



Annual results 2007





Performance & operations

Pierre van Tonder

Highlights of the year



- » Strong growth in restaurant turnover of 19.6%
- » Opened 30 new restaurants (Spur: 22, Panarottis: 4, John Dory's: 4)
- » Restaurant base now 333
- » Entrenched position in family sit-down restaurant market
- » Solid financial performance, boosted by tax credit

Spur Steak Ranches



- » Turnover growth
 - 16.6% - all restaurants
 - 13.0% - same restaurants
- » High food inflation
- » Customer impact minimised by menu engineering, promotions & procurement focus



Spur Steak Ranches

continued



- » Number of restaurants grown by 22
 - 16 in SA & 6 International
- » Relocated 6 restaurants
 - All showing turnover growth in excess of 20%
- » 21 restaurants revamped
 - 203 since revamp programme started in 1999
 - Add an average of 10 - 15% to existing business
- » Total restaurants now 253 in SA

Spur Steak Ranches

continued



- » Broadening base in SA
 - Umlazi Mega City, Umlazi (in 2006)
 - Jabulani Mall, Soweto
 - Carlton Centre, Johannesburg
 - Trade Route Mall, Lenasia
 - Maponya Mall, Soweto
 - Future sites include:
 - Mamelodi
 - Guguletu
 - Kwa-Mashu
- » Secret Tribe Kids Club grown by 11.9%
 - 819 985 active members
 - New cards to be activated

Spur Steak Ranches

continued



- » 12 new restaurants planned for 2008
- » Further 20 restaurants to be revamped
- » 4 relocations planned for 2008
- » Continued growth in existing business, value for money proposition is critical

Panarottis Pizza Pasta



- » Turnover growth
 - 17.2% - all restaurants
 - 15.0% - same restaurants (impacted by store closures)
 - Menu price increase of 8%
 - New marketing campaign in cinemas
 - Focused growth plan



Panarottis Pizza Pasta

continued



- » Number of restaurants grown by 4
 - 2 in SA & 2 International
- » Upgraded 13 restaurants
- » Total restaurants now 60
- » New menu introduced in March 2007
- » Expect to open 4 new restaurants in 2008
- » Continue aggressive marketing campaign

John Dory's Fish & Grill



- » Number of restaurants grown by 4
- » Total restaurants now 20
- » Décor & design upgraded
- » Introduction of sushi as a main menu item
- » 4 new restaurants planned for 2008
- » Focusing on high density trading areas for growth



International



» 8 new restaurants

- Gaborone, Windhoek, Swakopmund (Spur) & Harare (Panarottis) – increasing the African footprint
- Erina Fair (Spur) & Blacktown (Panarottis) (Australia)
- O₂ Dome & Lakeside (London) (Spur)

» Total restaurants now 34

- 27 Spur
 - 15 Africa (incl. Mauritius)
 - 12 International
- 7 Panarottis
 - 3 Africa (incl. Mauritius)
 - 4 International

International *continued*



- » United Kingdom & Ireland
 - Opened 2 company-owned restaurants
 - Franchise restaurant opened after year end
 - In negotiations with UK master franchisee
- » Australia
 - Operations restructured
 - 2 - 3 new restaurants scheduled
- » Africa
 - Spur brand gaining impetus
 - 3 new restaurants planned
- » Middle East
 - Currently under negotiation

Operations



- » Success of Taste FM in-house radio station
- » Benefits of locked-down POS roll-out
- » Supply chain initiatives
 - Critical path for franchisee profitability
 - Consistency & quality in restaurants for customer
 - Partnerships with suppliers
 - IP initiatives i.e. labour – new laws
- » Continued improvements in Vector service & increase in restaurant participation



Financial performance

Ronel van Dijk

Key financial indicators



	<u>2007</u>	<u>2006</u>	<u>% change</u>
Headline earnings (R'000)	80 685	57 971	39.2
Headline EPS (cents)	91.53	65.76	39.2
Diluted headline EPS (cents)	88.17	65.10	35.4
Distribution per share (cents)	55.00	47.00	17.0
Distribution cover (times)	1.7	1.4	

