

Spurred by 35.3% earnings growth

Franchise restaurant group Spur Corporation last week reported diluted headline earnings per share of 89.91c for the six months ended December, up 35.3% from the previous period.



An interim cash dividend of 55c per share was declared, an increase of 37.5% on the previous period.

"An aggressive promotions strategy, increasing customer loyalty and robust Christmas trading resulted in the group growing its market share in the highly competitive family sit-down restaurant market," Spur said.

The company increased revenue by 40.4% to R331.6m.

This growth benefited from the inclusion of the DoRego's takeaway chain, acquired with effect from March last year.

Total restaurant sales across the group increased by 17.5% for the six month period, with sales in SA growing by 16.5%.

Sales in Spur Steak Ranch outlets increased by 16.5%, with turnover from existing restaurants up 13.7%.

Panarottis Pizza Pasta lifted restaurant sales by 30.6% while sales in John Dory's Fish Grill Sushi restaurants grew by 11.9% and by 9.7% in existing outlets. Sales in the international operations were 26.4% higher in rand terms.

"Spur bucked the trend in the depressed UK restaurant economy and posted a pleasing growth in turnover. Africa continues to deliver stable growth while trading conditions have remained static in Australia," the group said.

Twenty-three new stores were opened across the four brands in SA during the period. A second Spur restaurant was opened in Kenya and a Panarottis Express outlet opened in Mauritius, during the period.

Franchise revenue in Spur increased by 16.7% to R92.1m. Manufacturing and distribution revenue rose by 85.7% to R113.1m, lifted by the first-time inclusion of the revenue from the DoRego's distribution centre which totalled R39.2m, and higher product volumes in the group's sauce manufacturing facility and outsourced distribution network owing to higher

local restaurant sales.

On the outlook for the remainder of the financial year, chief executive, Pierre van Tonder, said the group was actively pursuing new marketing promotions to maintain the current sales momentum and to grow market share.

Spur Corporation plans to open eleven new Spur restaurants as well as one Panarottis and two DoRego's outlets in SA in the next six months.

Expansion in the international operations will include second Spur restaurants in Tanzania, Nigeria and Swaziland, as well as a DoRego's outlet in Namibia.

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