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ANNUAL RESULTS PRESENTATION

For the year ended
28 February 2022

31 May 2022

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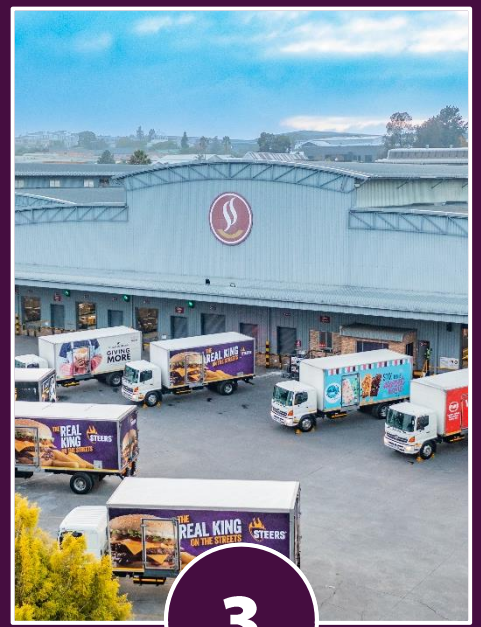
AGENDA

1 Operating context

2 Financial results



3 Performance overview

4 Supplementary information

OPERATING CONTEXT

GROUP OVERVIEW

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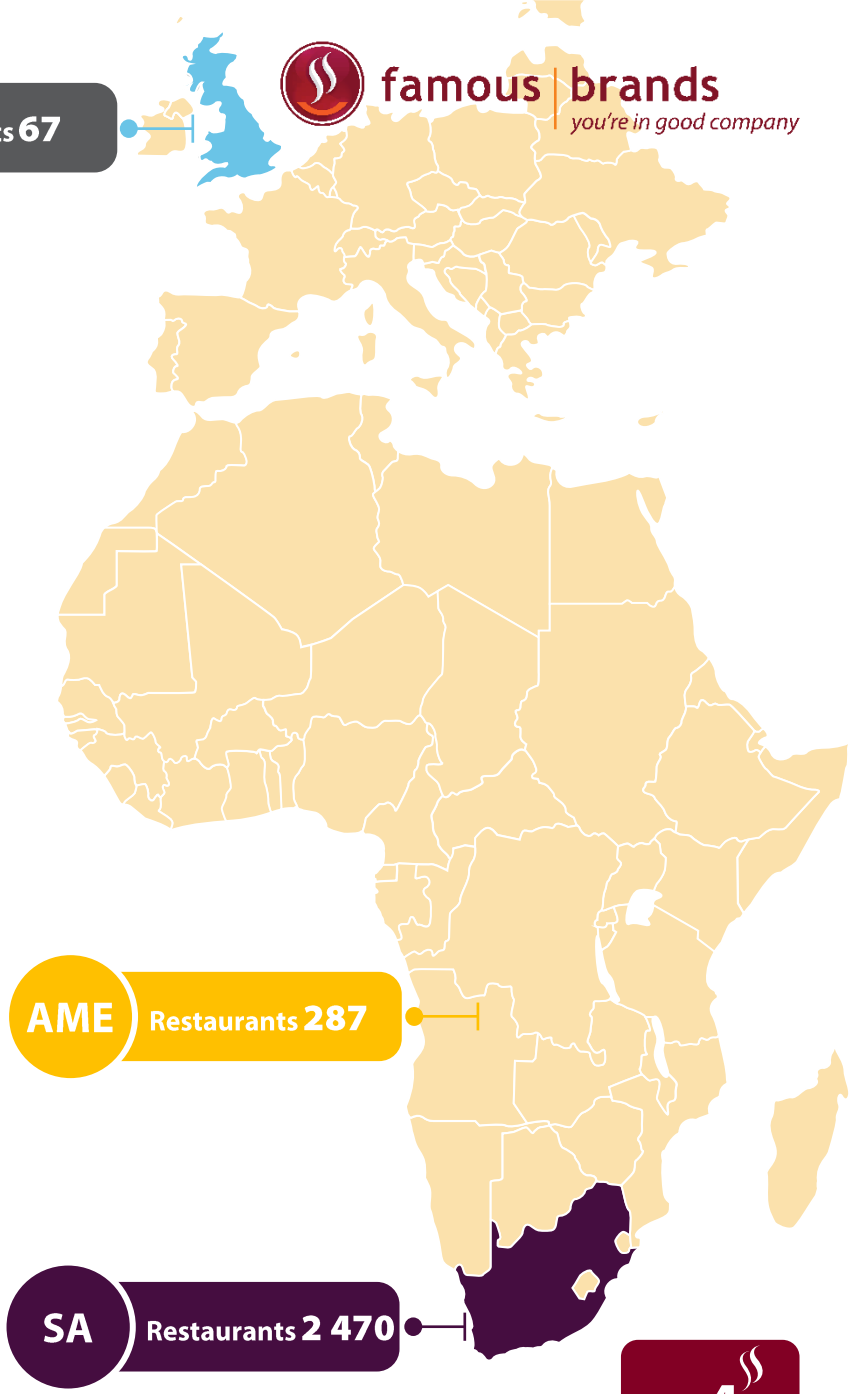
The leading branded food services franchisor in Africa

- Exposure to growth markets
- A strong trading track record with 28 years as a JSE-listed company
- A compelling business proposition for franchise partners and a quality solution for customers
- Underpinned by a high-performance culture



Brands

17 restaurant brands

2 824 restaurants:

- **2 758 franchised**
- **66 company-owned restaurants**

Manufacturing

5 wholly-owned plants

5 partly owned plants

Logistics

Superior internal logistics capability ensures that restaurants and retail outlets receive high quality products, competitively priced on time

