



GRAND PARADE

INVESTMENTS LIMITED

GRAND PARADE INVESTMENTS



ANALYST PRESENTATION

Mohsin Tajbhai
Chief Executive Officer

March 2020

AGENDA

GOVERNANCE UPDATE

SALIENT FEATURES

FINANCIAL REVIEW

OPERATIONS AND STRATEGIC OVERVIEW

CLOSING

Q&A



GOVERNANCE UPDATE

Retirement of non-executive directors

- Dr Hassen Adams
- Keshan Pillay

Appointment of non-executive directors

- Rozanna Kader
- Monde Nkosi

Alex Abercrombie appointed as Chairman

Retirement of Colin Priem and appointment of Jayson October as CFO



SALIENT FEATURES

▲ 19%

REVENUE FROM
CONTINUING
OPERATIONS

R707.3 M – R844.4 M

▲ 21%

GROSS PROFIT
FROM CONTINUING
OPERATIONS

R335.0 M – R405.1 M

▼ 1%

GROUP
CENTRAL COSTS

R17.5 M - R17.3 M

▲ R42.8m

NET PROFIT
AFTER TAX (NPAT)

(R36.4 M) – R6.4 M

▲ 9.62c

EARNINGS
PER SHARE (EPS)

(8.23 c) - 1.39 c

▲ 6.60c

HEADLINE EARNINGS
PER SHARE (HEPS)

3.75 c – 10.35 c

▼ R301m

DEBT

R565 M - R264 M

FINANCIAL REPORT

EFFECTS OF IFRS 16

The effect on profit and loss is that the expense related to the leases no longer impact the EBITDA line. The impact has moved to below the EBITDA line and now impact the EBIT and PBT lines only. (Instead of having a smoothed lease expense in operating expenses there is now a depreciation and finance cost expense.)

The effect of IFRS 16 on the Statement of Comprehensive Income is illustrated below:

Reconciliation between IAS 17 and IFRS 16	IFRS 16 31 Dec 2019 (R'000)	IFRS 16 effect (R'000)	IAS 16 31 Dec 2019 (R'000)
Operating expenses	(323 728)	40 091	(363 819)
Profit from operations (EBITDA)	152 869	40 091	112 778
Depreciation	(49 900)	(24 149)	(25 751)
Profit before finance cost	61 493	15 942	45 551
Finance costs	(44 025)	(15 735)	(28 290)
Net profit after tax	12 139	207	11 932

