



# famous | brands

## Unaudited condensed consolidated interim financial results FOR THE SIX MONTHS ENDED 31 AUGUST 2024

218 cents

**Headline earnings per share (HEPS)**  
 ▲ 9.5%

R4 017m

**Revenue**  
 ▲ 2%

R371m

**Operating profit**  
 <<

150 cents

**Dividend per share**  
 ▲ 9%

### FAMOUS BRANDS PROFILE

With trading operations across three continents and 18 countries, Famous Brands operates franchised, master-licensed, and company-owned restaurants. Our well-established brands are supported by a vertically integrated supply chain comprising Manufacturing, Logistics and Retail operations.

As brand custodians, Famous Brands invests in developing and building compelling identities for each brand in our portfolio, appealing to consumers across a range of tastes and demographics. Our carefully selected franchise partners are our brand ambassadors, who leverage off the proven Famous Brands business concept.

2 925 total restaurants	
2 839 franchised restaurants	86 company-owned restaurants
2 574 restaurants in SA	
213 restaurants in SADC	
62 restaurants in the UK	76 restaurants in AME

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.

### OPERATING ENVIRONMENT CONTEXT

We build iconic world class brands within a fluctuating and dynamic market environment. Our environment is characterised by changes in food prices, inflation and interest rates impacting consumer cost of living and discretionary income.

While the outlook is optimistic with load shedding seemingly under control, political stability, dropping fuel prices, downward pressure on interest rates and importantly reduced food inflation, it may take time before the consumer begins to recover any reasonable disposable income.

In the first half of our trading period, our primary purpose was to support our franchise partners through a tough economic cycle as we anticipate economic recovery. We continue to invest and leverage technology to enable growth and enhance consumer experiences in meeting their ever-evolving needs. We are investigating smart restaurant configurations and sustainable solutions to help our franchise partners understand best practice energy efficiency management and costs savings. The need for consistent supply of quality water is an increasing challenge in South Africa, which has a direct impact on our restaurants. Measures have been implemented to ensure alternative solutions are in place to prevent loss of trade due to water shortage.

### FINANCIAL PERFORMANCE OVERVIEW

Revenue increased marginally, and operating profit remained steady. The results are largely due to prudence on our cost base even though our operating profit margins were impacted by lower volumes and overhead cost pressures. Headline earnings per share and basic earnings per share increased by 9.5% to 218 cents (2023: 199 cents) and 11.0% to 221 cents (2023: 199 cents), respectively.

Our Leading Brands portfolio continues to perform strongly, with continued good performance from our Casual Dining Restaurants. The performance of our Signature Brands portfolio is impacted by lack of discretionary consumer income for luxury dining experiences. Overall, our Brand's performance continues to be under pressure as lower consumer spending dampened demand, and this impact at store front flowed through to both our Manufacturing and Logistics results. Retail revenue and profitability decreases were primarily due to lower sales volumes of potato chip products.

Salient features	Unit	2024	2023	% change
<b>Statement of profit or loss and other comprehensive income</b>				
Revenue	R'million	4 017	3 940	2
Operating profit	R'million	371	371	-
Operating profit margin	%	9.2	9.4	
Basic earnings per share (BEPS)	Cents	221	199	11
Headline earnings per share (HEPS)	Cents	218	199	9

Statement of cash flows	Unit	2024	2023	% change
Cash generated from operations	R'million	498	537	(7)
Net cash outflow from investing activities	R'million	(73)	(58)	(27)
Net cash (outflow)/inflow from financing activities	R'million	(140)	46	(404)
Cash realisation rate*	%	106	114	-

Statement of financial position	Unit	2024	2023	% change
Cash and cash equivalents	R'million	324	344	(6)
Net asset value per share	Cents	1 096	941	16
Net debt**	R'million	1 134	1 254	10
Net debt/equity (gearing)	Times	1.03	1.33	
Total equity	R'million	1 099	943	16
Return on equity (ROE)***	%	44	49	
Return on capital employed (ROCE)****	%	32	33	

\* Cash generated from 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, interest-bearing debt and net lease liabilities).