OUR CONTEXT

SOCIO-ECONOMIC FACTORS

1

- Constrained consumer spending
- COVID-19 restrictions
- Rising food inflation
- Load shedding in South Africa
- Social unrest in South Africa

COMPETITIVE LANDSCAPE

2

- Concentrated competition
- Technology more pervasive
- Food aggregators now a permanent part of the market environment

CONSUMER BEHAVIOUR

3

- Decline in customer visits
- Mealtimes blurring
- Health conscious
- Home dining and convenience
- ESG activism

IMPACT ON THE RESTAURANT INDUSTRY

- Pressure on margins
- Fewer new brand entrants
- Difficult conditions for single operators
- Tightening of franchise market

OUR RESPONSE

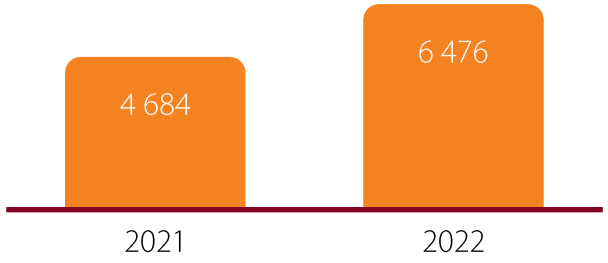
- Promoting value offerings
- Enhancing technological capability across the digital and social media sphere
- Improving own delivery capacity, capability and partnerships with third-party aggregators
- Healthier menu choices
- More environmentally friendly practices
- Stringent COVID-19 health and safety protocols

FINANCIAL RESULTS

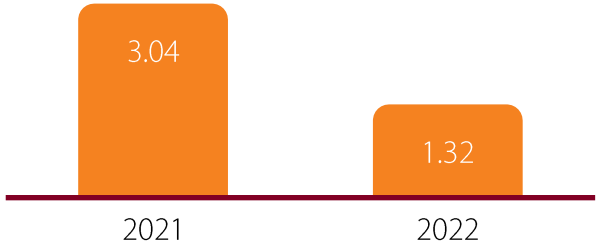
HIGHLIGHTS

Resilient financial performance despite the pandemic

Revenue (Rm)



Net debt to EBITDA (times)



Dividends (cents per share)

Revenue ▲

38%
R6.5 billion

Profit margin ▲

7.2
9.7%

Cash generated ▲

67%
R871 million

Operating profit ▲

428%
R630 million

HEPS ▲

568%
356 cents

Net debt/EBITDA ▲

57%
1.32 times

INCOME STATEMENT | CONTINUING OPERATIONS

	2022 R million	2021 R million	% change
Revenue	**6 476**	4 684	38
Gross profit	**2 912**	2 006	45
Other income	**20**	29	(31)
Expected credit loss	**(10)**	(15)	31
Selling and administrative expenses	**(2 267)**	(1 726)	(31)
Impairments	**(25)**	(175)	86
Operating profit	**630**	**119**	**428**
Net finance costs	**(108)**	(176)	39
Share of profit from associates	**-**	5	(95)
Impairment of associate	**(8)**	(18)	54
Profit/(loss) before tax	**514**	(70)	839
Tax	**(159)**	(35)	(349)
Profit/(loss) for the year	**355**	(105)	439

REVENUE

	2022 R million	2021 R million	% change
REVENUE AT POINT IN TIME			
Manufacturing revenue	**222**	204	9
Owned	**118**	141	(17)
Subsidiaries	**104**	63	67
Logistics revenue	**4 052**	2 994	35
Retail revenue	**222**	151	47
Joining fees	**8**	6	36
Company-owned stores	**447**	329	36
Leading Brands (SA and AME)	**338**	275	23
Signature Brands (SA)	**109**	54	101
SALES-BASED ROYALTIES			
Franchise revenue	**918**	644	43
Leading Brands	**882**	622	42
Signature Brands	**36**	22	66
Marketing fees revenue	**583**	325	79
Leading Brands	**518**	318	63
Signature Brands	**65**	7	875
REVENUE OVER TIME			
Service revenue	**24**	31	(22)
Total revenue	**6 476**	4 684	38

SEGMENT REVENUE | CONTINUING OPERATIONS

	2022 R million	2021 R million	% change	2022 % of total	2021 % of total
Brands	**918**	567	62	**14**	12
Leading Brands	**773**	491	57	**12**	10
Signature Brands	**145**	76	91	**2**	2
Supply Chain	**4 496**	3 349	34	**69**	71
Manufacturing	**2 770**	2 118	31	**43**	45
Logistics	**4 052**	2 994	35	**63**	64
Retail	**222**	151	47	**3**	3
Eliminations	**(2 548)**	(1 914)	(33)	**(39)**	(41)
Marketing funds	**583**	325	79	**9**	7
Corporate	**1**	15	93	**-**	-
SA	**5 998**	4 256	41	**93**	91
UK (Wimpy)	**133**	112	19	**2**	2
AME	**345**	316	9	**5**	7
Total	**6 476**	4 684	38	**100**	100

High-level overview of financial performance

- Strong revenue recovery across all divisions and markets
- A solid rebound for Leading Brands
- Signature Brands recovering at a slower rate

