

Spur Corporation Limited
(Incorporated in the Republic of South Africa)
(Registration number 1998/000828/06)
Share code: SUR
ISIN: ZAE 000022653
("Spur Corporation" or "the group")

SALES UPDATE FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

Spur Corporation increased total franchised restaurant sales by 4.5% to R4.1 billion in the six months to December 2019 ("the period").

Sales from franchised restaurants in South Africa increased by 4.7%, with sales from international restaurants increasing by 2.7% in Rand terms. International restaurant sales increased by 4.1% on a constant exchange rate basis.

Franchised restaurant sales for the six months ended 31 December 2019		
	Total restaurant sales (% change)	Existing restaurant** sales (% change)
Spur Steak Ranches	4.5	2.5
Pizza and Pasta (Panarottis & Casa Bella)	1.5	(1.6)
John Dory's Fish Grill Sushi	6.6	4.4
The Hussar Grill	9.2	7.5
RocoMamas	6.4	0.0
Nikos Coalgrill Greek*	18.5	
Total South African operations	4.7	2.1
Total international operations	2.7	(6.2)
Total group	4.5	1.2

* Nikos Coalgrill Greek was acquired on 1 August 2018

** Existing restaurants are those restaurants that traded for any part of the comparable six month period ended 31 December 2018

In South Africa, 20 restaurants were opened and 4 closed during the period, while 10 restaurants were opened and 4 closed internationally. At 31 December 2019, the group's restaurant base comprised 642 (June 2019: 620) outlets, including 83 (June 2019: 77) operating outside of South Africa.

Chief executive, Pierre van Tonder, commented: "The performance for the six months reflects the economic reality facing the South African consumer. Stagnant economic growth, rising unemployment, increases in energy, utility and living costs, regular bad news concerning state-owned enterprises and the recent widespread load shedding have hit the consumer hard and consumer confidence remains negative. Trading in these circumstances is certainly proving challenging."

“Spur South Africa, which accounts for 60.5% of the group’s total turnover, performed well in the face of these economic headwinds. The pizza market in South Africa is extremely competitive with local quick service restaurant (“QSR”) brands discounting product significantly to maintain sales volumes. Panarottis’ move away from significant discounting to maintain franchisee profitability and ensure the sustainability of the brand, combined with competitor activity, has impacted the brand’s turnover growth. John Dory’s benefitted from the re-opening in December 2018 of two large restaurants (temporarily closed for renovation for much of the comparative period) and RocoMamas was boosted by the opening of a net five new restaurants during the period. The Hussar Grill’s higher income customer base remains relatively resilient to the current economic pressures.”

“Turnover for the international business, which comprises 10.7% of total turnover, grew by 2.7%. Turnover for restaurants trading in Australia and New Zealand declined by 20.3% for the period, impacted by the closure of a net two restaurants and challenging trading conditions in the region. Restaurant turnover for the group’s African and Middle East operations, which represents 82.3% of the total international restaurant turnover, grew by 9.6%, driven mainly by the opening of a net six new restaurants during the period and a net three new restaurants during the second half of the prior financial year.”

The financial information in this sales update has not been reviewed or reported on by the group’s independent auditor. Spur Corporation’s interim results for the six months ended 31 December 2019 will be released on SENS on 27 February 2020.

Cape Town
28 January 2020

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