### CAPITAL EXPENDITURE

The Group invested R91 million (2023: R71 million) in capital expenditure across its markets for this interim reporting period. This capital was allocated in line with the Group's strategy, including investment for Leading Brands in South Africa, SADC and selected AME markets, developing consumer-facing technology and enhancing our Manufacturing and Logistics infrastructure focused on efficiency gains. As part of this investment, R12 million (R24 million invested to date) was allocated to the construction of the cold storage facilities at our Midrand Campus. We have secured a specific debt facility for the development.

### GEARING

The Group's total borrowings position at 31 August 2024 was R1 148 million (2023: R1 265 million). During the review period, the Group improved on its debt reduction commitment. We repaid R127 million of borrowings to our bankers since August 2023. Total debt facilities unutilised at 31 August 2024 were R213 million (2023: R219 million). The Group's finance costs on borrowings decreased by 3.2% mainly due to repayment of outstanding debt since August 2023. We remain focused on managing and reducing our debt in the medium term. This includes adhering to stringent working capital measures, and funding operational expansion through internally generated cash flow. Management has reduced debt levels by R1.7 billion over the last seven years. Investment in our new cold storage facilities at our Midrand Campus will create some short-term pressure on this objective.

### DIVIDEND

The Board has declared an interim dividend of 150 cents per share (2023: 138 cents), reflecting the Group's stable financial position, performance, and cash flows, consistent with prudent capital management. Despite operating in a challenging environment, with mixed business sentiment driven by global geopolitical tensions, the Group maintains a cautiously optimistic outlook. The dividend will be paid from profits for the review period, amounting to a total of R150 million.

### EVENT DATES

Declaration date: Wednesday, 23 October 2024  
 Last day to trade "cum dividend": Tuesday, 17 December 2024  
 Shares commence trading "ex dividend": Wednesday, 18 December 2024  
 Record date: Friday, 20 December 2024  
 Payment of dividend: Monday, 23 December 2024

In terms of dividends tax legislation, the following additional information is disclosed:

- The South African dividend tax rate is 20%
- The net local dividend amount is 120 cents per share for shareholders liable to pay dividends tax and 150 cents per share for shareholders exempt from paying dividends tax
- The issued share capital of Famous Brands is 100 202 284 ordinary shares
- Famous Brands' tax reference number is 9208085846

### OPERATIONAL REVIEW

Revenue decreased slightly by 1.3% to R563 million (2023: R570 million). Operating profit improved by 5.6% to R232 million (2023: R220 million), and operating profit margin improved to 41.2% (2023: 38.5%). Combined system-wide sales across our Leading and Signature Brands' portfolios improved by 2.6% while like-for-like sales increased by 0.8%.

### LEADING BRANDS

Leading Brands revenue increased by 0.8% to R469 million (2023: R465 million). Restaurant sales for the six months fell short of our expectations, with QSR lagging but showing improvement in the second quarter. Leading Brands system-wide sales increased by 3.2%, while like-for-like sales grew by 1.0%. Energy support to franchise partners decreased to R0.7 million (2023: R6.1 million) due to no load shedding from April 2024.

### SIGNATURE BRANDS

Signature Brands revenue declined by 10.4% to R94 million (2023: R105 million), driven by fewer company-owned restaurants compared to the previous period and lower franchise fees due to restaurant closures. System-wide sales fell by 3.2% from the previous period, and like-for-like sales declined by 0.9%. Cost pressures and lower volumes also resulted in the segment remaining subscale.

### SADC

SADC revenue increased by 3.8% to R218 million (2023: R210 million), with operations in Angola, Botswana, Eswatini, Lesotho, Namibia, Malawi, Mozambique, Zambia, and Zimbabwe. Our biggest markets, Botswana and Zambia, experienced increases in system-wide sales of 4.5% and 31% respectively, along with like-for-like sales growth of 7.2% for Botswana and 84.4% for Zambia compared to the previous reporting period.

### AME

AME revenue increased by 105% to R35 million (2023: R17 million), driven by the acquisition of Famous Brands Restaurants Holdings Ltd, with a portfolio of 10 Quick Service company-owned restaurants located in Mauritius. We restructured our AME market portfolio to unlock growth in new and emerging markets. We opened our first Debonairs Pizza in Cairo, Egypt, in mid-July 2024. We closed 17 restaurants in Nigeria and exited Saudi Arabia.

