



GRAND PARADE
INVESTMENTS LIMITED

**ANALYST
PRESENTATION**

Mohsin Tajbhai
Chief Executive Officer

Jayson October
Chief Financial Officer

AGENDA

GOVERNANCE UPDATE

SALIENT FEATURES

FINANCIAL REPORT

OPERATIONS AND STRATEGIC OVERVIEW

CLOSING

Q&A



GOVERNANCE UPDATE

Board

Retirement of non-executive directors

- Hassen Adams
- Keshan Pillay

Appointment of non-executive directors

- Rozanna Kader
- Monde Nkosi

Alex Abercrombie appointed as Chairman

EXCO

Colin Priem retired and Jayson October appointment as CFO



SALIENT FEATURES

YTD DECEMBER/JUNE 2020

December (Half Year)

R137.2m increase in revenue 

R70.1m Increase in operating profit 

R28.1m increase in headline earnings 

6.6c increase in HEPS 

61% decrease in debt to equity 

June (Full Year)

R97.1m decrease in revenue 

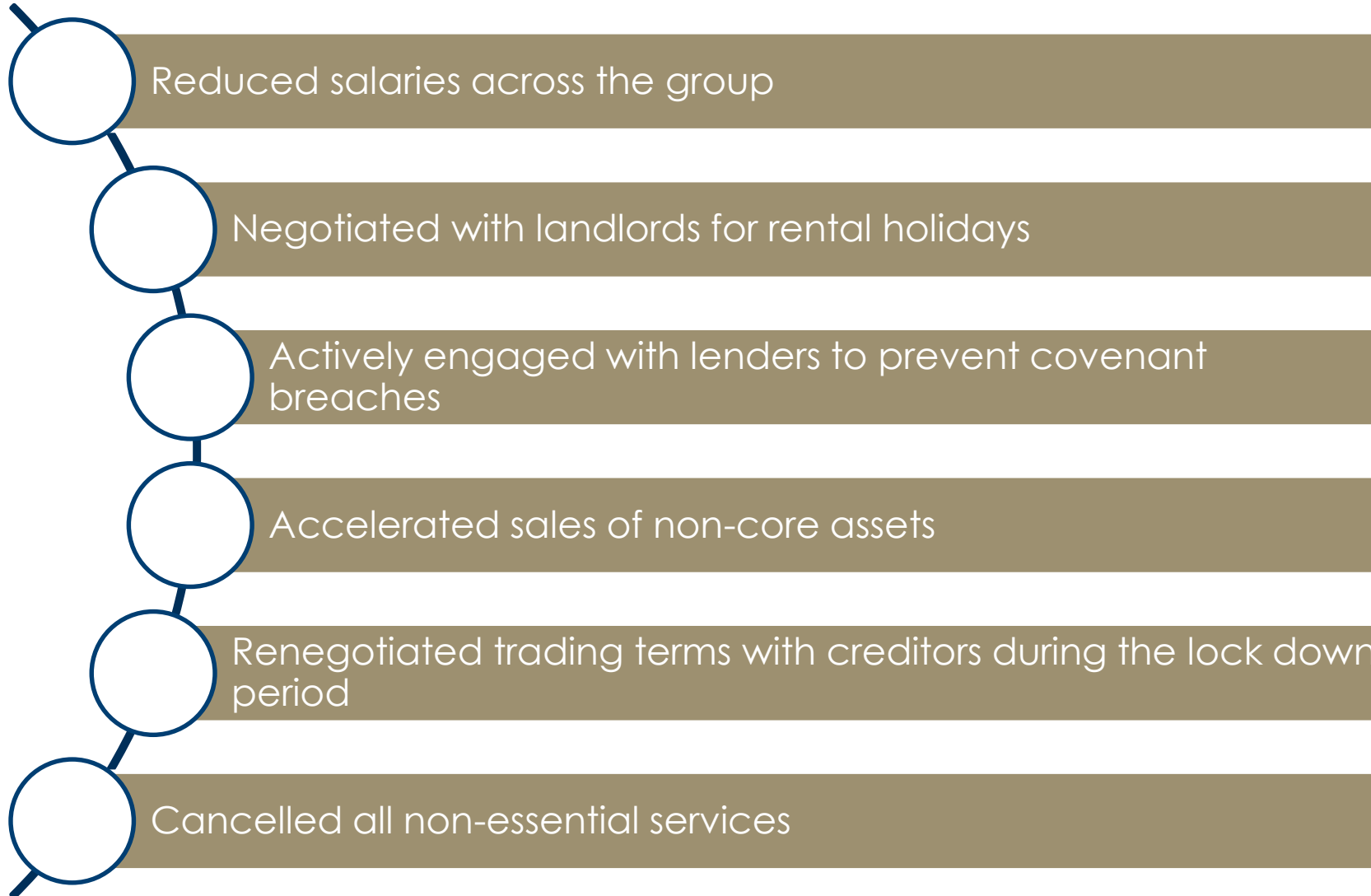
R2.5m decrease in operating profit 

R99.7m decrease in headline earnings 

23.4c decrease in HEPS 

50% decrease in debt to equity 

COVID-19 RESPONSE



FINANCIAL REPORT

EFFECTS OF IFRS 16

The expense related to the leases no longer impacts the EBITDA line.

