

Burger King banks on about 250 outlets

By [Marc Hasenfuss](#)

3 Mar 2015

Burger King, the iconic fast-food outlet, could have between 200 and 250 stores open in SA within two years, according to local master franchise holder Grand Parade Investments (GPI, GPL).



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This is despite Business Day [reporting last year](#) that GPI had opted to drastically cut back its Burger King store opening target from 100 by the end of June this year to just 60.

The aggressive expansion was held back by the various approvals required by the respective municipalities to open Burger King outlets, as well as a strike-induced shortage of certain materials needed to kit out kitchens and serving areas.

GPI CEO Alan Keet said on Monday, 2 March 2015, Burger King now operated 34 stores (mainly in Cape Town, Johannesburg and Durban) and would achieve the revised store target on schedule.

"After June we think the Burger King roll-out will accelerate. There's no shortage of good sites available to us. We will already reach our five-year development programme commitment to our Burger King parent by the end of this year."

While the local economy is soft Burger King openings have proved popular with SA's burgeoning middle class and it is not unusual to see long queues outside certain outlets.

Keet stressed that GPI was 100% happy with the margins being achieved, noting the operating margin at the end of December was about 56%. He was confident this could be fattened to about 60% in the medium term.

The co-founder of Mahura Investments, Craig Gradidge, said it was prudent for GPI to hold back on the initial expansion plans. "As a long-term investor, I would rather the company gets the Burger King roll-out right and enjoys margin expansion. You don't get these kinds of deals every day...."

Keet said new roll-out plans favoured the opening of drive-through Burger King outlets, which can generate higher revenues than "inline" and food-court stores. He disclosed that GPI had set a target mix for 40% of its Burger King stores to be drive-through format.

GPI's interim results released on Friday showed Burger King more than tripled revenues to R134.5m, and showed a smaller operating loss of R27.6m (previously more than R40m).

Source: BDpro via I-Net Bridge

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