Turnover



<u>R'000</u>	<u>2007</u>	<u>2006</u>	<u>% change</u>
Wholesale & distribution	76 192	73 852	3.2
Franchise – Spur	99 911	86 548	15.4
Franchise – Panarottis	9 526	8 655	10.0
Franchise – John Dory's	4 687	3 922	19.5
Franchise – International	9 392	6 681	40.6
Retail outlets	13 846	-	100.0
Corporate services & other (Taste FM, Store Design, Training)	1 857	3 034	(38.8)
Total	215 411	182 692	17.9

Turnover – geographic split



<u>R'000</u>	<u>% of total</u>	<u>2007</u>	<u>% of total</u>	<u>2006</u>	<u>% change</u>
South Africa	89.2	192 172	96.3	176 012	9.2
Wholesale	35.4	76 192	40.4	73 852	
Franchise	53.1	114 292	54.4	99 302	
Other	0.7	1 689	1.5	2 858	
Africa & Mauritius	1.9	4 172	1.6	2 844	46.7
UK & Australia	8.9	19 067	2.1	3 836	>100
Total		215 411		182 692	17.9

Operating income



<u>R'000</u>	<u>% of ops</u>	<u>2007</u>	<u>2006</u>	<u>% change</u>
Wholesale & distribution	24.0	30 987	26 303	17.8
Franchise – Spur	65.2	84 295	72 326	16.5
Franchise – Panarottis	5.2	6 777	5 749	17.9
Franchise – John Dory's	1.1	1 443	(255)	
Franchise – International	4.5	5 876	3 129	87.8
Operating margin		42.2%	42.4%	

Comparable profit after tax



<u>R'000</u>	<u>2007</u>	<u>2006</u>	<u>% change</u>
Profit after tax	81 752	57 667	41.8
Taxes relating to foreign subs	(16 554)	-	
Release of international loan provision	-	(1 779)	
Foreign exchange (gain)/loss	(94)	1 119	
Profit on sale of intangible asset	(1 194)	-	
Loss on sale of associate	1 129	-	
International restaurants start up losses	2 680		
Abnormal legal costs	1 392		
Write off of old tax receivable	487	-	
SARS VAT query (under objection)	430	-	
Comparable profit after tax	70 028	58 186	20.4

Balance sheet – assets



<u>R'000</u>	<u>2007</u>	<u>2006</u>
Property, plant & equipment	82 982	37 612
Intangibles	272 596	271 865
Investments & loans	25 072	26 049
Deferred tax	24 648	11 323
Inventory	4 943	2 232
Trade & other receivables	47 100	41 942
Cash	45 134	45 689
Taxation	2 285	2 844
Total assets	504 760	439 556

Balance sheet – equity & liabilities



<u>R'000</u>	<u>2007</u>	<u>2006</u>
Capital & reserves	403 636	362 640
Deferred tax	43 288	37 939
Trade & other payables	32 280	18 220
Loans payable	14 411	9 023
Taxation	9 927	6 561
Bank overdraft	916	4 801
Shareholders for distribution	302	372
Total equity & liabilities	504 760	439 556

Cash utilisation



R'000

Cash from operations

2007

96 924

Net interest received

3 754

Distributions paid

100 678

(45 030)

Taxation paid

(15 812)

Working capital changes

10 003

Investment in buildings

(11 577)

Investment in associates & subsidiaries

(103)

Information technology

(1 828)

Other asset purchases

(37 294)

Increase in loans & minorities

3 548

Net increase in cash during the year

2 585



Outlook for 2008

Pierre van Tonder

Outlook for 2008



- » Rising interest rates & introduction of NCA to impact consumer spending, value is critical
- » Food inflation continues to be a challenge
- » Continued restaurant growth in SA
- » Selective international restaurant openings
- » BEE evaluation completed
 - Strategy being developed
 - IDC facility to support black franchisees across brands
- » Review of dividend policy
- » Sustained revenue & profitability growth in 2008