The impact has moved to below the EBITDA line and now impacts 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:

	Including IFRS 16 (R'000)	IFRS 16 (R'000)	June 2020 IAS 17 (R'000)	Jun 2019 (R'000)	Movement (R'000)
EBITDA	49 763	(60 230)	(10 468)	169 698	(180 166)
Depreciation and amortisation	(101 830)	45 724	(56 106)	(58 833)	2 727
Profit before finance costs and taxation	(52 068)	(14 506)	(65 574)	110 865	(177 439)
Finance income	5 343	-	5 343	6 535	(1 192)
Finance costs	(76 988)	43 840	(33 148)	(59 430)	26 282
Profit/(loss) before taxation	(123 713)	29 334	(94 379)	57 970	(152 349)
Taxation	11 903		11 903	14 885	(2 981)
Profit/(loss) for the year	(111 810)	29 334	(82 476)	72 855	(155 331)

FINANCIAL REPORT

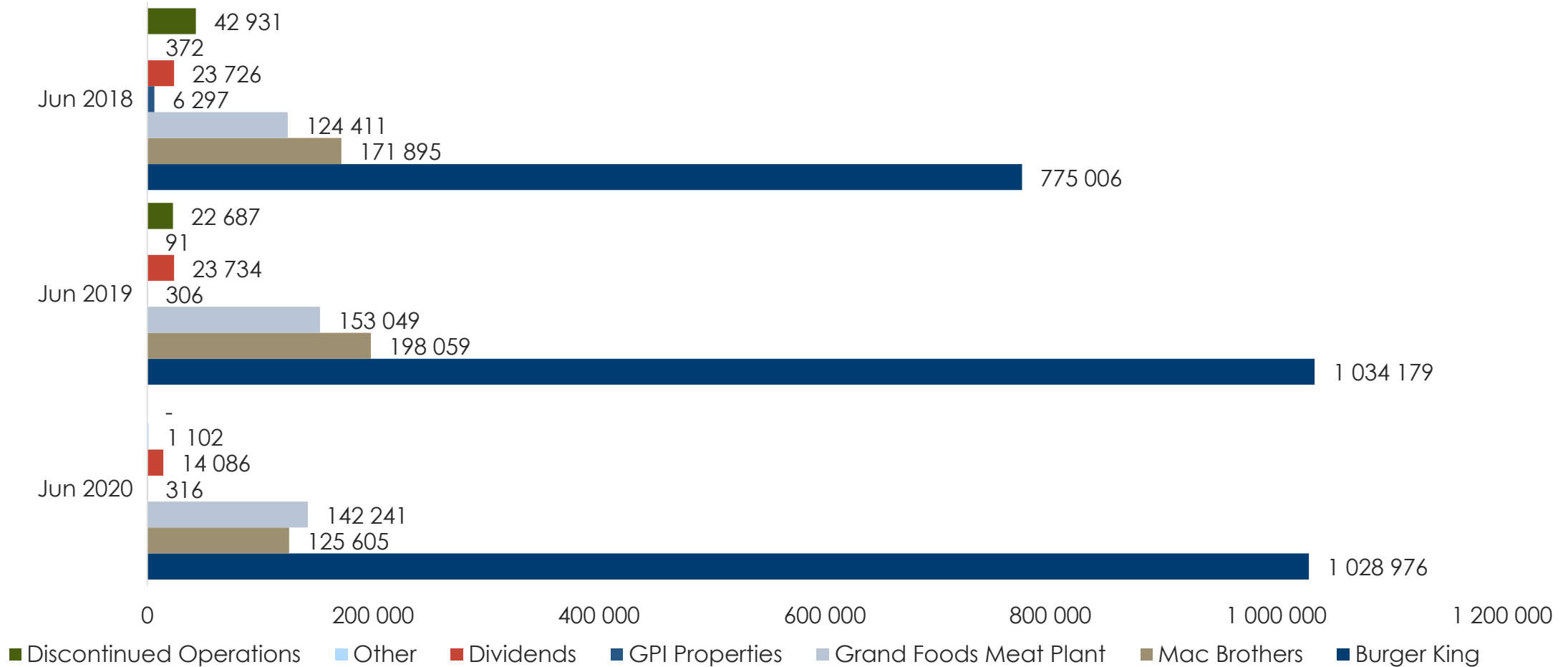
CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Jun 2020 (R'000)	Jun 2019 (R'000)	Movement (R'000)
Continuing operations			
Revenue	1 312 326	1 409 418	(97 092)
Cost of Sales	(709 005)	(739 077)	30 072
Gross Profit	603 321	670 341	(67 020)
Operating costs	(561 601)	(626 131)	64 528
Profit from operations	41 720	44 210	(2 492)
Profit from equity-accounted investments	69 395	132 021	(62 626)
ECL	(2 906)	2 400	(5 306)
Loss on sale of Investments	(9 050)	-	(9 050)
EBITDA pre fair value adjustments	99 159	178 631	(79 472)
Impairment of property, plant and equipment	(10 799)	(8 933)	(1 865)
Impairment of goodwill	(38 598)	-	(38 598)
EBITDA	49 762	169 698	(119 936)
Depreciation	(95 016)	(55 044)	(39 972)
Amortisation	(6 814)	(3 790)	(3 024)
Profit before finance costs and taxation	(52 068)	110 865	(162 943)
Finance income	5 343	6 535	(1 192)
Finance costs	(76 988)	(59 430)	(17 558)
Profit/(loss) before taxation	(123 713)	57 970	(181 684)
Taxation	11 903	14 885	(2 982)
Profit/(loss) for the year	(111 810)	72 855	(184 666)
Discontinued operations			
Loss after tax from discontinued operations	(14 697)	(109 435)	94 739
Profit/(loss) for the year	(126 507)	(36 581)	(89 927)

