

Famous Brands Limited  
Incorporated in the Republic of South Africa  
Registration number: 1969/004875/06  
JSE share code: FBR  
A2X share code: FBR  
ISIN code: ZAE00053328

Summarised Results FOR THE YEAR ENDED 29 FEBRUARY 2024

#### GROUP PROFILE

Our enterprise consists of an extensive, vertically integrated business with trading operations on three continents. Our business model comprises four core pillars: Brands, Manufacturing, Logistics, and Retail. Under the Brand's pillar, Famous Brands operates franchised, master-licensed, and Company-owned restaurants.

16 restaurant brands

A presence in 18 countries

2 914 restaurants (2 778 Leading Brands and 136 Signature Brands)

SA: 2 552 restaurants SADC: 207 restaurants

UK: 63 restaurants AME: 92 restaurants

Our portfolio of 16 world class brands offer an attractive business proposition to our franchise partners and quality menus to a wide spectrum of consumers. The portfolio is segmented into Leading (mainstream) Brands and Signature (niche) Brands.

Leading Brands is categorised as Quick Service and Casual Dining. Quick Service Restaurants prioritise take away and delivery offerings with smaller sit-down areas, while Casual Dining offers a full-service, sit-down experience. Our Signature Brands provide a wide range of Casual Dining offerings.

Our Supply Chain refers to our Manufacturing, Logistics and Retail operations, which offers our franchise partners a competitive advantage through efficient supply and margin management.

#### OUR PERFORMANCE IN 2024

South African consumers face several challenges, including political uncertainty, water shortages, an electricity crisis, elevated food and fuel prices and higher interest rates. Despite this background, consumers are more resilient and spend time at restaurants or order take away meals. Restaurants and take aways offer affordable indulgent moments as a reprieve from their daily challenges. The landscape favours established networks over independent operators.

#### FINANCIAL PERFORMANCE

Revenue  
UP 8%  
R8bn

Cash generated from operations  
UP 13%  
R1.1bn

Operating profit  
DOWN 6%  
R812m

Headline earnings per share (HEPS)  
DOWN 5%  
465 cents

We are pleased with the momentum in revenue growth, with revenue increasing by 8% to R8.0 billion (2023: R7.4 billion). While we carefully managed our cost base, operating profit decreased by 6% to R812 million (2023: R861 million) and operating profit margin was 10.1% (2023: 11.6%). Headline earnings per share declined by 5% to 465 cents (2023: 488 cents), and basic earnings per share (BEPS) declined by 13% to 457 cents (2023: 523 cents).

The 2024 operating profit is lower compared to 2023, predominantly due to the Gourmet Burger Kitchen liquidation dividend of R75 million received in August 2022. Excluding the liquidation dividend, operating profit would increase by 3.3%, operating profit margin was 10.6%, and adjusted BEPS was 448 cents per share. BEPS of 457 cents per share is 2% higher compared to the prior year.

Our Leading Brands portfolio continues to perform strongly, with good performance from our Casual Dining Restaurant brands. However, our Brands' overall performance was below our expectations as lower consumer spending dampened demand. This lower demand at the front end flowed through to our Manufacturing and Logistics results. Our Retail division continued to gain scale with a 35% growth in revenue.

We assisted franchise partners that invested in alternative power solutions with a 1% break (0.5% royalty and 0.5% marketing) on all sales generated during load shedding. By year-end, the financial assistance provided to Leading Brands franchise partners was R20.6 million.

Salient features	Unit	2024	2023	% change
Statement of profit or loss				
Revenue	R'million	8 024	7 444	8
Operating profit*	R'million	812	861	(6)
Operating profit margin*	%	10.1	11.6	
Impairments	R'million	(13)	(59)	78
Basic earnings per share (BEPS)	Cents	457	523	(13)
Headline earnings per share (HEPS)	Cents	465	488	(5)
Statement of cash flows				
Cash generated by operations	R'million	1 086	961	13
Net cash outflow utilised in investing activities	R'million	(183)	(355)	(49)
Net cash outflow from financing activities	R'million	(48)	(78)	(38)
Cash realisation rate**	%	105	88	
Statement of financial position				
Cash and cash equivalents	R'million	353	233	52
Net asset value per share	Cents	1 077	974	11
Net debt***	R'million	1 170	1 246	(6)
Net debt to EBITDA (leverage)	Times	1.13	1.14	
Net debt/equity (gearing)	Times	1.08	1.28	
Total equity	R'million	1 079	976	11
Return on equity (ROE)****	%	45	58	
Return on capital employed (ROCE)*****	%	31	35	

\* Operating profit margin for 2023, excluding the GBK dividend of R75 million, was 10.6%. Operating profit increased by 3.3%.

