

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 YEAR ENDED 30 JUNE 2020

Spur Corporation's total franchised restaurant sales declined by 21.7% to R6.0 billion for the year to 30 June 2020, as the Covid-19 global pandemic and resultant trading restrictions in all countries of operation hampered trading in the last four months of the financial year.

Sales from franchised restaurants in South Africa decreased by 22.3%, with sales from international restaurants decreasing by 16.7% in Rand terms. As local restaurant sales comprise 88.5% of the group's total restaurant sales, the trading restrictions in South Africa had the biggest impact on the group's trading performance.

As advised to shareholders on SENS on 13 May 2020, all South African restaurants ceased trading at the commencement of the nationwide lockdown on 27 March 2020, with turnovers declining significantly in the weeks leading up to the lockdown. Restaurants could commence trading on a delivery-only basis from 1 May 2020, with collection service being permitted from 1 June 2020. Full sit-down service could be resumed on 29 June 2020. The group allowed franchisees to reopen at their discretion under the various levels of trading restrictions, ensuring that franchisees made decisions that were in their best financial interests. Since 1 May 2020, franchisees have been required to comply with strict safety protocols to minimise the risk of transmission of the virus to customers and employees.

The table below illustrates trading patterns of the group prior to March 2020, and the impact of the various levels of trading restrictions referred to above from May 2020.

Franchised restaurant sales for the year ended 30 June 2020				
	Total restaurant sales – 12 months to June 2020 (% change)	Total restaurant sales – 8 months to February 2020 (% change)	Total restaurant sales – May 2020 (% change)	Total restaurant sales – June 2020 (% change)
Spur Steak Ranches	(22.5)	6.1	(91.2)	(87.2)
Pizza and Pasta (Panarottis & Casa Bella)	(24.7)	3.1	(88.9)	(82.8)
John Dory's Fish Grill Sushi	(24.5)	5.9	(95.7)	(89.0)
The Hussar Grill	(19.6)	11.9	(99.8)	(97.5)
RocoMamas	(17.6)	6.8	(52.9)	(53.2)
Nikos Coalgrill Greek*	(19.1)	11.0	(84.8)	(73.1)
Total South African operations	(22.3)	6.0	(87.2)	(83.6)
Total international operations	(16.7)	4.0	(73.2)	(39.4)
Total group	(21.7)	5.8	(85.7)	(79.0)

* Nikos Coalgrill Greek was acquired on 1 August 2018

During the year, 21 restaurants were opened in South Africa (most of which opened prior to the lockdown) and 17 closed, while 18 restaurants were opened and 11 closed internationally. At 30 June 2020, the group's restaurant base comprised 631 (June 2019: 620) outlets, including 84 (June 2019: 77) operating outside of South Africa.

Restaurants trading at 30 June 2020 following the introduction of level 3 lockdown in South Africa from 1 June 2020 and the relaxation of trading restrictions to permit sit-down trade with effect from 29 June 2020:

Brand	SA restaurants trading – sit down	SA restaurants trading – delivery/take out	Total SA restaurants – trading	Total SA restaurants
Spur Steak Ranches	204	6	210	298
Pizza and Pasta (Panarottis & Casa Bella)	32	24	56	91
John Dory's Fish Grill Sushi	33	3	36	52
The Hussar Grill	-	5	5	22
RocoMamas	59	2	61	75
Nikos Coalgrill Greek	3	3	6	9
Total	331	43	374	547

It is anticipated that the number of local restaurants trading will increase from 374 at 30 June 2020 to 495 by the end of July 2020, with most operating a full sit-down service.

The group's international restaurants were also impacted by varying levels of trading restrictions and as at 30 June 2020 78 of the 84 restaurants outside South Africa were trading to some extent again.

Chief executive, Pierre van Tonder, commented: "After the limited relaxation of the trading restrictions following the hard lockdown in April, trading has proved particularly challenging. The restrictions on the sale of alcohol, and the curfew imposed on all South Africans, together with customer anxiety about contracting the virus and growing personal financial stress, has had a detrimental impact on our business."

"In these times of financial hardship, our customers have understandably become extremely price sensitive and we are responding by providing customers with a compelling value proposition across all our brands. Our ongoing partnerships with third-party delivery services Mr D Food and Uber Eats have also been key in driving customer support."

"Our primary focus at this time is on supporting our franchisees. We are discounting franchise and marketing fees and granting extended payment terms for certain debts. We expect to continue discounting fees until our franchisees experience meaningful increases in restaurant turnovers."

“The re-introduction of a total ban on alcohol sales in July together with the curfew will negatively impact trading. The grim economic outlook for the country is also likely to result in a protracted period of recovery for the restaurant industry. In this environment, we will continue to capitalise on the strength of our brands and remain committed to delivering quality, excellent service and value to our customers.”

Covid-19 has had a significant impact on the group’s revenue and earnings for the year. The group is currently finalising the preparation of its financial results and plans to issue a trading statement on SENS including the anticipated range of the decrease in headline earnings per share and earnings per share once it has reasonable certainty on the financial performance for the year. It is anticipated that earnings per share and headline earnings per share are likely to decline by at least 40% relative to the prior year.

The financial information in this sales update has not been reviewed or reported on by the group’s independent auditor. Shareholders will be advised in due course of the date on which Spur Corporation’s results for the year ended 30 June 2020 will be released on SENS.

Cape Town
23 July 2020

Sponsor
Sasfin Capital
A member of the Sasfin Group