SEGMENT OPERATING PROFIT | CONTINUING OPERATIONS

	2022 R million	2021 R million	% change	2022 % of total	2021 % of total
Brands	**363**	169	115	**58**	142
Leading Brands	**371**	200	85	**59**	168
Signature Brands	**(8)**	(31)	75	**(1)**	(26)
Supply Chain	**361**	169	114	**57**	142
Manufacturing	**299**	181	65	**48**	152
Logistics	**60**	(13)	569	**10**	(11)
Retail	**2**	1	102	**0**	1
Corporate	**(121)**	(88)	38	**(19)**	(74)
SA	**604**	250	141	**96**	210
UK (Wimpy)	**17**	14	18	**3**	12
AME	**34**	30	14	**5**	25
Operating profit before impairment	**655**	295	122	**104**	247
Impairment of intangible assets	**(25)**	(175)	86	**(4)**	(147)
Total	**630**	119	428	**100**	100

High-level overview of profitability

- Profitability has improved for Brands and Supply Chain
- Signature Brands remain under pressure
- Operating profit in AME recovering slower
- Margins remain under pressure

STATEMENT OF FINANCIAL POSITION

	2022 R million	2021 R million
ASSETS		
Property, plant and equipment	**640**	667
Intangible assets	**872**	917
Investments and loan in associates	**21**	22
Deferred tax and current tax assets	**84**	66
Inventories	**408**	354
Trade, lease and other receivables	**469**	515
Cash	**456**	444
Derivative financial instruments	**10**	8
Total assets	**2 960**	2 993
EQUITY AND LIABILITIES		
Equity	**721**	391
Borrowings	**1 138**	1 471
Lease liabilities	**321**	345
Deferred tax and current tax liabilities	**102**	108
Trade and other payables	**676**	674
Other liabilities	**2**	2
Derivative financial instruments	**-**	2
Total equity and liabilities	**2 960**	2 993

High-level overview of financial position

- Debt repayments of R358 million in FY 2022
- Undrawn debt facilities of R950 million
- PPE
  - Expansion R 116 million
  - Replacement R 7 million
- Intangibles
  - Expansion R 17 million

CAPEX

	2022 R million	2021 R million
Brands	**44**	31
Manufacturing	**57**	20
Logistics including Retail	**3**	4
Corporate and shared services	**6**	2
SA	**110**	57
UK	**-**	2
AME	**30**	25
Total	**140**	84

Source: Management disclosure

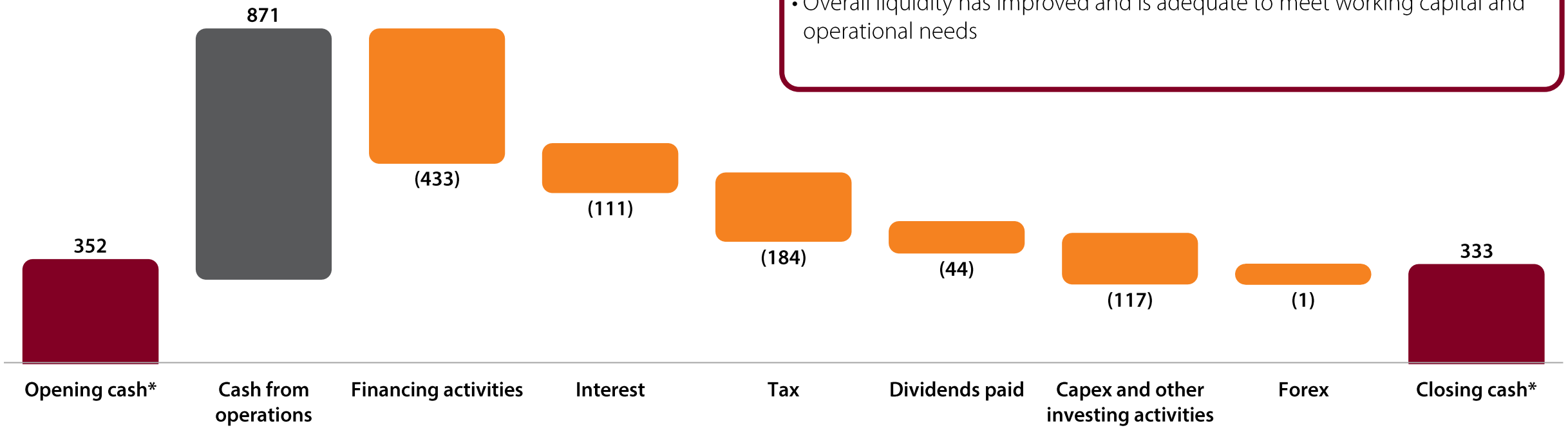
NET WORKING CAPITAL

	2022 R million	2021 R million
Inventories	**408**	354
Trade and other receivables	**447**	489
Trade and other payables	**(675)**	(674)
Net working capital	**180**	169

CASH FLOW

- Cash generation significantly improved
- We have a cash realisation rate of 102%
- Overall liquidity has improved and is adequate to meet working capital and operational needs

R million



* Excludes restricted cash

PERFORMANCE OVERVIEW

KEY THEMES

Resilient performance in a challenging environment

- Recovery across our divisions & markets
- Improved profitability and margin
- COVID-19 restrictions in most markets
- Continued support to franchisees where appropriate

118
Restaurants opened

149
Restaurants revamped

69
Restaurants closed

Strong delivery against strategy

- Growth through new and existing franchisees and Company-owned stores
- Simplified structure for Signature Brands
- Divestment of non-core manufacturing assets
- Execution of Logistics strategy
- Expansion of retail product range

Improved financial position

- Significant reduction in interest-bearing debt
- Significantly improved gearing and leverage levels
- Improved shareholder returns with ROCE of 29%