FINANCIAL REPORT

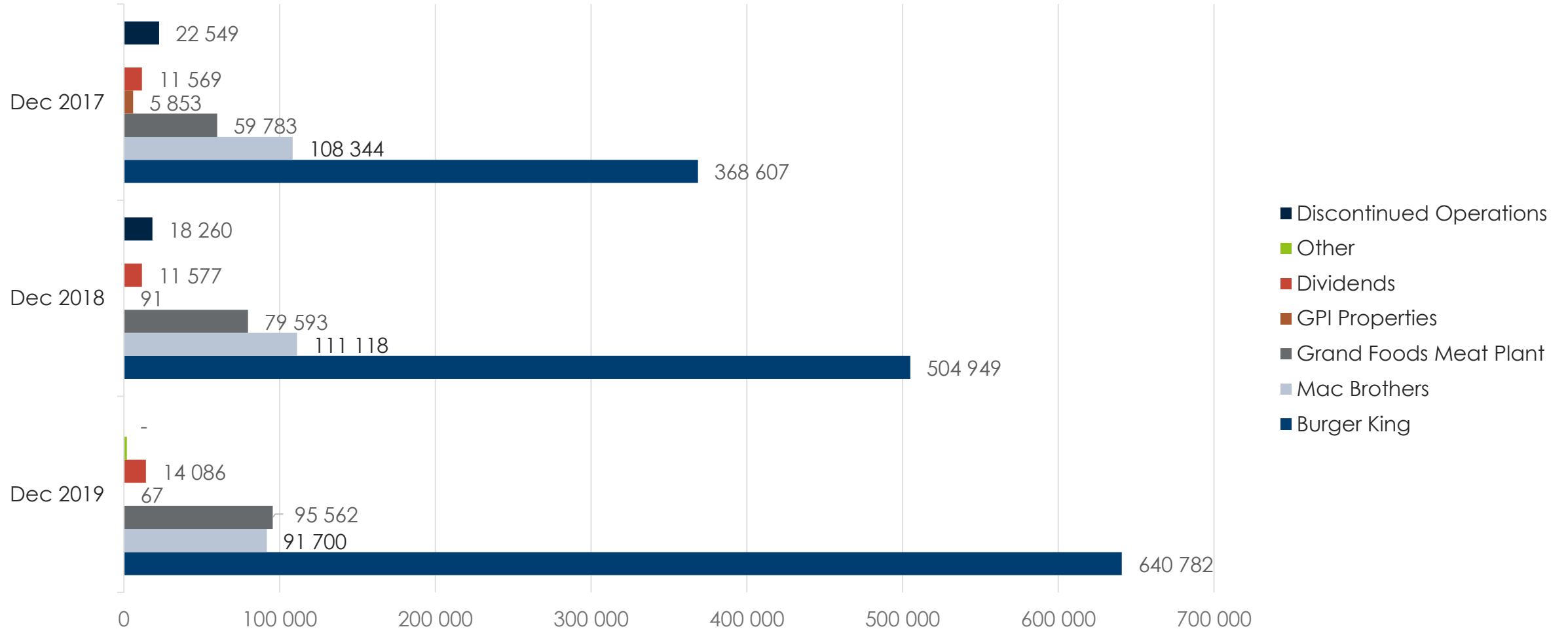
CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Dec-19 R'000	Dec-18 R'000	Movement R'000
Continuing Operations			
Revenue	844 371	707 328	137 043
Cost of Sales	(439 244)	(372 354)	(66 890)
Gross Profit	405 127	334 974	70 153
Operating costs	(323 728)	(315 379)	(8 349)
Profit from operations	81 399	19 595	61 804
Profit from equity-accounted investments	71 685	73 825	(2 140)
Expected credit loss	(215)	-	(215)
Impairment of assets	-	(431)	431
Profit from operations before impairment, depreciation and amortisation	152 869	92 989	59 880
Impairment of goodwill	(38 598)	-	(38 598)
Depreciation	(49 900)	(36 441)	(13 459)
Amortisation	(2 878)	(2 521)	(357)
Profit before finance costs and taxation	61 493	54 027	7 466
Finance income	3 312	2 810	502
Finance costs	(44 025)	(30 349)	(13 676)
Profit before taxation	20 780	26 488	(5 708)
Taxation	(8 641)	7 959	(16 600)
Profit for the period from continuing operations	12 139	34 447	(22 308)
Discontinued operations			
Loss for the period from discontinued operations	(5 715)	(70 829)	65 114
Profit/(loss) for the period	6 424	(36 382)	42 806