FINANCIAL REPORT

EXTRACTS: CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

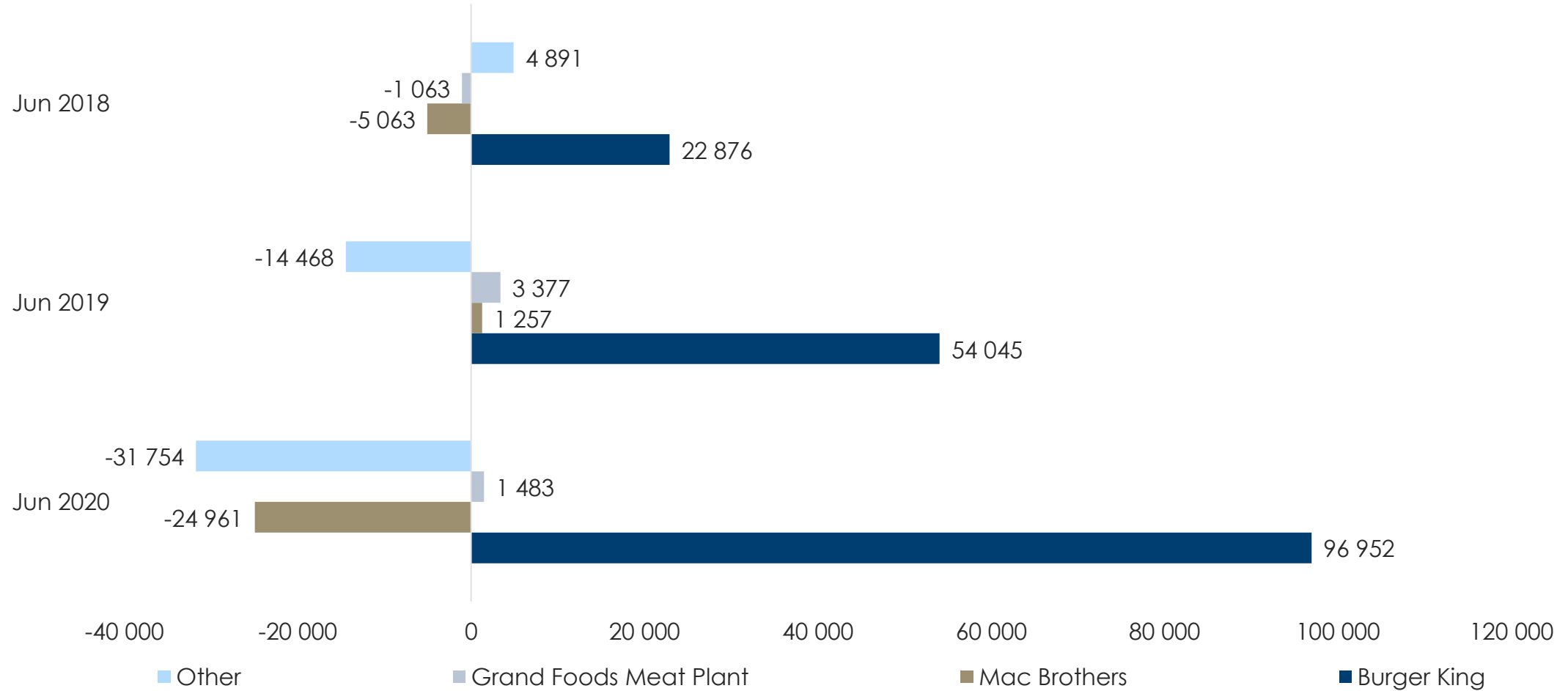
REVENUE R'000



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EXTRACTS: CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