BRANDS

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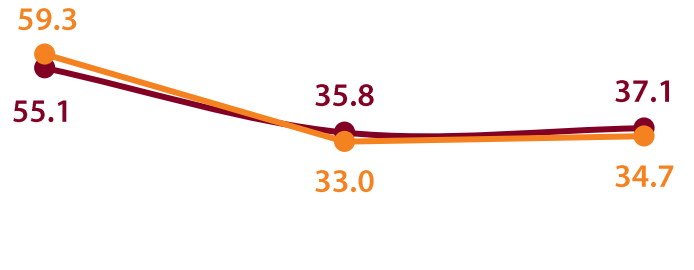
South Africa

- Revenue and operating profit recovery
- COVID-19 restrictions continue to hamper performance
- Low levels of consumer spending
- Royalty breaks to support Casual Dining
- Impact from July's unrest
- Poor December tourism season
- High food price inflation

86
Restaurants opened

123
Restaurants revamped

54
Restaurants closed



Source: Management disclosure

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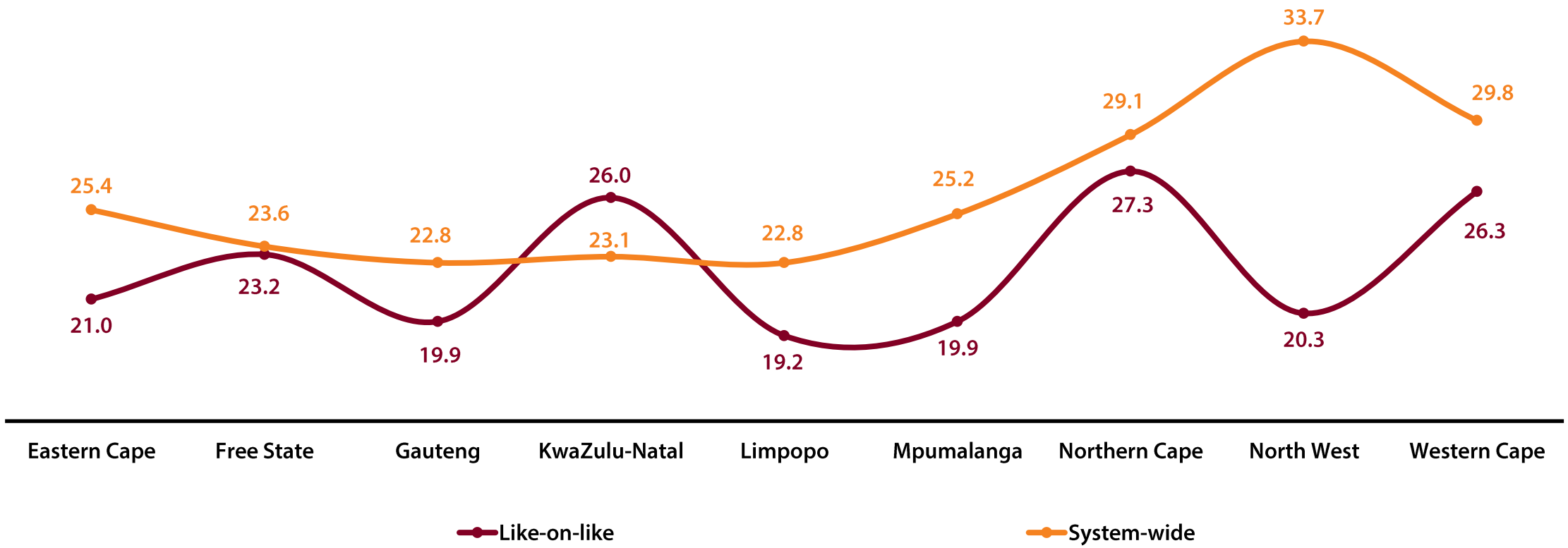
Leading Brands LOL and SW turnover growth for South Africa by province

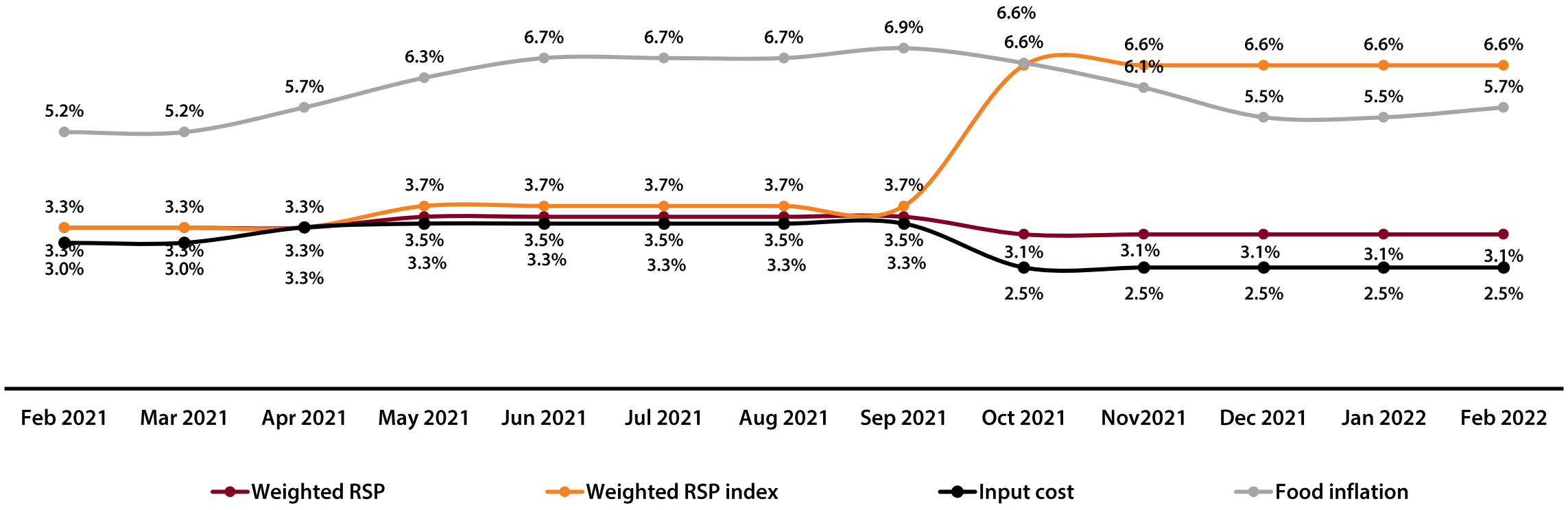


Note: Average across Leading Brands portfolio, not specific to any brand
Source: Management disclosure