FINANCIAL REPORT

EXTRACTS: CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

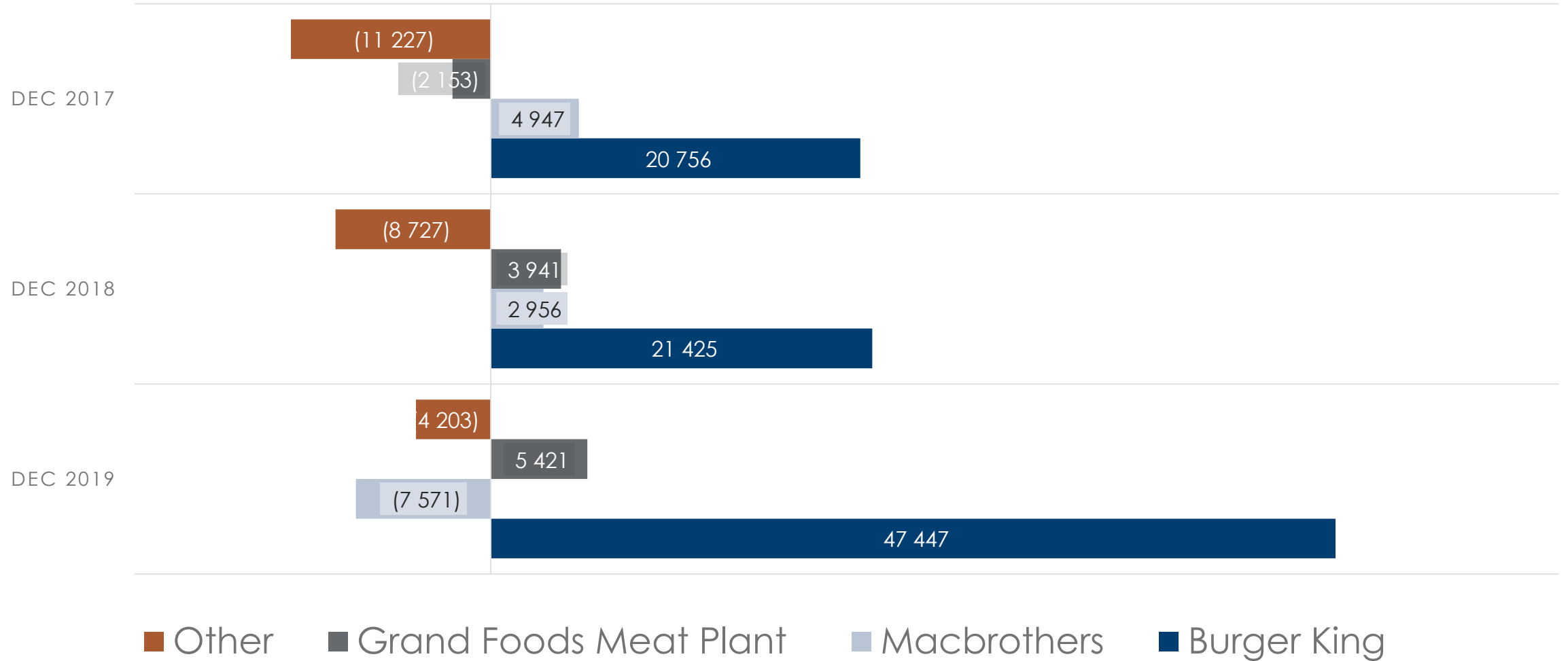
REVENUE R'000



FINANCIAL REPORT

EXTRACTS: CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

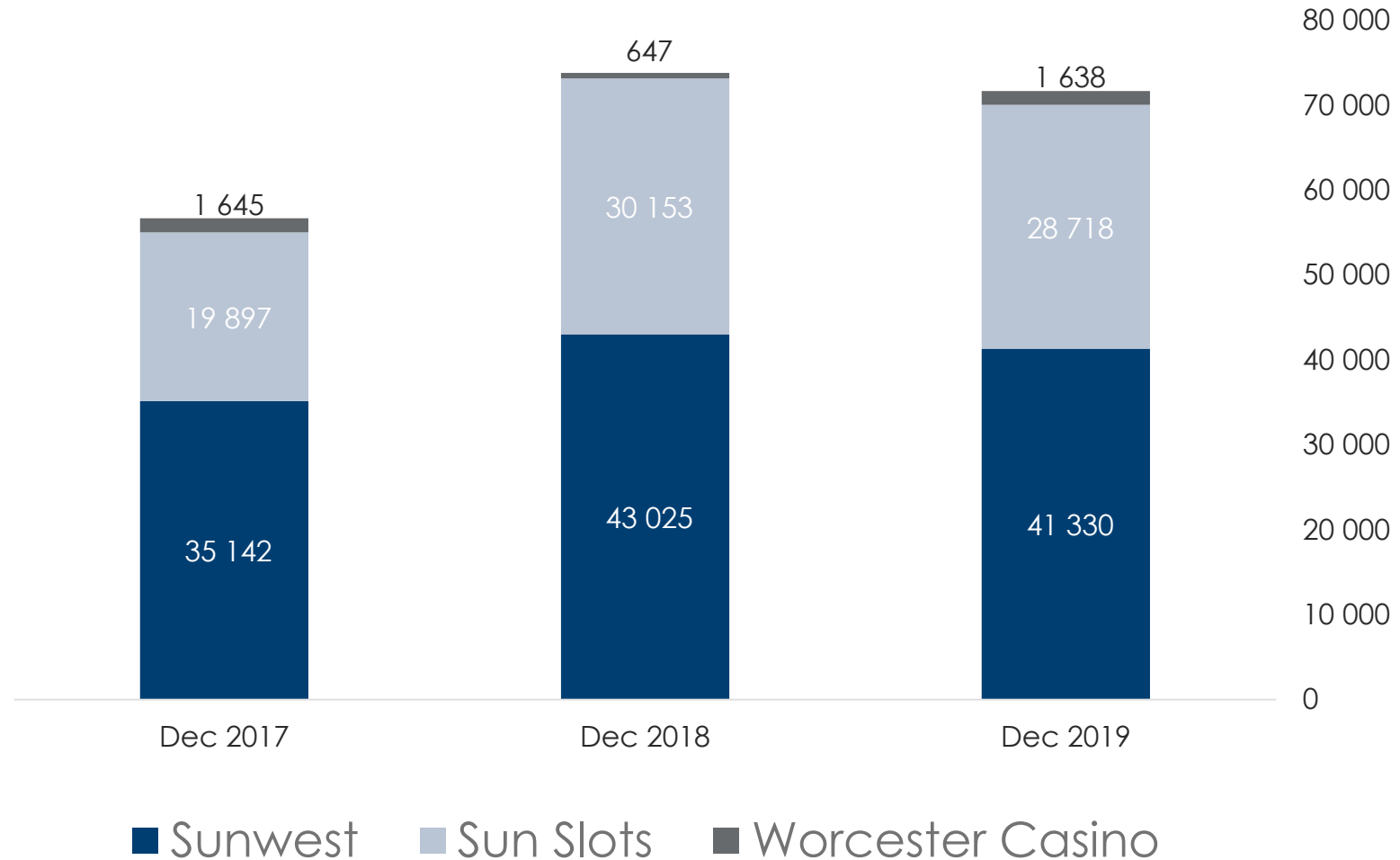
OPERATING PROFIT/(LOSS) R'000



FINANCIAL REPORT

EXTRACTS: CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

EQUITY ACCOUNTED EARNINGS R'000



FINANCIAL REPORT

HEADLINE EARNINGS BY INVESTMENT

	Dec 2019 (R'000)	Dec 2018 (R'000)	Movement (R'000)	%
Food	8 287	(6 363)	14 650	230%
Burger King	7 785	(9 488)	17 273	182%
Mac Brothers	(9 317)	1 912	(11 229)	(587%)
Spur	7 194	177	7 017	3964%
Grand Food Meat Plant	2 625	1 036	1 589	153%
Gaming and leisure	71 297	74 171	(2 874)	(4%)
SunWest	41 328	43 198	(1 870)	(4%)
Sun Slots	28 331	30 326	(1 995)	(7%)
Worcester Casino	1 638	647	991	153%
Central costs	(29 763)	(27 102)	(2 661)	(10%)
Corporate Costs	(17 303)	(17 462)	(159)	(1%)
Transaction costs, legal fees and taxation	(3 419)	2 022	(5 441)	(269%)
Net corporate finance cost	(8 298)	(10 195)	1 897	19%
GPI Properties	(743)	(1 467)	724	49%
Headline earning from continuing operations	49 821	40 706	9 115	22%
Discontinued operations	(5 716)	(24 690)	18 974	77%
Dunkin Donuts	(4 089)	(13 167)	9 078	69%
Baskin-Robbins	(1 627)	(6 250)	4 623	74%
Bakery	-	(5 273)	5 273	100%