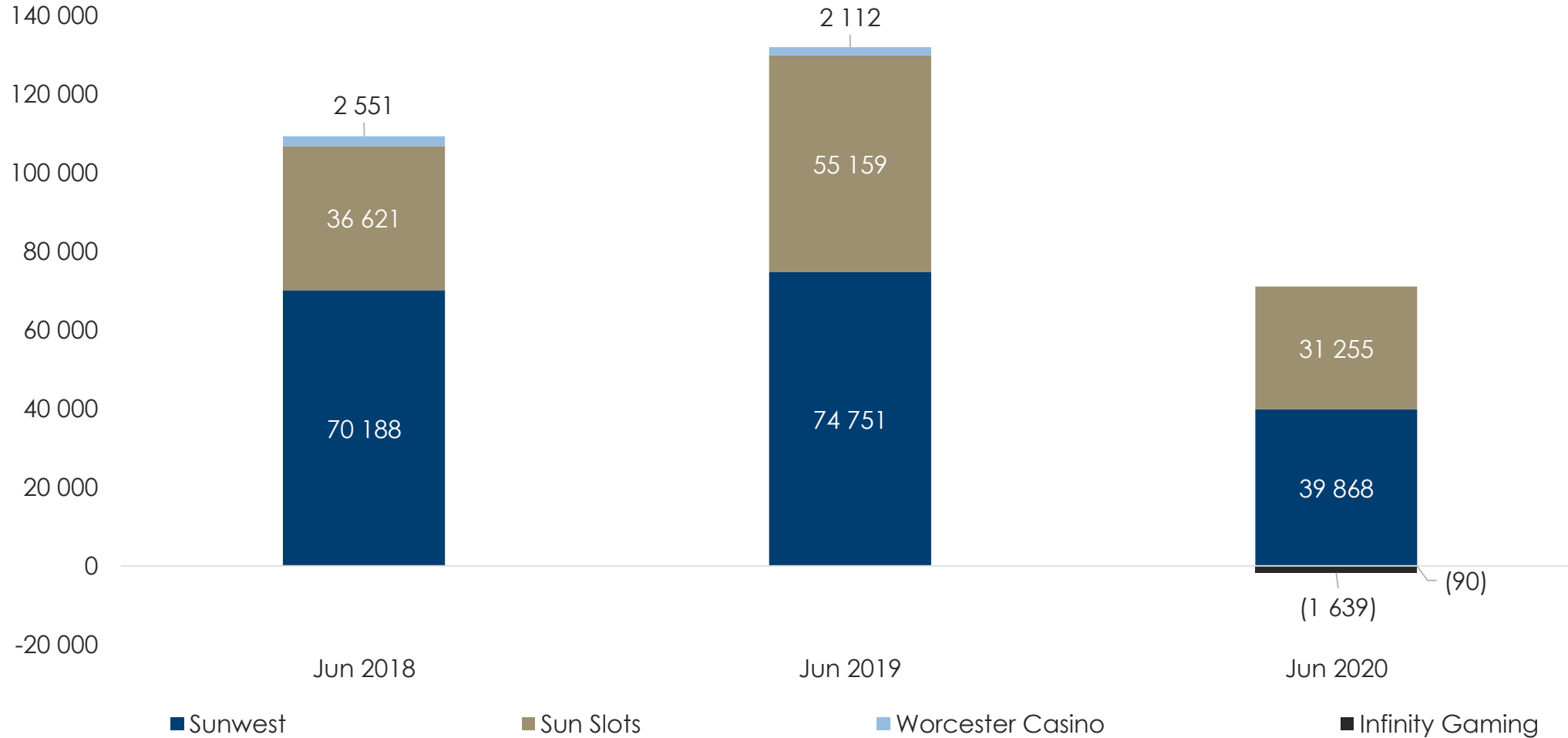
OPERATING PROFIT/(LOSS) R'000



FINANCIAL REPORT

EXTRACTS: CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

EQUITY ACCOUNTED EARNINGS R'000



FINANCIAL REPORT

HEADLINE EARNINGS BY INVESTMENT

	Jun 2020 (R'000)	Jun 2019 (R'000)	Movement (R'000)	%
Food	(60 256)	10 454	(70 711)	-676%
Burger King	(25 501)	11 749	(37 250)	-317%
Mac Brothers	(40 986)	(212)	(40 774)	-19 233%
Spur	7 077	512	6 565	1 282%
Grand Food Meat Plant	(846)	(1 595)	748	47%
Gaming and leisure	68 954	132 136	(63 182)	-48%
SunWest	39 899	74 855	(34 956)	-47%
Sun Slots	30 744	55 121	(24 377)	-44%
Worcester Casino	(50)	2 160	(2 210)	-102%
Infinity Gaming	(1 639)	-	(1 639)	-
Central costs	(63 396)	(61 039)	(2 357)	-4%
Corporate Costs (excl net finance income)	(34 094)	(43 551)	9 457	22%
Transaction costs and legal fees	(11 475)	(327)	(11 148)	-3 409%
Net corporate finance income	(13 394)	(16 932)	3 538	21%
GPI Properties	(4 433)	(229)	(4 204)	-1 836%
Headline (loss)/earnings from continuing operations	(54 698)	81 551	(136 249)	-167%
Dunkin Donuts	(3 549)	(25 147)	21 598	86%
Baskin Robbins	(1 686)	(11 466)	9 780	85%
Bakery	(1 728)	(6 951)	5 222	75%
Headline loss from discontinued operations	(6 963)	(43 564)	36 601	84%
Headline (loss)/earnings	(61 661)	37 987	(99 648)	-262%

FINANCIAL REPORT

BALANCE SHEET

	Jun 2020 (R'000)	Jun 2019 (R'000)	Movement (R'000)	%
ASSETS				
Non-current assets	2 278 699	2 070 370	208 329	10%
Assets classified as held for sale	43 959	36 193	7 766	21%
Current assets	329 010	577 462	(248 452)	-42%
Inventory	64 313	76 034	(11 721)	-15%
Related party loans	22 975	21 467	1 508	7%
Trade and other receivables	122 576	109 186	13 390	22%
Investments held at fair value through OCI	-	228 868	(228 868)	-100%
Income tax receivable	1 917	7 920	(6 003)	-76%
Cash and cash equivalents	117 229	133 987	(16 758)	-13%
Total assets	2 651 668	2 684 025	(32 357)	-1%
EQUITY AND LIABILITIES				
Total shareholder's equity	1 686 367	1 851 937	(165 570)	-9%
Non-current liabilities	575 165	284 644	290 521	-102%
Current liabilities	390 136	547 444	(157 308)	29%
Preference shares	19 399	265 361	(245 962)	93%
Interest-bearing borrowings	36 788	7 500	29 288	-391%
Finance lease liabilities	-	8 723	(8 723)	100%
Lease liabilities	40 103	-	40 103	-
Provisions	7 719	13 659	(5 940)	43%
Trade and other payables	178 824	179 773	949	-1%
Dividends payable	10 129	10 405	(276)	3%
Income tax payable	888	494	394	-80%
Bank overdraft	96 286	61 529	34 757	-56%
Total equity and liabilities	2 651 668	2 684 025	(32 357)	1%

