

# Spur warns of up to 77% slump in H1 profit on Covid-19 hit

South African franchise restaurant chain Spur Corporation said on Wednesday it expects first-half profit to slump as much as 77%, following Covid-19 lockdowns, retrenchment costs and reduced franchise fees.



Credit: Spur Corporation

The restaurant sector has been one of the hardest-hit industries in South Africa as lockdowns, curfews, reduced seating capacity, a ban on the sale of alcohol and weaker disposable income have hammered profits and pushed some out of business.

The owner of the RocoMamas burger chain and Spur Steak Ranches said headline earnings per share (HEPS) for the six months ended 31 December will likely be between 72% and 77% lower than 125.8 cents reported in the prior comparable period.

Earnings for the period were further impacted by costs totalling R11.8m related to a voluntary retrenchment programme undertaken during the period as part of the group's austerity steps against the pandemic, it said.

Its group revenue was further impacted by temporary fee reductions granted to franchisee partners for franchise and marketing fees. These were granted to assist partners through the difficult trading periods from the start of the lockdown in March.

*Source: Reuters*

*(Reporting by Nqobile Dladla; editing by Uttaresh.V)*

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