PRICING

Leading Brands retail selling price increase (RSP)

%



Source: Management disclosure

BRANDS

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AME

- Continued COVID-19 impact and low vaccination rates
- Slowing economic growth
- Royalty breaks to franchisees where required
- Solid home delivery channel sales achieved by Quick Service brands in Botswana, Ethiopia, Kenya, Nigeria and Sudan
- Company-owned restaurants drive faster scalability
- Progress made in strengthening in-country supply chains

31
Restaurants opened

20
Restaurants revamped

10
Restaurants closed

46
Company owned stores

BRANDS

UK

- Steady recovery in revenue and operating profit
- No COVID-19 restrictions remain
- Delivery sales declined as customers returned to restaurants
- Challenges include food inflation, supply chain disruptions, utility and fuel cost increases and labour availability
- Wimpy team ensured sufficient supply levels available

1
Restaurants opened

6
Restaurants revamped

5
Restaurants closed

SUPPLY CHAIN

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MANUFACTURING

- Improved revenue driven by front-end demand
- Products with high Quick Service Restaurant exposure performed well
- Significant food inflation peaking at 6.9%
- Supply chain disruptions and increased shipping costs
- Closed the Gauteng Bakery plant in January 2022
- Consolidated Choice meats plant under Cater Chain ownership

Operating profit up ▲ 65%
R299 million

Revenue up ▲ 31%
R2.8 billion

Production volumes
▲ 18.6%

SUPPLY CHAIN

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LOGISTICS

- Performance improved due to lifting of COVID-19 restrictions
- Revenue impacted by the COVID-19, July unrest and general civil disruption
- Increased reliance on systems to track performance
- Business continuity plans tested and rose to the occasion
- Fleet mix review per depot completed and movement and allocation in progress

Operating margin up ▲ 1.9

Revenue up ▲ 35%
R4.0 billion

Case sales volumes up
▲ 53.5%

▲ 56% of cases delivered by owner-drivers

SUPPLY CHAIN

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RETAIL

- Sales increased in line with the trend towards in-home consumption
- Retailers are more open to new product introductions
- Pricing is under pressure with raw material increases
- 12 product introductions planned for 2023

16
new product lines introduced

Revenue up ▲ 47%
R222 million

Operating profit
up ▲ 102%

ESG

We are evolving our sustainability practices to meet our own and our stakeholders' expectations

KEY SUSTAINABILITY ACHIEVEMENTS

- Famous Brands is a signatory to the South Africa Food Loss and Waste Agreement
- All operations using cage-free eggs, ahead of the 2025 target
- We currently generate 650 MWh from solar with plans to invest further in solar generation
- All brand packaging is recyclable
- Famous Brands has set targets for selected United Nations Sustainable Development Goals

PRIORITIES

Operational

- Improve returns for franchise partners
- Manage margins
- Unlock operational efficiencies in Manufacturing
- Divest from non-core activities
- Expand our Logistics capacity

Growth

- Grow Leading Brands in SA and AME
- Investing in high return assets
- Consider attractive and appropriate acquisitions
- Further investment in consumer-facing technology
- Assess post-COVID-19 growth potential of Signature brands

Financial

- Further reduce interest-bearing debt
- Improve internal controls and processes
- Implement further cost-saving measures
- Resume regular dividend payments

Our focus in 2023 will be operational excellence, prioritising core long-term operations and improving investment returns for franchise partners