\*\* Cash generated by operations as a percentage of EBITDA.

\*\*\* Total interest-bearing borrowings, including lease liabilities less cash.

\*\*\*\* Headline earnings as a percentage of average total equity.

\*\*\*\* Operating profit divided by capital employed (which is calculated as the sum of total equity and interest-bearing debt net lease liabilities).

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#### GEARING

At year-end, the Group's total borrowings position was R1.2 billion (2023: R1.1 billion). This increase in borrowings is due to the capital allocation for the acquisition of our Midrand Campus, net of annual repayment commitments.

In May 2023, the Group secured long-term financing for its Midrand head office. The property was purchased in February 2023, initially using cash and credit facilities of R181 million. While reducing our debt is a priority, the current economic conditions, requirement for additional working capital and investment in our Midrand Campus impacted this objective. Cash generated from operations grew by 13%.

#### TRANSACTIONS

In October 2023, the Group acquired a 45% associate shareholding in Munch Software (Pty) Ltd, a business in the Point of Sale software industry, offering a modern cloud-based platform.

In November 2023, the Group acquired a 51% majority shareholding in Famous Brands Restaurant Holdings Ltd in Mauritius. With a portfolio of 10 Company-owned restaurants, this acquisition aligns with the Group's AME strategy.

#### DIVIDEND

The Board declared a final dividend of 164 cents per share, bringing the total dividend for the year to 302 cents per share. This was guided by the principle of prudent capital management, the lower than expected performance in the second half, and the uncertainty in the interest rate outlook. Total dividend of R302 million was paid out of current year profits. In August 2023, the Board declared an interim dividend of 138 cents per share (2023: 130 cents).

#### EVENT DATES

Declaration date	Monday, 20 May 2024
Last day to trade "cum dividend"	Tuesday, 16 July 2024
Shares commence trading "ex-dividend"	Wednesday, 17 July 2024
Record date	Friday, 19 July 2024
Payment of dividend	Monday, 22 July 2024

Shareholders of the Group who are recorded in the Company's register at the record date will be entitled to the dividend. Share certificates may not be dematerialised or rematerialised between 17 July and 19 July 2024, both days inclusive.

In terms of dividends tax legislation, please note the following:

- The local dividend tax rate is 20%.
- The net local dividend amount is 131.20 cents per share for shareholders liable to pay the dividends tax and 164 cents per share for shareholders exempt from paying the dividends tax.
- The issued share capital of Famous Brands is 100 202 284 ordinary shares.
- Famous Brands' tax reference number is 9208085846.

## OPERATIONAL REVIEW

### BRANDS

Brands revenue increased by 5.0% to R1.2 billion (2023: R1.1 billion) due to growth in the number of restaurants and higher restaurant turnovers, resulting in higher franchise fees. Leading Brands' revenue increased by 5.6% to R954 million (2023: R904 million), while Signature Brands' revenue improved by 2.3% to R207 million (2023: R203 million).

### SOUTH AFRICA

#### Leading Brands

Leading Brands' system-wide sales improved by 6.4%, and like-for-like sales increased by 4.3%. These solid results are attributed to our world class brands, value offerings, careful management of menu price increases and access to alternative power solutions.

Casual Dining Restaurants delivered better performance than Quick Service Restaurants. They tend to be situated in shopping centres where landlords provide alternative power solutions.

Consumers have reduced discretionary spending, evident in lower transaction size growth. Growth in the delivery channel slowed across all brands. The collect ordering and drive thru channels continue to perform strongly. We opened five new drive thru restaurants in 2024.

#### Signature Brands

The Signature Brands portfolio experienced mixed performance due to increased load shedding, conversion of Fego Caffè restaurants to Leading Brands portfolio and consumers with low disposable income. Like-for-like sales were up by 6.0%, while system-wide sales were up by 2.5%. Operating profit margin declined to (1.9)% (2023: 4%) due to impairments of R12.9 million.

### SADC

The SADC market includes Angola, Botswana, Eswatini, Lesotho, Namibia, Malawi, Mozambique, Zambia, and Zimbabwe. Revenue increased by 4% to R409 million (2023: R395 million). Operating profit improved to R55 million (2023: R50 million). The operating profit margin was 13.4% (2023: 12.7%).