Headline earnings from discontinued operations	(5 716)	(24 690)	18 974	(77%)
Headline earnings	44 105	16 016	28 089	175%

FINANCIAL REPORT

TERM DEBT ANALYSIS

		Dec 2019 (R'000)	Dec 2018 (R'000)	Movement (R'000)	%
Holding company facilities		203 777	485 430	(281 653)	-58%
SunWest	Preference shares	203 777	229 990	(26 213)	-11%
Spur	Preference shares	-	255 440	(255 440)	-100%
Subsidiary Facilities		60 054	79 504	(19 450)	-24%
GPI Properties	Term Loans (Mortgage)	56 059	61 570	(5 511)	-9%
Mac Brothers	Finance Leases	3 500	6 253	(2 753)	-44%
Grand Foods Meat Plant	Finance Leases	-	9 946	(9 946)	-100%
Burger King	Finance Leases	495	988	(493)	-50%
Baskin-Robbins	Finance Leases	-	573	(573)	-100%
Dunkin' Donuts	Finance Leases	-	115	(115)	-100%
GPI Management Services	Finance Leases	-	59	(59)	-100%
Total Debt		263 831	564 934	(301 103)	-53%
Debt/EBITDA		1.45	5.23	-3.78	-72%
Debt/Equity		12%	30%	-18%	-60%

2019 STRATEGIC INITIATIVES & OUTCOMES

STRATEGIC INITIATIVES

RESTRUCTURE TO REDUCE CENTRAL COSTS

Head office costs excluding transaction costs and tax effects down **1%**

SALE OF NON-CORE ASSETS TO TRIM BALANCE SHEET

Sale of Spur B-BBEE shares
Debt reduced by **R301m**
Net debt to EBITDA **1.46**

IMPROVE PROFITABILITY OF ALL OPERATIONAL FOODS BUSINESS

BKSA increase in HE **182% (R7.8m)**
GFMP increase in HE **156% (R2.6m)**
Mac Brothers HE loss **R9.3m**

