

SPUR CORPORATION

MEDIA RELEASE

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SPUR PROFIT UP 21% AS RESTAURANT TURNOVER PASSES R3 BILLION

Cape Town – Spur Corporation continued to show its resilience in overcoming challenging trading conditions as restaurant turnover exceeded R3 billion for the first time and headline earnings increased by 14.2% to R85.1 million (2009: R74.5 million) in the year to 30 June 2010.

Diluted headline earnings per share rose 13.8% to 94.6 cents (2009: 83.1 cents) and a total dividend of 60.0 cents per share was declared for the year, an increase of 9.1%.

Restaurant turnover increased by 9.1% to R3.2 billion, driven by the performance of Spur Steak Ranch outlets in South Africa which lifted restaurant turnover by 9.5%. Panarottis Pizza Pasta grew restaurant turnover by 7.8% and John Dory's Fish & Grill delivered strong growth of 23.4%.

The group also received a welcome boost from South Africa's hosting of the FIFA 2010 World Cup, with revenue for the four-week period increasing by 24.8% over the corresponding period in 2009.

Group managing director, Pierre van Tonder, said the past year was marked by continued suppressed trading conditions in the local restaurant environment and in the international markets in which the group operates.

"In this environment we have launched innovative marketing campaigns to capitalise on the strength of our brands and our high levels of customer loyalty to increase foot traffic into restaurants," he said.

While food prices remained relatively constant during the period, despite concerns that the World Cup would prove to be an inflationary force, Van Tonder said increases in electricity tariffs, rentals and rates had placed cost pressures on franchisees.

Group revenue grew by 6.5% to R348.0 million. Franchise income in Spur grew by 9.9% to R124.4 million, Panarottis by 6.1% to R10.8 million and John Dory's by 30.3% to R8.8 million. International revenue, which includes franchise fee income and turnover from the group-owned restaurants, was impacted by tough

international trading conditions and the strengthening of the Rand against foreign currencies and declined by 4.4%.

Operating profit before finance income for the period increased by 21.4% to R118.5 million.

The continuing recessionary trading environment in the United Kingdom resulted in an impairment charge of R8 million against the Spur outlet in Derby in the East Midlands, a region that was particularly hard hit. Excluding one-off or abnormal items such as foreign exchange fluctuations, foreign restaurant impairments and the share-based payment expense in the current and prior years, comparable operating profit before finance income grew by 15.5%.

Continued expansion locally and internationally saw the group's restaurant base grow to 359 at year end. This included the opening of nine Spur, three Panarottis and five John Dory's restaurants in South Africa.

Van Tonder said one of the highlights of the year had been the launch of a smaller-format Spur restaurant model which will enable the brand to increase its penetration into rural areas.

"This model makes it feasible to operate in smaller towns which have growth potential and where we have not traded until now. The start-up costs are substantially lower than the standard format Spur outlet owing to the smaller trading area and simplified menu offering. Two such outlets were opened in Nylstroom and Groblersdal and have delivered rewarding returns," he said.

The international restaurant base increased to 38 following the opening of Spur restaurants in Aberdeen (Scotland), Mandurah (Western Australia), Dubai (United Arab Emirates), Maseru (Lesotho) and the first Spur Express outlet in Gaborone (Botswana). Subsequent to year-end, a Spur restaurant was opened in Gateshead (United Kingdom).

Discussing the outlook for 2011, Van Tonder said while the economy should continue its slow recovery, consumer spending is expected to remain muted in the year ahead.

"In this environment we need to ensure our brands continue to offer an attractive and affordable proposition, that franchisee profitability is well managed and that we remain competitive by tailoring our menus to meet customer demand."

The group plans to open 21 restaurants across the three brands in South Africa in the new financial year, with the small format Spur model forming a key part of the expansion programme. In Africa, Spur restaurants are scheduled to open in Lusaka (Zambia) and Lilongwe (Malawi) while further opportunities are being evaluated on the continent.

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Issued by Tier 1 Investor Relations on behalf of Spur Corporation

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