

Spur gains on taste for fast-food dining in SA

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5 Sep 2013

Restaurant franchise group Spur Corporation said on Wednesday (4 September) it was expecting a rise in headline earnings per share of between 19% and 24% for the financial year to June.



The prevalence of a cash-rich and time-poor market accelerated with rising affluence among SA's middle-class and has led to greater use of quick-service food over formal restaurants or preparing food at home.

There is no doubt that retailers are feeling the pinch in SA as disposable incomes come under pressure, but those in the quick-service restaurant segment are being affected to a lesser degree as consumers favour convenience and value over cost.

Taste Holdings, whose portfolio includes Scooters Pizza, St Elmo's, The Fish & Chip Co and Maxi's, in May reported normalised headline earnings per share up 22% to 15.1c for the year to February.

Meanwhile, Famous Brands' chief executive Kevin Hedderwick said the food services sector in SA continued to evolve in the current socio-economic environment. The group's portfolio includes Steers, Debonairs Pizza and Wimpy.

"The competitive trading environment and general economic downturn have trained consumers to look for value. Convenience matters a lot," he said.

In March, Spur posted a 35.3% rise in first-half profit as its aggressive promotions, including the "bottomless ribs and buffalo wings" and "unreal breakfast" offerings, attracted customers.

On Wednesday (4 September) it noted that profit before tax for the period under review included a charge of R23.6m in respect of the group's cash-settled share appreciation rights incentive scheme and a credit arising from the related hedging instrument of R34.3m.

"Excluding the impact of the share appreciation rights incentive scheme, foreign exchange gains and losses, the impact of

the Captain DoRegos acquisition with effect from March and one-off items in both the current and previous comparable periods, we are expecting to report growth in profit before income tax of between 11% and 16%," the company said.

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