GROWTH OF BURGER KING

Restaurant growth of **6 (over the year)**
Revenue growth **27%**
EBITDA growth of **2.3x**

DISPOSAL OF UNPROFITABLE BUSINESS AND RESTAURANTS

Closed unprofitable BK restaurants
Liquidation of DD and BR nearing completion

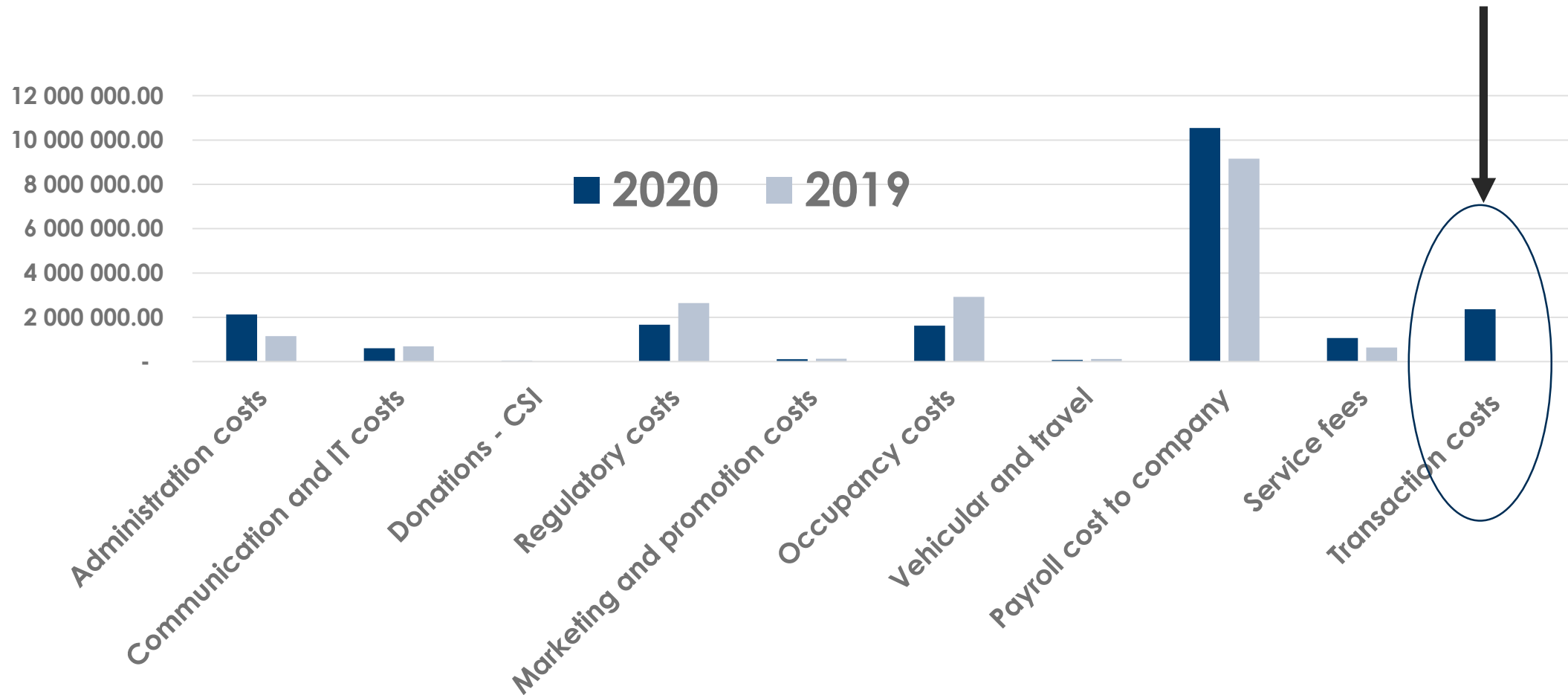
CENTRAL COSTS

Dec 2018 – R17.5m

Dec 2018 – R17.5m

Dec 2019 – R20.2m (+16%)