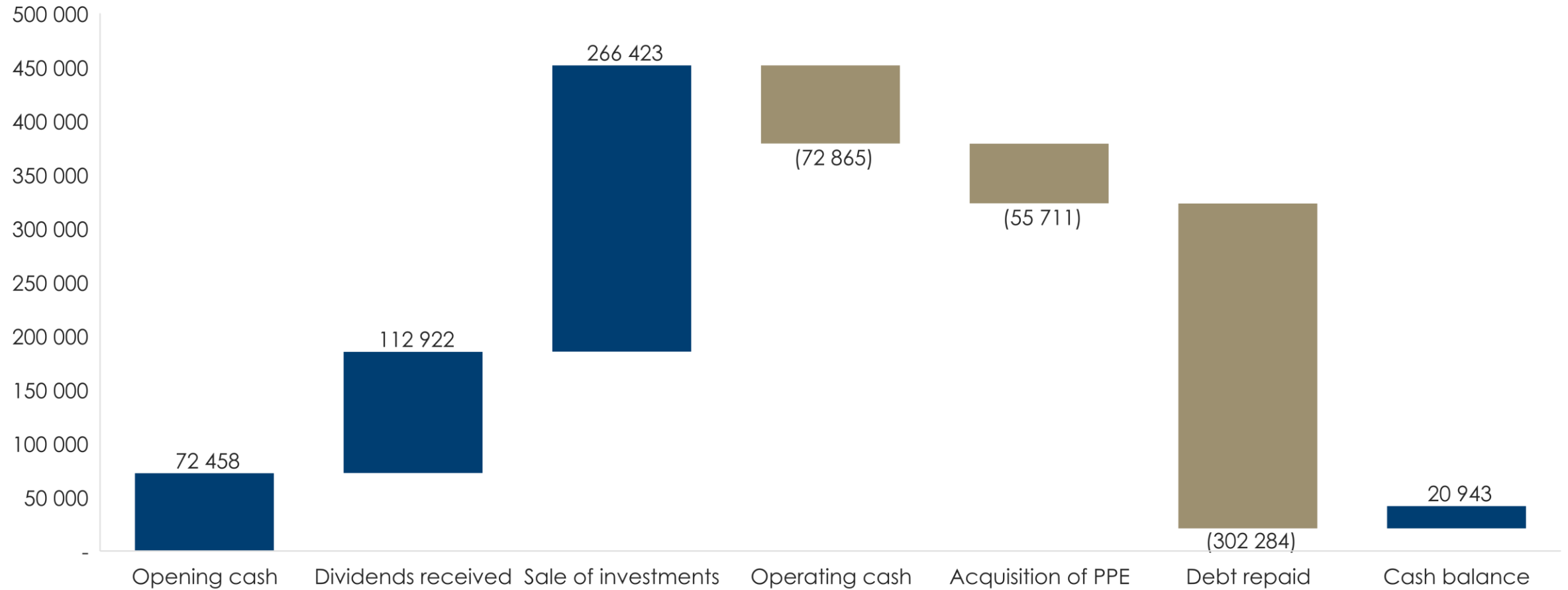
FINANCIAL REPORT

TERM DEBT ANALYSIS

		Jun 2020 (R'000)	Jun 2019 (R'000)	Movement (R'000)	%
Holding company facilities		203 095	490 551	(287 456)	(59%)
SunWest	Preference shares	203 095	230 267	(27 172)	(12%)
Spur	Preference shares	-	260 284	(260 284)	(100%)
Subsidiary Facilities		54 972	69 800	(14 828)	(21%)
GPI Properties	Term Loans (Mortgage)	53 491	59 776	(6 285)	(11%)
Mac Brothers	Finance Leases	1 125	4 267	(3 142)	(74%)
Grand Foods Meat Plant	Finance Leases	-	5 093	(5 093)	(100%)
Burger King	Finance Leases	356	628	(272)	(43%)
GPI Management Services	Finance Leases	-	36	36	(100%)
Total Debt		258 067	560 352	(302 284)	(54%)
Debt/EBITDA		5.19	3.37	1.82	57%
Debt/Equity		15.3%	30.3%	15.0%	(49.5%)