### UK

Wimpy UK revenue decreased by 17% to R69 million (2023: R83 million), primarily due to lower footfall amid economic uncertainty during the election period. The ongoing cost-of-living crisis in the UK led to low consumer confidence and spending.

### Important definitions

**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 closed during the period.

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

**Signature Brands' sales** refer to franchises and company-owned restaurant sales in SA.

### SUPPLY CHAIN



#### MANUFACTURING

Manufacturing revenue was in line with prior period at R1.6 billion, with growth from price inflation offset by lower volumes and a negative product mix. Ambient results were mainly attributable to price inflation, while perishables declined due to reduced protein and potato chip sales. Operating profit rose 10.3% to R150 million (2023: R136 million) with margins up to 9.3% (2023: 8.4%), driven by improved yield and operating efficiencies. Lower levels of load shedding resulted in diesel cost savings on R9.6 million, however, this was partially offset by a 12.7% increase in electricity costs.



#### LOGISTICS

Logistics revenue remained flat at R2.5 billion, pressured by a challenging economic environment and shift to lower-value product categories, despite steady case volumes. Operating profit decreased to R34 million (2023: R46 million), with operating profit margin down to 1.4% (2023: 1.9%), despite R1.0 million in diesel cost savings from reduced load shedding.



#### RETAIL

Retail revenue decreased by 8.3% to R171 million (2023: R187 million), driven by lower frozen potato chip sales compared to prior period. This is attributed to a main competitor returning to the market after a prior year stock shortage, as well as the introduction of discounted imported frozen chips in the SA market. This situation is expected to normalise in the second half of the financial year.

### OUTLOOK

While business sentiment remains mixed, our focus remains to support our franchise partners through a tough economic cycle as we confidently emerge into the recovery of the economy.

We enter the second half of 2024 with slightly less uncertainty in the macroeconomic environment, considering the strengthening of the Rand. Interest rate cuts may provide scope for a more positive consumer outlook.

Although it takes time for positive sentiment to translate into consumer spending power, we believe it is trending in the right direction and we are cautiously optimistic about a degree of recovery in the second half of the year. Heading into our peak summer season, we have a solid pipeline of promotional activity planned.

Within this context, we aim to focus on our core brands. Famous Brands will continue to build iconic world class brands as a responsible franchise operator, invest in consumer-facing technologies, and plans to open 89 new stores across the Group in the second half of the 2025 financial year.

On behalf of the Board

**C Boule**

Chairman

**DP Hele**

Chief Executive Officer

Midrand

23 October 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 full announcement, published on <https://senspdf.jse.co.za/documents/2024/jse/isse/fbr/HY24.pdf> and on Famous Brands' website at [www.famousbrands.co.za](http://www.famousbrands.co.za) on 23 October 2024, and does not contain full or complete details of the financial results. Any investment decisions by investors and/or shareholders should be based on consideration of the full announcement as a whole and shareholders are encouraged to review the full announcement. The full announcement is 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 to investors and/or shareholders at no charge during normal business hours.

### Sponsor

The Standard Bank of South Africa Limited  
 Registration number: 1969/017128/06  
 30 Baker Street, Rosebank, 2196

### Auditor

KPMG Inc  
 Registration number: 1999/012876/07  
 85 Empire Rd, Parktown, Johannesburg, 2193

### ADMINISTRATION

#### 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: ZAE000053328

#### Directors

CH Boule (Chairman), N Halamandaris, DP Hele (Chief Executive Officer)\*, AK Maditse, B Mathe, F Petersen-Cook, T Mosololi, N Shiluvana (Group Financial Director)\* and W Mzimba.

\* Executive

#### Group Company Secretary

Celeste Appollis

#### Registered Office

478 James Crescent, Halfway House, Midrand, 1685 | PO Box 2884, Halfway House, 1685  
 Telephone: +27 11 315 3000 | Email: [investorrelations@famousbrands.co.za](mailto:investorrelations@famousbrands.co.za) | Website address: [www.famousbrands.co.za](http://www.famousbrands.co.za)

#### Transfer Secretaries

Computershare Investor Services Pty Limited  
 Registration number: 2004/003647/07 | Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196  
 Private Bag X9000, Saxonwold, 2132