
 - 10 new stores
 - Six – eight refurbishments



- Product innovation
 - Volume vs profit
 - Balancing the menu
- Complete kids' area in 95% of stores
- Increasing / improving footprint:
 - Seven new stores
 - Eight refurbishments



- Simplify the menu / offering
 - Kitchen design
 - Footprint
 - Set up cost
 - Ease of operation
- Throw out the rule book
- Improving footprint:
 - Eight new stores
 - Five refurbishments



- Entrenching brand values from franchisee perspective
 - Site selection
 - 20% operating partner
- Improving footprint:
 - Six new stores
 - Paarl (already open)
 - Somerset West
 - Klerksdorp
 - Port Elizabeth
 - Two in Johannesburg



- Spur off-shoot brand
 - RBW – Ribs Burgers Wings
 - Smaller menu
 - Lower cost to entry
 - Test sites identified – total capex £1m
- Hotel alliance
 - Holiday Inn Leicester – success
 - Captive audience
 - Identifying further sites



FRANCHISING - AUSTRALIA

- Exit retail holdings in NSW
- Increase footprint on franchising basis only
- Increasing / improving footprint:
 - Two Spurs
 - One Panarottis



FRANCHISING - AFRICA

- New territories:
 - Angola
 - Ethiopia
 - Mozambique
 - Ghana
- Africa franchise fund
 - Accelerate African expansion

FRANCHISING - AFRICA

- RBW / Captain DoRegos
- Panarottis / Panarottis Express
- Namibia
- Increase footprint in existing countries
 - Eight new Spurs
 - Two Panarottis
 - Two Captain DoRegos



SOARING EAGLE
786 101 102

GOLDEN SPUR
20 374 6769

www.spurcorp.nl



MANUFACTURING & DISTRIBUTION

- Ribs – Braviz online December 2014
- Chicken
- Beef
- Vertical integration
- Grow third party manufacturing
- Increase retail sauce sales



ECONOMIC OUTLOOK

- Cost pressures elevated – spreading through the economy
- Higher interest rates and recent rating downgrades of commercial banks set to add further price pressure
- Weak growth unlikely to stall monetary tightening
- SARB likely to continue with modest interest rate hikes, rather than pausing the cycle

SPUR GROUP OUTLOOK

- Well positioned across all market segments
 - Lower LSM – Captain DoRegos
 - Special occasions – Hussar Grill
- Value add and experience/entertainment
- Look beyond traditional business model
 - Vertical integration
 - Core products
- Africa expansion - exciting

SPUR FOUNDATION

- [Spur Foundation Mandela Day video](#)

DISCLAIMER

- Spur Corporation has acted in good faith and has made every reasonable effort to ensure the accuracy and completeness of the information contained in this presentation, including all information that may be defined as 'forward-looking statements' within the meaning of United States securities legislation.
- Forward-looking statements may be identified by words such as 'believe', 'anticipate', 'expect', 'plan', 'estimate', 'intend', 'project', 'target', 'predict' and 'hope'.
- Forward-looking statements are not statements of fact, but statements by the management of Spur Corporation based on its current estimates, projections, expectations, beliefs and assumptions regarding the group's future performance.
- No assurance can be given that forward-looking statements will prove to be correct and undue reliance should not be placed on such statements.
- The risks and uncertainties inherent in the forward-looking statements contained in this presentation include, but are not limited to: changes to IFRS and the interpretations, applications and practices subject thereto as they apply to past, present and future periods; domestic business and market conditions; changes in the domestic regulatory and legislative environments; changes to domestic operational, social, economic and political risks; and the effects of both current and future litigation.
- Spur Corporation does not undertake to update any forward-looking statements contained in this presentation and does not assume responsibility for any loss or damage whatsoever and howsoever arising as a result of the reliance by any party thereon, including, but not limited to, loss of earnings, profits, or consequential loss or damage.



SPUR^{CORP.}

PASSIONATE PEOPLE BUILDING GREAT BRANDS

THANK YOU

QUESTIONS

CONTACT DETAILS

- CEO – Pierre van Tonder

pvt@spur.co.za



- CFO – Ronel van Dijk

ronelv@spur.co.za



- Tier 1 Investor Relations

021 702 3102