

SPUR CORPORATION

MEDIA RELEASE

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SPUR CORPORATION REVENUE UP 15.9% AS SENTIMENT IMPROVES

Cape Town – Spur Corporation increased revenue by 15.9% to R403.4 million for the year to June 2011 as improving consumer sentiment in South Africa resulted in a stronger second half trading performance.

Franchise fee income in Spur Steak Ranches increased by 10.1% to R137.0 million, Panarottis Pizza Pasta by 7.2% to R11.5 million and John Dory's Fish & Grill by 10.6% to R9.8 million.

International revenue grew by 25.8% to R116.3 million, boosted by the opening of two new outlets and the consolidation of three additional outlets. However, retail trading conditions remain difficult in foreign markets, particularly in the United Kingdom and Ireland. The uncertain economic environment has resulted in the impairment of the assets of the group-owned restaurants in Wandsworth and Gateshead in England which has impacted the group's profit by R18.5 million.

Manufacturing and distribution revenue increased by 16.0% to R109.0 million. The group's manufacturing facilities were consolidated into one facility in Cape Town during the first half of the year and the benefits of improved efficiencies are expected to be realised in the new financial year. The building housing the Johannesburg manufacturing facility was sold for R16.8 million while a building for décor production and warehousing in Cape Town was purchased for R10.0 million.

The group's profit before income tax declined by 5.0% to R116.8 million, impacted by the impairment of the two UK restaurants. Headline earnings increased by 0.8% to R85.8 million while diluted headline earnings per share grew by 2.9% to 97.4 cents.

A final dividend of 33.0 cents per share was declared, bringing the total dividend to 66.0 cents per share, an increase of 10% on the previous year.

Discussing the trading performance, managing director Pierre van Tonder said the Spur brand attracted increased customer traffic and continued to gain market share. Growth was driven by value-added promotional campaigns and price-driven advertising, he said.

“Spur’s successful entry into the breakfast market through the Spur Unreal Breakfast promotion has created an additional revenue stream and captured market share from other national chains who have previously dominated the market.”

“It is encouraging to see the repositioning of the Panarottis brand gaining traction with customers, while John Dory’s has responded well to the tough environment in the highly competitive fish market,” he said.

In the UK plans have been implemented to improve the performance of the restaurants in Wandsworth and Gateshead and turnover has been encouraging for the past three months. The appointment of a full-time executive to head the group’s operations in the UK is also expected to improve performance.

Van Tonder said the Australian business has started to turn around following last year’s consolidation, while the restaurants in Africa have generally traded well and growth prospects remain positive.

Spur Corporation’s restaurant base was expanded to 364 during the year, with 328 outlets operating in South Africa and 36 internationally. Ten new Spur, seven Panarottis and three John Dory’s outlets were opened, while 25 restaurants were refurbished and nine relocated to better trading sites. Two new international restaurants were opened.

In the year ahead the group plans to increase its investment in value-added marketing campaigns and build on the momentum created in the breakfast market. Brand loyalty will be driven through the aggressive marketing of the Spur Family Card.

Fifteen new restaurants are planned for South Africa in the 2012 financial year. International expansion will focus mainly on Africa where new outlets are planned for Malawi, Tanzania, Namibia, Nigeria and Mauritius. The group will not be investing in further company-owned restaurants in the year ahead.

Ends

Issued by Tier 1 Investor Relations on behalf of Spur Corporation

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