

# Spur group to expand takeaway format following revenue slump

The Covid-19 pandemic has decimated Spur Corporation's revenue, resulting in a 40.2% decline to R314.2m for the six months ended December 2020. However, the company is seeing strong growth in takeaways and will be expanding on this trading format going forward.



Credit: Spur Corporation

The company is introducing a drive-thru format for its RocoMamas chain, a drive-thru-clip-on (linked to the restaurant) for the Spur franchise and a drive-thru, click-and-collect option for the Bento franchise. Seven of the virtual kitchen brands launched during lockdown and which have been trialled since May 2020, will move into the next phase of testing.

According to the group, the Spur brand more than doubled sales via Mr D Food, and including its other brands such as John Dory's and Panarottis, sales via Mr D Food were up 72% compared to the last half of 2019. Sales via Uber Eats were up 41%, the company said.

## Financial impact of lockdown

Spur Corporation total franchised restaurant sales across its local and international operations decreased by 29.5% to R2.9bn with South African franchised restaurant sales declining by 31.0% for the six months ended December 2020. International franchised restaurant sales, for the same period, decreased by 17.3%.

After the hard lockdown, restaurants were allowed to resume a full sit-down service from 29 June 2020, subject to strict social distancing protocols, restrictions on the number of customers and a ban on the sale of alcohol.

The impact of the curfew in South Africa on evening restaurant trading hours is reflected in dinner sales for the group declining by 39%, and by 48% for the restaurant brands of The Hussar Grill, Casa Bella and Nikos in the period. Group alcohol sales were also 39% lower for the period as a result of the ban on sale of all alcoholic drinks for part of the period.



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Craig Schwabe 3 Jul 2020



Improved trading conditions were experienced from September 2020 through to November 2020 as the relaxation of the national curfew extended trading hours and alcohol sales were permitted. Sales for the months of September and November 2020 declined by 26.2% and 21.0% respectively in South Africa relative to the prior year, with October 2020 being a particularly strong trading month in South Africa, trading behind the prior year by only 7.2%.

The imposition of the adjusted Level 3 lockdown regulations in late December impacted restaurant sales, with the national curfew again

limiting trading hours. Trading showed a marked improvement in February 2021, however, following the partial lifting of restrictions which extended our trading hours to 22:00 and allowed for the sale of alcohol in our restaurants. Sales for February 2021 were at 82% of the prior year, with Spur and RocoMamas being the company's strongest performing brands.

In South Africa, 17 restaurants were opened and 18 closed, while seven restaurants were opened and four closed internationally during the period. In addition to revamps and renovations planned for the 2021 calendar year, new restaurant development will include an estimated eight to 10 outlets locally.

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