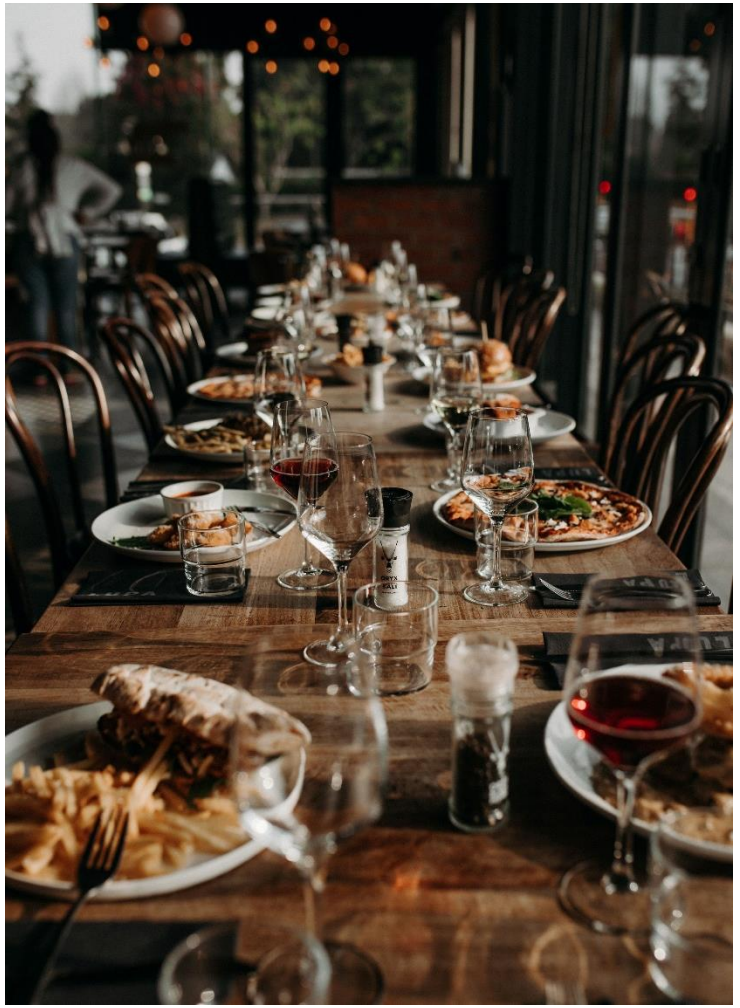
SUPPLEMENTARY INFORMATION

LEADERSHIP

Deon Fredericks
Group Financial Director
Alexander Maditse
Independent non-executive director
Nicolaos Halamandaris
Non-executive director
Fagmeedah Petersen-Cook
Independent non-executive director
Santie Botha
Independent Chairman
Darren Hele
Chief Executive Officer
John Lee Halamandres
Non-executive director
Norman Adami
Independent non-executive director
Busisiwe Mathe
Independent non-executive director
Christopher Boulle
Independent non-executive director

BOARD CHANGES

- 1 June 2021:
  - **Fagmeedah Petersen-Cook** appointed as an independent non-executive director
- 11 June 2021:
  - **Lebo Ntlha** resigned as Group Finance Director effective 30 November 2021
- 23 July 2021:
  - **Emma Mashilwane retired** from the Board at the Famous Brands AGM
  - **Chris Boulle** appointed as Chair of the Remuneration Committee and stepped down as Chairman of the Investment Committee
  - **Fagmeedah Petersen-Cook** appointed as Chair of the Investment Committee
  - **Johnny Halamandres** stepped down as a full member of the Investment Committee
- 1 August 2021:
  - **Deon Fredericks** appointed as Group Financial Director elect and stepped down as a member and Chair of the Audit and Risk Committee . Deon assumed full responsibility for the role from 15 November 2021
  - **Chris Boulle** appointed as member and Chairman of Audit and Risk Committee
- 11 October 2021:
  - **Busisiwe Mathe** appointed as an independent non-executive director
- 26 October 2021:
  - **Busisiwe Mathe** appointed as a member of the Audit and Risk Committee
  - **Chris Boulle** stepped down as Chairman of the Social and Ethics Committee, but remains a member
  - **Alex Maditse** appointed as Chairman of the Social and Ethics Committee



TRANSACTIONS

DHQ transitioned to an associate company

- In March 2021, Famous Brands Design Studio (Pty) Ltd, trading as DHQ became an associate company
- Famous Brands now holds 49% (formerly 60%) after the creation of the DHQ Employees Share Trust
- Famous Brands donated the shares to the trust

Famous Brands sells shareholding in Bread Basket

- In May 2021, Famous Brands sold its 51% shareholding in the Famous Brands Great Bakery Company (Pty) Ltd trading as Bread Basket to the long-standing partners and founders of the business

Famous Brands acquires non-controlling shareholding in Lupa Osteria

- In May 2021, Famous Brands acquired the 49% non-controlling shareholder interests from the founders of Lupa Osteria
- Famous Brands now owns 100% of the brand

Famous Brands acquires non-controlling shareholding in Turn 'n Tender

- In May 2021, Famous Brands acquired the 49% non-controlling shareholder interests from the founders of Turn 'n Tender
- Famous Brands now owns 100% of the brand