Dec 2020 – R17.3m (1%)- Excluding transaction costs



BURGER KING HIGHLIGHTS

27% revenue growth

Revenue **R630m**

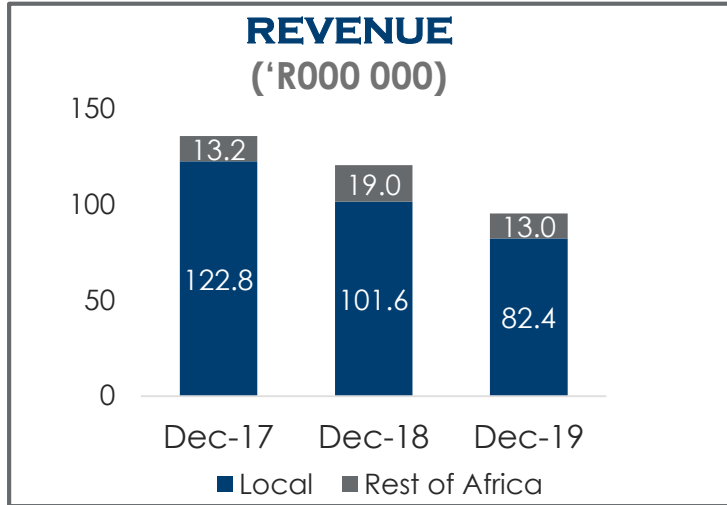
6 new restaurants (12 months)
2 restaurant opened in last 6 months
1 restaurant closed

7.8% Same store sales growth

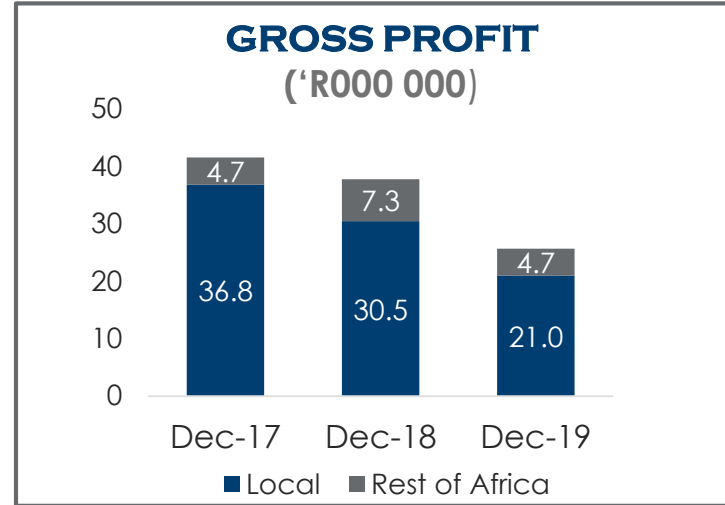
2.3x growth EBITDA – **R47m**

Positive headline earnings contribution **R7.8m**

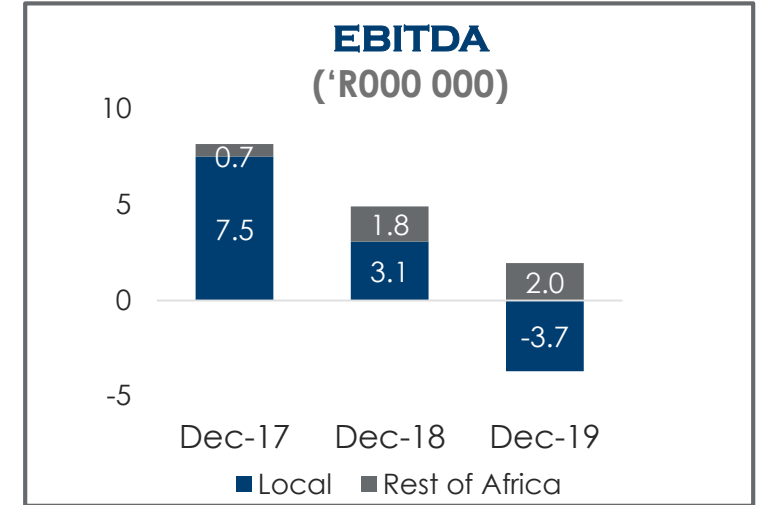
MAC BROTHERS



- Revenue down 21% from R120.6m to R95.4m
- Decrease in both local and Africa sales