### AME

The Group operates in seven countries in the AME market: Cote d'Ivoire, Ethiopia, Kenya, Nigeria (an associate), Mauritius, Saudi Arabia, and the United Arab Emirates. In 2024, we closed our operations in Sudan due to the war and exited Oman, as our licensee closed its quick service restaurant operations. The 2024 financial year was difficult with muted growth and high inflation. Revenue increased by 68% to R55 million (2023: R33 million). Operating loss was R14 million (2023: (R26 million)), while the operating loss margin was (26.0)% (2023: (77.7)%).

### UK (WIMPY UK)

Political and economic uncertainties resulted in lower consumer spending. Revenue increased 14% to R161 million (2023: R142 million) mainly due to the weakening Rand. Operating profit marginally decreased to R18 million (2023 R19 million). The operating profit margin improved to 11.4% (2023: (11.4)%).

### Important definitions

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

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

Leading Brands' sales refer to sales of the Leading Brands trading in SA.

Signature Brands' sales refer to franchises and Company-owned store sales in SA.

#### SUPPLY CHAIN

#### MANUFACTURING

Manufacturing revenue increased by 9.4% to R3.3 billion (2023: R3.0 billion) despite weaker demand and lower volumes from the front end. Operating profit declined by 1.7% to R297 million (2023: R302 million) and operating profit margin declined to 9% (2023: 10%). Profitability was weighed down by increase in insurance, load shedding and higher overhead costs.

#### LOGISTICS

Logistics revenue increased by 6.7% to R5.0 billion (2023: R4.7 billion) due to higher volumes and price increases. Operating profit declined to R94 million (2023: R114 million). The comparative year included a R10.8 million July 2021 civil unrest insurance settlement. Revenue remains under pressure, while operating profit was weighed down by increased operating costs and load shedding.

#### RETAIL

Retail revenue increased by 35% to R368 million (2023: R273 million) and its operating profit increased to R6.0 million (2023: R0.2 million) due to increased sales volumes and expanded distribution. The division launched 14 new products (2023: 13).

#### OUTLOOK AND PRIORITIES

We will implement our Leading Brands restaurant rollout plan in SA, SADC and AME. This includes boosting our drive thru presence as new sites become available. We will continue to invest in consumer-facing technology and improve our own home delivery capabilities. Furthermore, we will safeguard the sustainability of our franchise partners by continuing to offer a lower royalty rate for sales generated during load shedding.

In the medium term, we will evaluate opportunities to divest from non-core assets. We seek optimal disposal options of such assets to unlock value for shareholders. We will maintain a well-managed debt profile and continue to provide attractive returns to shareholders.

In 2025, we are planning to optimise our Logistics footprint. This final phase includes relocating our cold storage facilities from Crown Mines to our redeveloped and fit-for-purpose Midrand Campus. Furthermore, our focus now turns to delivering a similarly significant project in our Manufacturing division. Our plants are ageing, and some need to be refurnished or even relocated. We are also exploring exciting manufacturing technologies that will offer us a competitive advantage. We are developing a roadmap for Manufacturing, with investments carefully staggered over several years.

Retail offers compelling brands and quality products that consumers trust. The division will introduce additional new product lines in the 2025 financial year. Our Retail business has the potential to grow a sustainable revenue stream.

On behalf of the Board

SL Botha            DP Hele  
Chairman            Chief Executive Officer

Midrand  
20 May 2024

Full announcement and Forward looking statements disclaimer

The contents of this short form announcement are the responsibility of the Board and have not been reviewed or reported on by the Group's external auditors. Shareholders are advised that this short form announcement represents a summary of the information contained in the Annual Financial Statements, published on [https://senspdf.jse.co.za/documents/2024/jse/isse/fbr/FY\\_24.pdf](https://senspdf.jse.co.za/documents/2024/jse/isse/fbr/FY_24.pdf) and on Famous Brands' website at [www.famousbrands.co.za](http://www.famousbrands.co.za) on 20 May 2024. Any investment decisions by investors and/or shareholders should be based on consideration of the Annual Financial Statements as a whole. The Annual Financial Statements are also available for inspection at the registered office of the Company and at the offices of Famous Brands' sponsor, The Standard Bank of South Africa Limited. Inspection of the full announcement is available investors and/or shareholders at no charge during normal business hours.

#### ADMINISTRATION

##### Directors

Norman Adami, Santie Botha (Independent Chairman), Chris Boulle, Nik Halamandaris, Darren Hele (CEO)\*, Alex Maditse, Busisiwe Mathe, Thabo Mosololi, William Mzimba, Fagmeedah Petersen-Cook, Nelisiwe Shiluvana (Group Financial Director)\*.

\* Executive

Group Company Secretary  
Celeste Appollis

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Auditors

KPMG Inc  
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