BRAND FOOTPRINT

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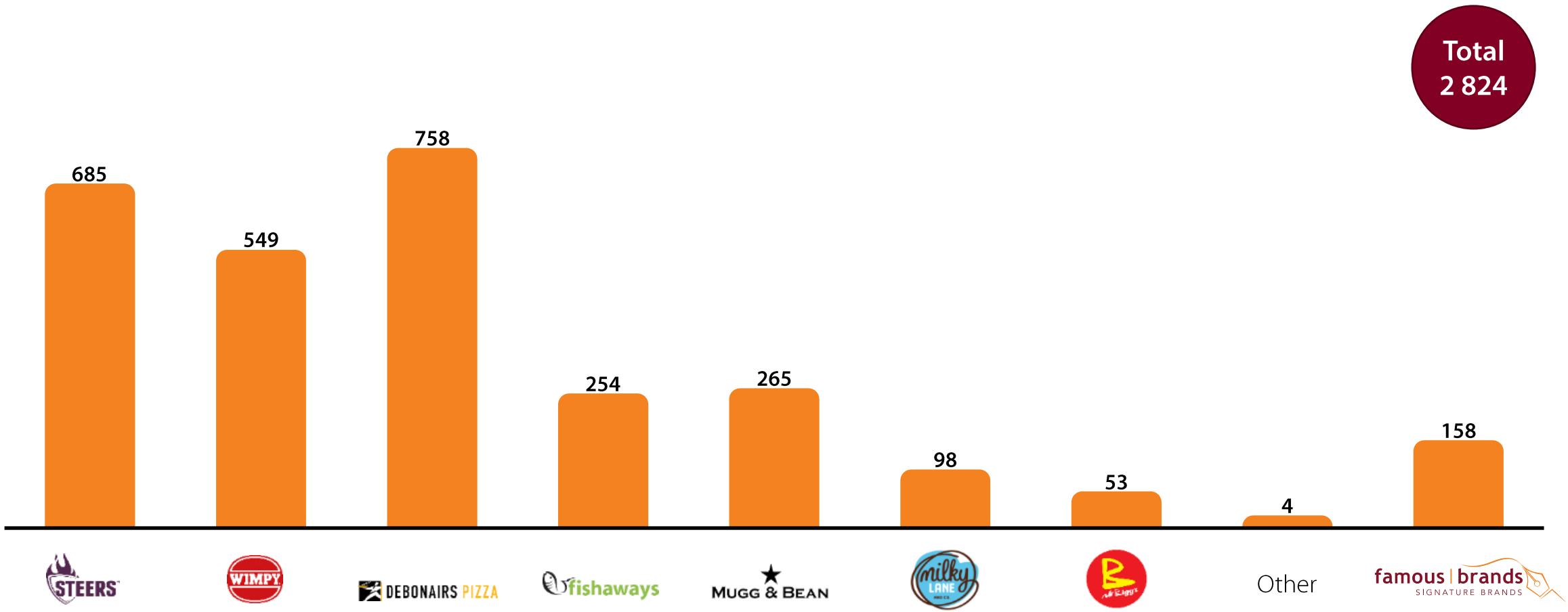
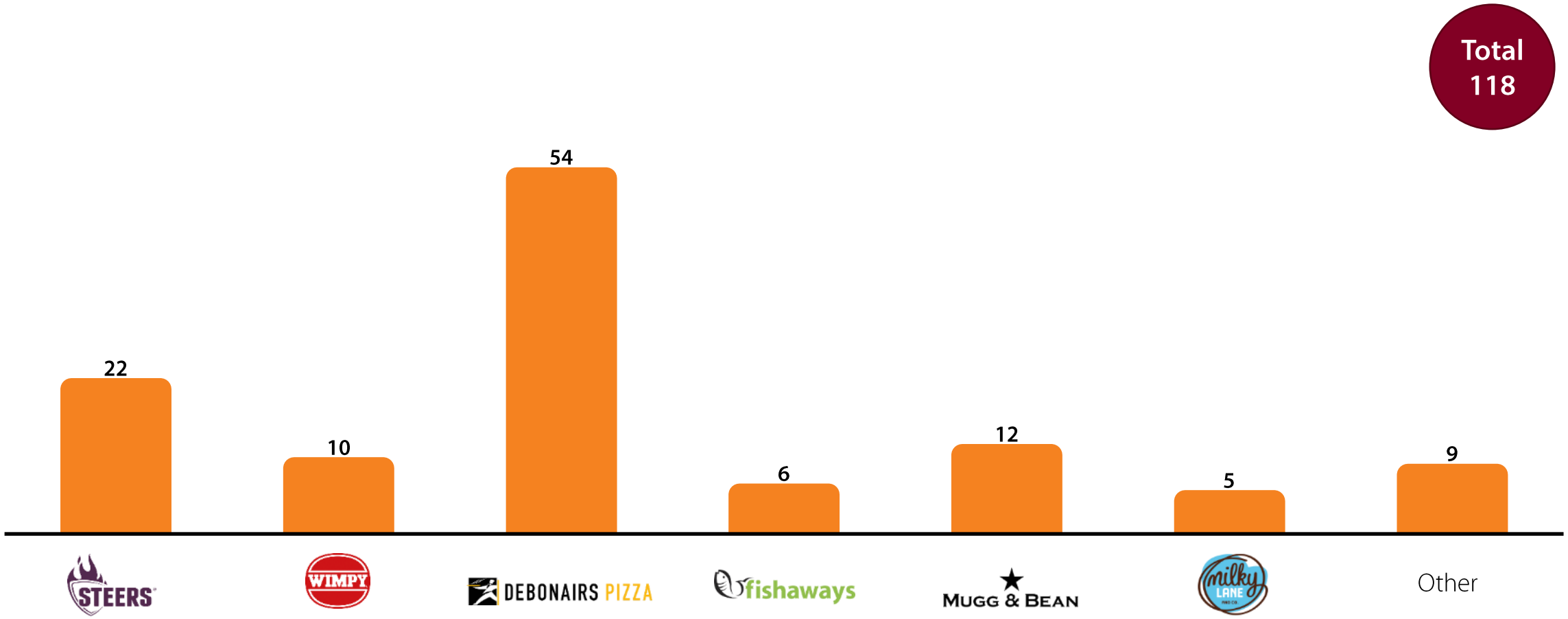
Total restaurant numbers