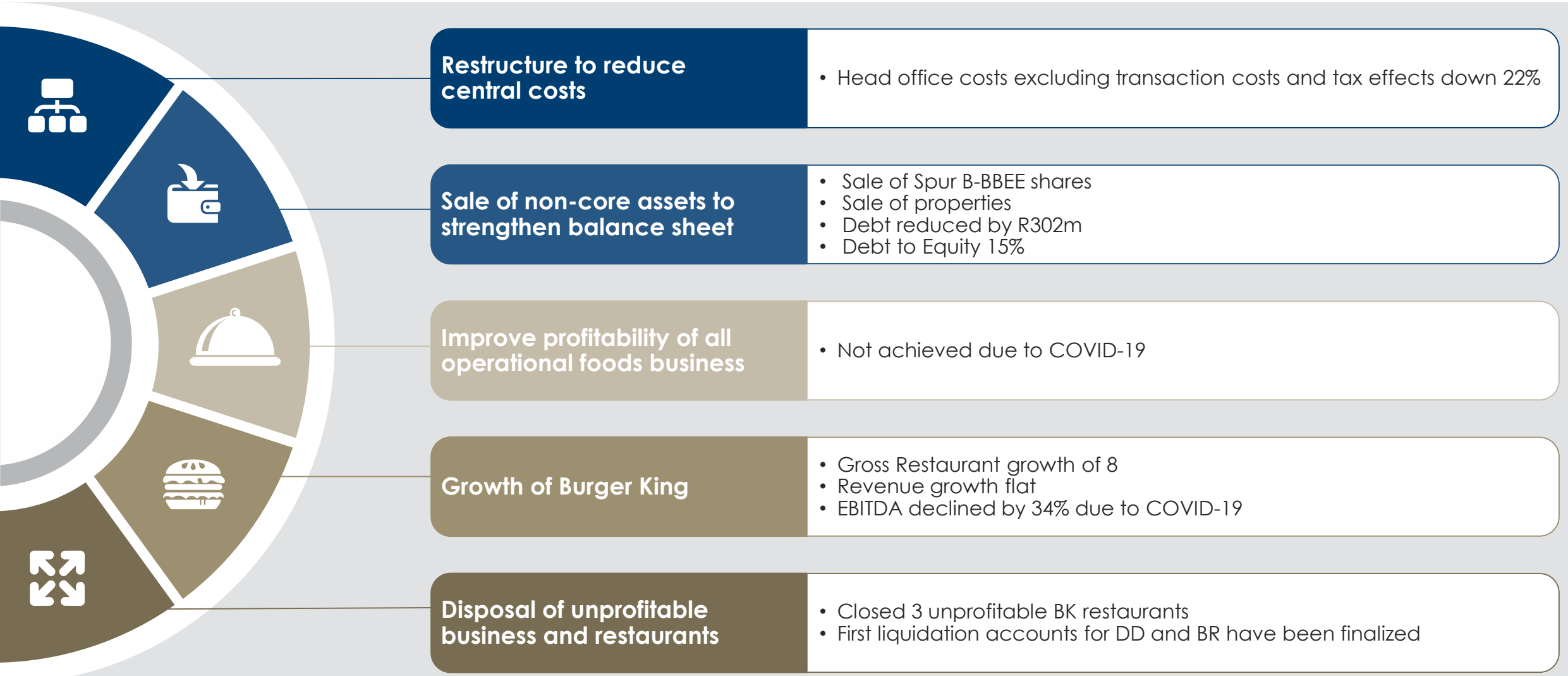
FINANCIAL REPORT

CASHFLOW ANALYSIS



OPERATIONS

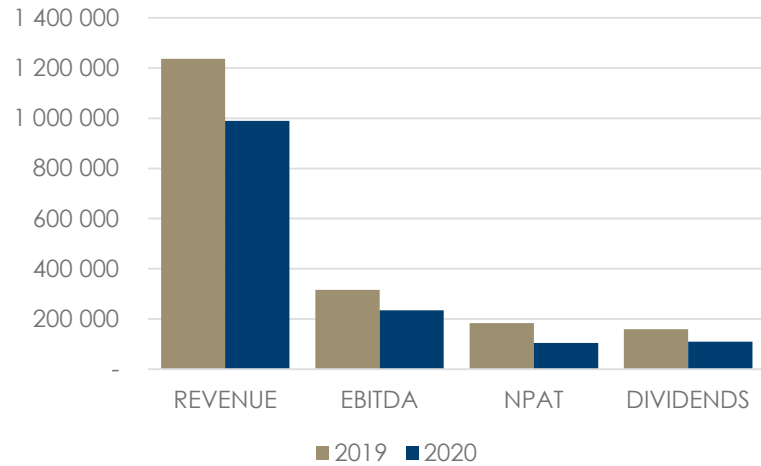
FY2020- STRATEGIC INITIATIVES



EQUITY ACCOUNTED INVESTMENTS

