

Domino's brand to become Taste's leading pizza franchise

By [Zeenat Moorad](#)

10 Oct 2014

The last six months has seen Taste Holdings (TAS) embark on its ambitious five-year growth plan, first with the acquisition of Zebro's Chicken and then securing the franchise rights for Domino's Pizza, the world's largest pizza delivery chain.



Taste, whose brands include Scooters Pizza, St Elmo's, Maxi's and jeweller NWJ, reported a R1.1m decline in core headline earnings for the six months ended 31 August 2014, as a result of noncomparable costs associated with restructuring its food division.

Turnover rose 15% to R302.3m with positive contributions from both the jewellery and food segments.

Aligned to its growth plan was a restructure of the groups' access to capital. In July, Taste registered a R1bn domestic medium-term note programme with an initial successful issuance of R125m. Furthermore, in September the group raised R180m from shareholders through a rights offer that was fully subscribed.

"This capital structure will allow the group access to capital in a more predictable manner in the future and is more closely aligned with the acquisitive opportunities in the local market, the rollout of the Domino's Pizza conversion and expansion opportunities in the jewellery segment of the group," CEO Carlo Gonzaga said.

NWJ revenue rose 15% driven by system-wide sales growth of 5% and by the revenue generated from additional retail outlets now owned in the current period.

Sales in the food division, consisting of Scooters Pizza, St Elmo's Woodfired Pizza, Maxi's, Zebro's Chicken and The Fish & Chip Co brands, increased 11% on the strength of growth in the Buon Gusto food services division and a 4% hike in system-wide sales.

Buon Gusto manufactures sauces, spices, dough premixes and added-value meat products for the Taste food brands and

distributes most of the products used by its food outlets.

Consolidating its food services business in the prior year has yielded expected efficiencies and savings in transport, stock days and the per-kilogram cost of delivery.

Revenue from new store openings in The Fish & Chip Co brand dropped comparatively on the back of lower consumer demand in the low-income segment as well as a base year that included "an unusually high" number of new store openings.

Gonzaga said the Domino's Pizza brand would become the group's leading pizza franchise offering as existing Scooters Pizza and St Elmo's franchisees were afforded the opportunity to convert to the international brand. Store conversions and new store openings were planned to begin towards the end of the year and consequently no new Scooters Pizza or St Elmo's would be opened in the current financial year.

He acknowledged the move would incur once-off costs relating to the conversions, establishing a centralised dough production facility and initial training and marketing.

At the end of the period under review, Taste had more than 620 outlets trading in southern Africa.

During the period under review, the board appointed Grant Pattison as an independent non-executive director. Pattison was previously the CEO of Walmart-owned Massmart.

Source: BDpro via I-Net Bridge

For more, visit: <https://www.bizcommunity.com>