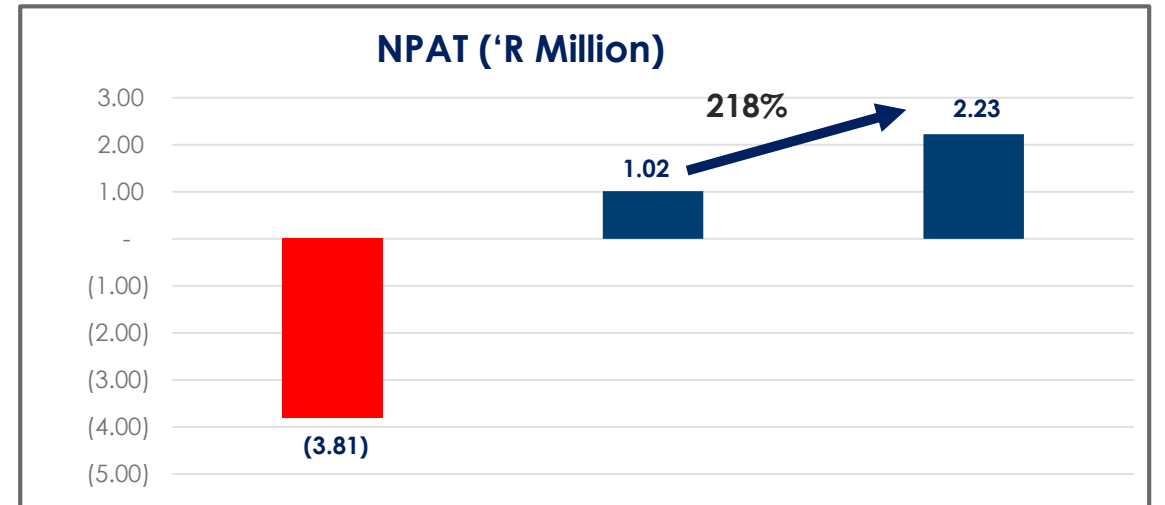
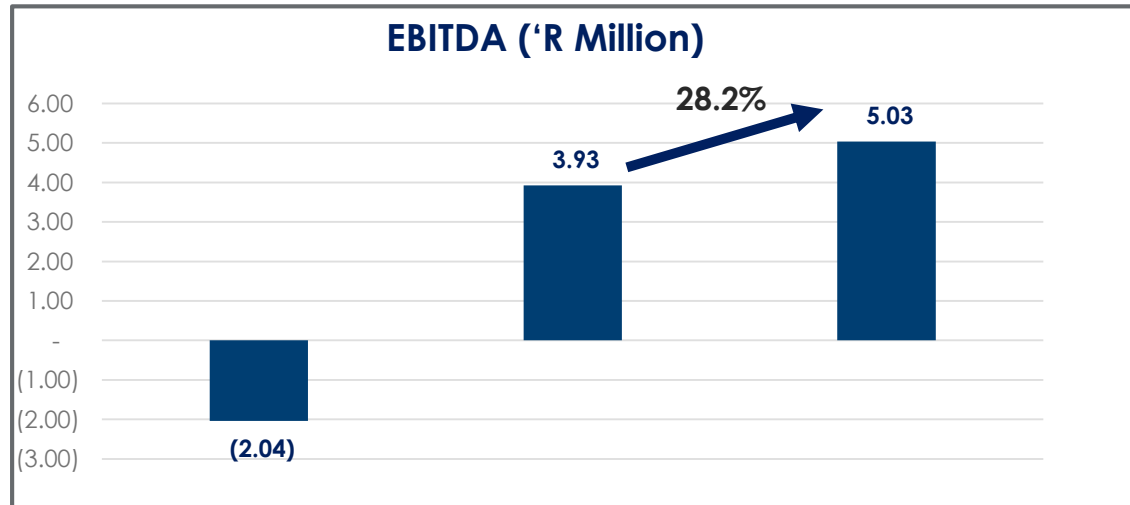
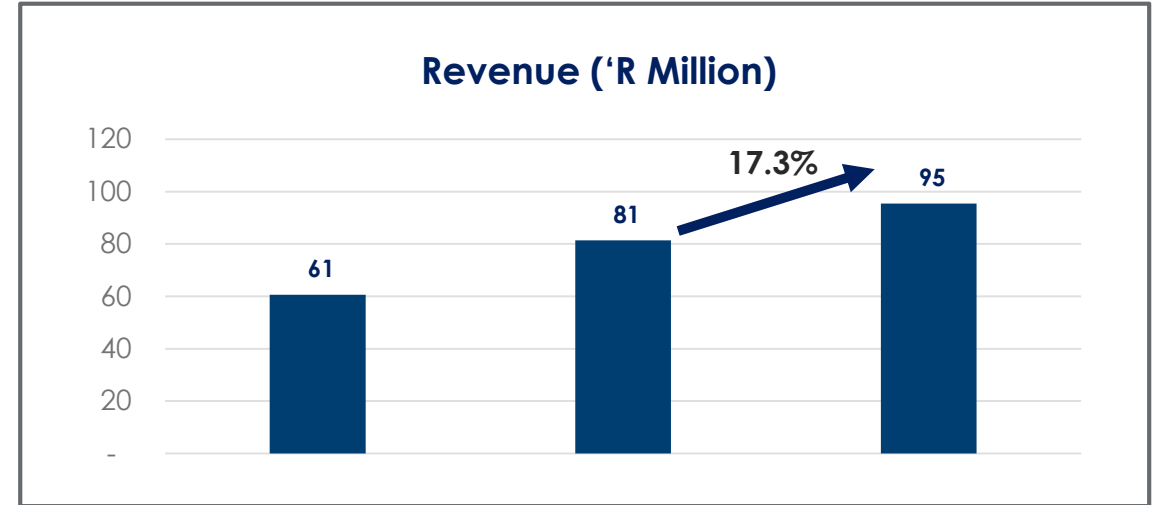
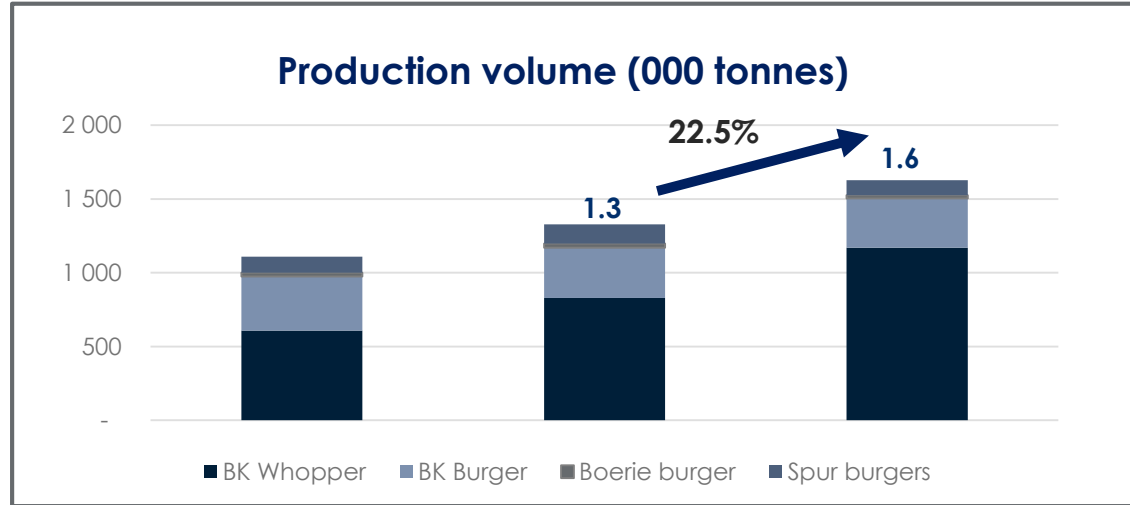