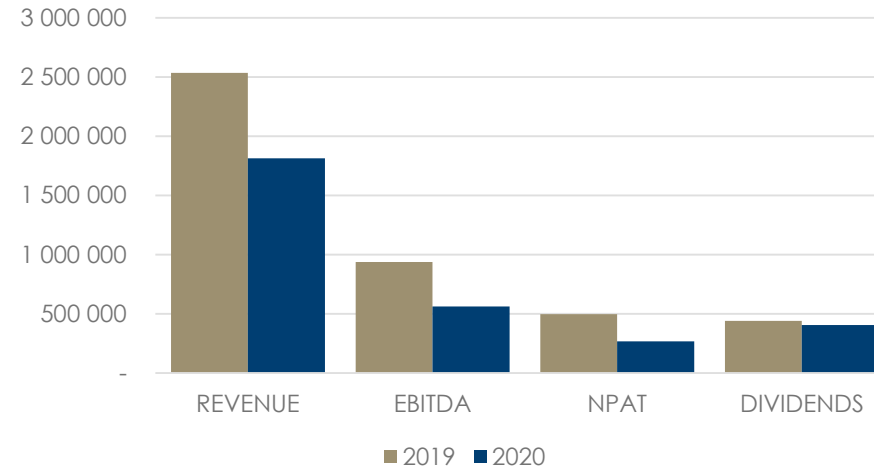
GAMING

Sun Slots (R000)



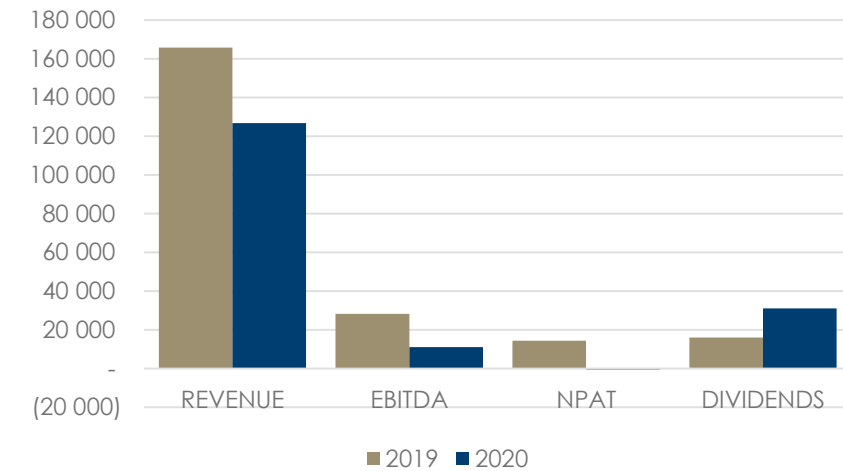
- Revenue down 20%: R1.2bn to R989m
- EBITDA down 25%: R316m to R235m
- Dividends down 31%: R160m to R110m

