

FAMOUS BRANDS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1969/004875/06)

Share code: FBR

ISIN code: ZAE000053328

("Famous Brands" or "the Group" or "the Company")

## **TRADING STATEMENT FOR THE SIX MONTHS ENDED 31 AUGUST 2020 AND RENEWAL OF CAUTIONARY ANNOUNCEMENT**

### **TRADING STATEMENT FOR THE SIX MONTHS ENDED 31 AUGUST 2020**

The Board of Directors ("Board") is satisfied that a reasonable degree of certainty exists that the Group's financial results for the six months ended 31 August 2020 ("review period") will differ by at least 20% from those reported for the six months ended 31 August 2019 ("the prior comparable period"), and is therefore in a position to issue this trading statement in terms of Section 3.4(b)(i) of the Listings Requirements of the JSE Limited.

#### **BACKGROUND**

- Across our trading markets, in South Africa ("SA"), rest of Africa and the Middle East ("AME") and the United Kingdom ("UK"), the negative financial impact of the COVID-19 global pandemic ("pandemic") and resultant national lockdowns and trading restrictions has been extremely severe.
- The announcement of the pandemic in March 2020 coincided with the first month of the Group's review period, and its impact has been evident over the entire six months, in varying degrees, as the respective countries' risk-adjusted strategies progressed from total lockdown to gradual easing of restrictions.
- During the lockdowns, in line with regulations, our SA and UK operations were entirely shut with the exception of the SA retail division. Prescribed restrictions in the AME region were slightly less onerous, affording some trading activity. The gradual easing of restrictions in SA and the UK in the second half of the review period enabled us to reopen parts of the business in compliance with regulations, however, significant components remained in hibernation until July.
- Aligned with our three-year roadmap, and accelerated by the pandemic, our focus over the review period was to right-size the business, reduce costs, and preserve cash to facilitate balance sheet flexibility. In this regard, it is pleasing to report that the R300 million contingency facility raised during the period has not been utilised.

#### **SALES PERFORMANCE**

##### **BRANDS**

The Group's brand portfolio is categorised into Leading (mainstream) and Signature (niche) brands.

## SA

Leading brands' system-wide sales\*# declined by 48.0%, while like-for-like sales\*\* decreased 48.7%. Signature brands' system-wide sales^ deteriorated 70.1%, while like-for-like sales reduced by 70.4%.

## AME

In the context of less stringent trading restrictions, the AME region delivered a solid result. System-wide sales in this region declined by 30.1%.

GBK Restaurants Limited("GBK") UK (for the 26 weeks ended 27 August 2020)

System-wide UK sales (Sterling) decreased by 66.2%.

At 31 August 2020, all of our restaurants in SA and the AME were open, albeit trading under prescribed restrictions. In the UK 65% of the GBK network was operational.

\* System-wide sales refer to sales reported by all restaurants across the network, including new restaurants opened during the period.

\*\* Like-for-like sales refer to sales reported by all restaurants across the network, excluding restaurants opened or permanently closed during the period.

# Leading brands' sales refer to sales of the Leading brands trading in SA.

^ Signature brands' sales refer to SA sales as well as sales cross-border only where the brand is a Joint Venture partnership and the brand is not managed by its AME management team.

AME sales are denominated in Rand terms.

## SUPPLY CHAIN (Manufacturing and Logistics divisions)

This business, which supports the front-end brands division in SA was particularly hard hit by restrictions. During the lockdown, only one of the manufacturing plants, Lamberts Bay Foods, was permitted to operate given its essential service provider status, while the rest of the business was hibernated. In economic activity levels 4 and 3, only limited logistics and manufacturing services were required to support the franchisees' delivery-only trade; operations have subsequently gradually reopened in line with demand from the franchise network. Compared to the prior corresponding period, Manufacturing revenue declined by 45% while Logistics revenue decreased by 46%.

## RETAIL

This division, which supplies third-party retailers and wholesalers with branded licensed products, was permitted to trade throughout the restrictions. Sales reported for the period were R72 million.

## RESULTS

### EARNINGS PER SHARE ("EPS")

The basic loss per share is expected to be within the range of 1 382 to 1 689 cents per share, compared to the prior comparable period's basic earnings of 159 cents per share. The anticipated decrease in EPS relates primarily to:

- an impairment of R1.3 billion (net of tax), recognised at Famous Brands Group level in relation to the Group's investment in the GBK UK

business. This impairment means that GBK UK has now been impaired in full at Famous Brands Group level; and

- operational losses due to the impact of the pandemic.

#### HEADLINE EARNINGS PER SHARE ("HEPS")

The basic headline loss per share is expected to be within the range of 216 to 264 cents per share, compared to earnings of 159 cents per share, reported in the prior corresponding period.

The anticipated decrease in HEPS relates primarily to operational losses due to the impact of the pandemic.

We continue to implement rigorous health and safety protocols across our operations to play our part in reducing the spread of the virus. These measures have enabled the business to deliver responsible, safe, uninterrupted service to our customers and ensure the well-being of our employees.

The Group's results for the review period will be published on SENS on or about Monday, 26 October 2020.

A live audio webcast of the results will be held at 11H00 (SAST) on 26 October 2020. To pre-register link to: [www.corpcam.com/famousbrandsoctober2020](http://www.corpcam.com/famousbrandsoctober2020).

#### RENEWAL OF CAUTIONARY ANNOUNCEMENT

Shareholders are referred to the Renewal of Cautionary Announcement ("Announcement") published on SENS on Thursday, 13 August 2020 relating to the Board of Directors' ("Board") decision not to provide any further financial assistance to GBK Restaurants Limited ("GBK").

As deliberations in respect of this matter are still in progress, shareholders are advised to continue exercising caution when dealing in the Company's securities until a further announcement is made in this regard.

The financial information on which these announcements are based has not been reviewed or reported on by the Group's external auditors.

25 September 2020  
Midrand

Sponsor  
The Standard Bank of South Africa Limited