- Gross profit down 32% from R37.8m to R25.7m
- GP down due to lower than expected Africa sales
- Operating costs down 2% from R32.8m to R32.1m



- EBITDA down R11.3m from profit of R4.9m to loss of R6.4m

GRAND FOODS MEAT PLANT



UPDATE ON TRANSACTIONS

Sale of 30% of Sun Slots

- Bid from Sun International received for R504m
- Shareholder approval received in December 2019
- Long stop date extended to June 2020
- Gaming Board approval pending
- Proceeds utilized in debt repayment of R200m

Sale of BKSA and Grand Foods Meat Plant

- Binding Offer signed – February 2020
- BKSA EV R670m (8 X EBITDA FY20)
- Meat Plant R27m (3 X EBITDA FY20)
- Share Purchase Agreement in progress
- First tranche expected June 2020
- Second Tranche expected December 2020
- Third Tranche expected June 2022

STRATEGIC RATIONALE

In considering the Burger King offer Management and the Board considered 3 possible strategic options:

- Hold on to BKSA, become an operational business and grow foods business
 - Review the offer based on current 5 year plan
 - Shareholder funds would have been required to fund continued expansion over 3 years
- Retain a significant minority in BKSA and revert to investment holding company
 - 25.1% BKSA GFMP and 15% SunWest
 - Portfolio with majority of assets classified as low control and high accessibility
 - Likely to trade at significant discount to iNAV
- Unlock value through a controlled sale of assets
 - GPI trading at between 35-45% discount to iNAV
 - Controlled sale of assets will unlock the discount in a short space of time (18-24 months)

THANK YOU!

QUESTIONS