Sun West (R000)



- Revenue down 29%: R2.5bn to R1.8bn
- EBITDA down 40%: R938m to R516m
- Dividends down 8%: R440m to R405m

Worcester (R000)



- Revenue down 23%: R165m to R126m
- EBITDA down 60%: R28m to R11m
- Dividends up 94%: R16m to R31m

STRATEGIC UPDATE

TRANSACTIONS

Sale of 30% of Sun Slots

- Failed to obtain regulatory approval before the long stop date (30th June 2020)
- Agreement failed to become unconditional and has lapsed

Sale of N1 City

- Unconditional offer received for R26m
- Transfer has been lodged with deeds office
- Funds to flow in October 2020

Sale of Heerengracht

- Offer to purchase concluded for R90m
- Due diligence is complete
- Offer subject to a 6-month leasing phase
- GPI has an opportunity to submit offers on a meet or beat basis during the 2nd half of the leasing phase

STRATEGIC UPDATE

BURGER KING SOUTH AFRICA (BKSA) TRANSACTION

Burger King South Africa

- EV of 570m less debt like instruments
- Payment made in 3 tranches
- 90% on closing
- 5% - 6 months after closing
- 5% - 24 months after closing
- Adjusted offer 15% less than initial offer of R670m
- Cash offer and not subject to earnings warranties
- 7x multiple on pre-COVID budgeted EBITDA R82m

Grand Foods Meat Plant

- EV of 23m less debt like instruments
- Payment made in 3 tranches
- 90% on closing
- 5% - 6 months after closing
- 5% - 24 months after closing

Following the successful closure of the deal GPI intends on reducing debt and returning capital to shareholders. The details of the allocation will be included in a circular to share holders prior to the special general meeting

STRATEGIC UPDATE

MAXIMISING SHAREHOLDER VALUE



Maximise value

- Maximise exit value of underlying investments
- INAV estimated at R4.49 per share
- BKSA and GFMP- R1.2 (26%)

Reduce costs

- Restructure head office to reduce corporate costs
- 22% decrease over the prior year
- A further 15-20% improvement over the next year

Reduce time

- Reduce the time to complete asset sales in order to maximise shareholder return
- Estimated execution time 18-36 months

Improve profitability

- Improve profitability of Mac Brothers to maximise exit valuation

STRATEGY

MAXIMISE VALUE- INAV

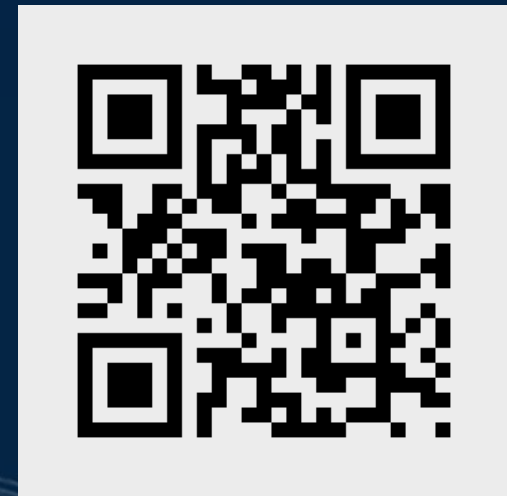
Company	Valuation method	EV less debt (R'000)	GPI Holding (%)	GPI equity value (R'000)	Related Holding Co borrowings (R'000)	Intrinsic NAV (R'000)
Food investments				675 005	-	675 005
Burger King	ECP transaction	510 000	95.78%	488 478		488 478
Spur	Spot	1 842 452	7.79%	143 527		143 527
Mac Brothers	DCF	25 000	100.00%	25 000		25 000
Grand Food Meat Plant	ECP transaction	18 000	100.00%	18 000		18 000
Gaming and leisure				1 327 116	(204 000)	1 123 116
Other investments				159 000	(54 391)	105 509
GPI Properties	Independent valuation	159 000	100.00%	159 000	(54 391)	105 509
Value						1 903 630
Cash net of anticipated head office cost						22 943
iNAV						1 926 573
Issued shares						429 486
iNAV per share (cents)						4.49
Current share price						2.04
Discount						(55%)



GRAND PARADE

INVESTMENTS LIMITED

THANK YOU



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