Source: Management disclosure

BRAND GROWTH

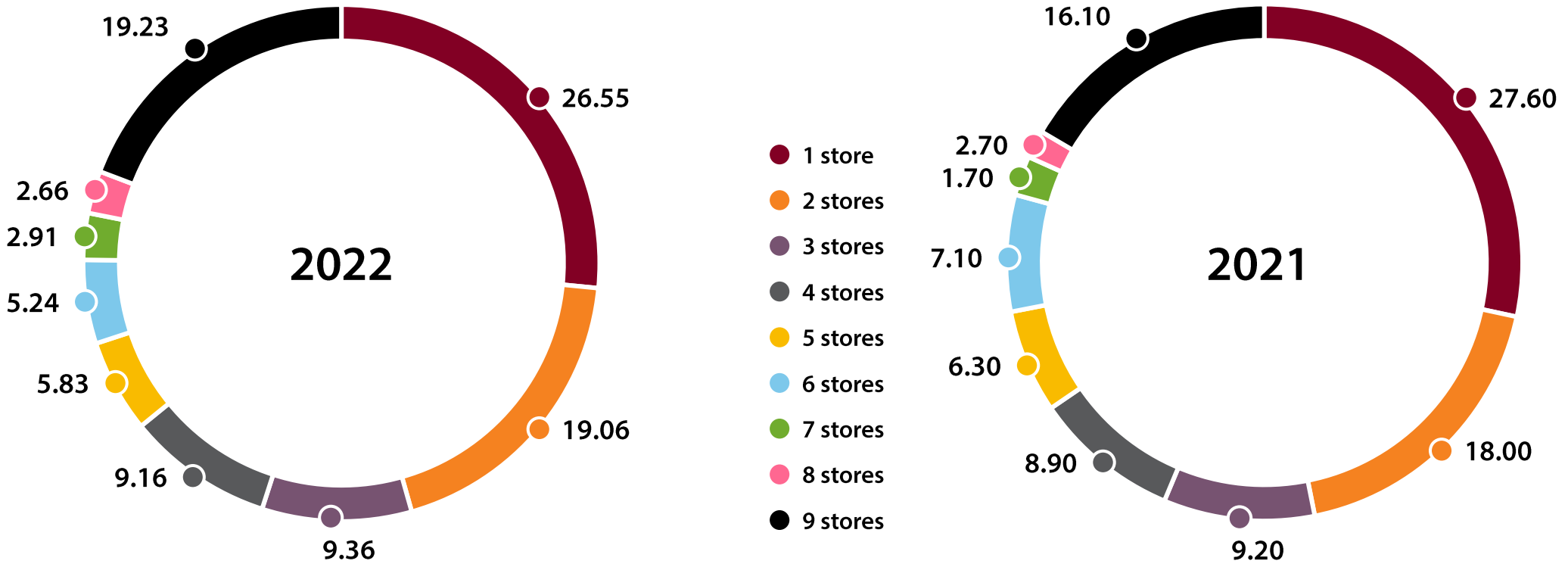
New restaurants opened



Source: Management disclosure

FRANCHISEES

Breakdown of domestic franchisee ratio to stores



Source: Management disclosure

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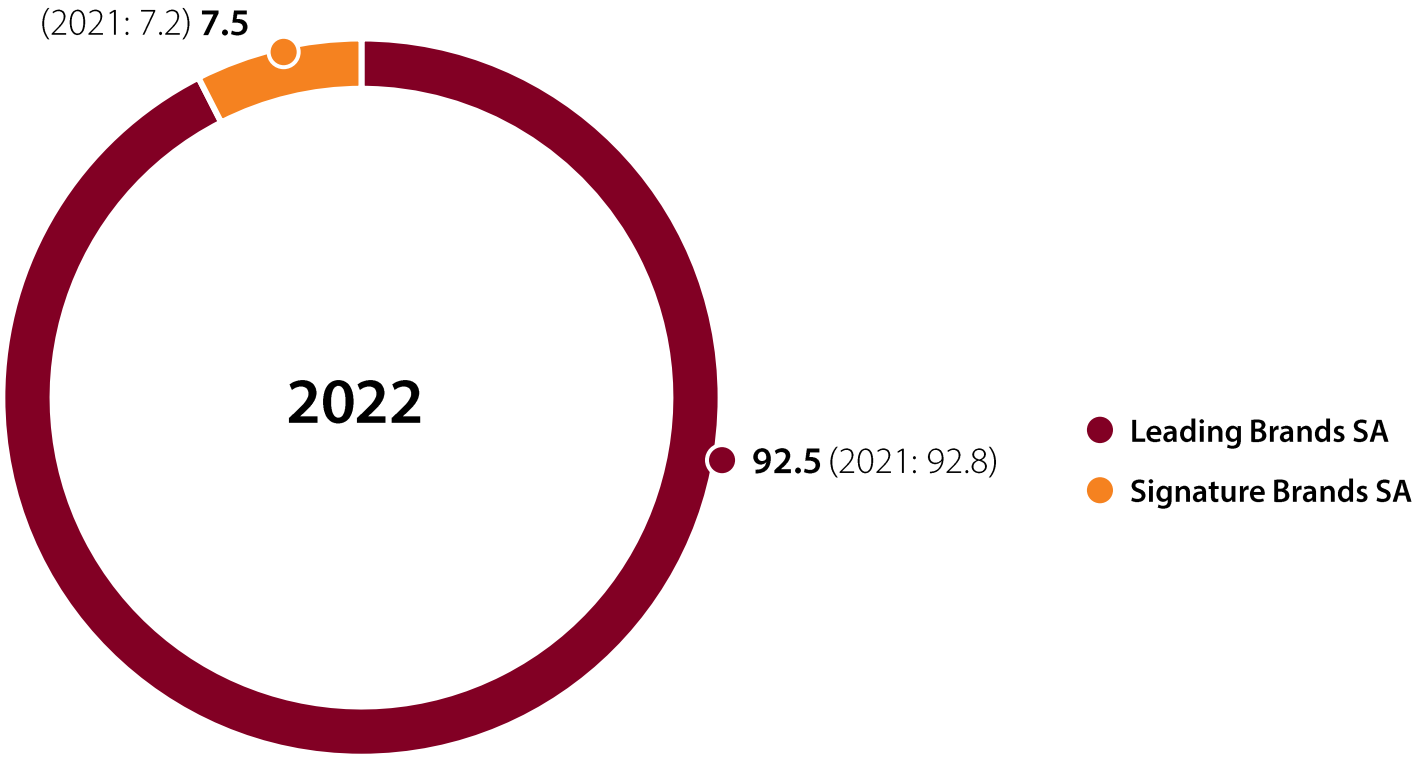
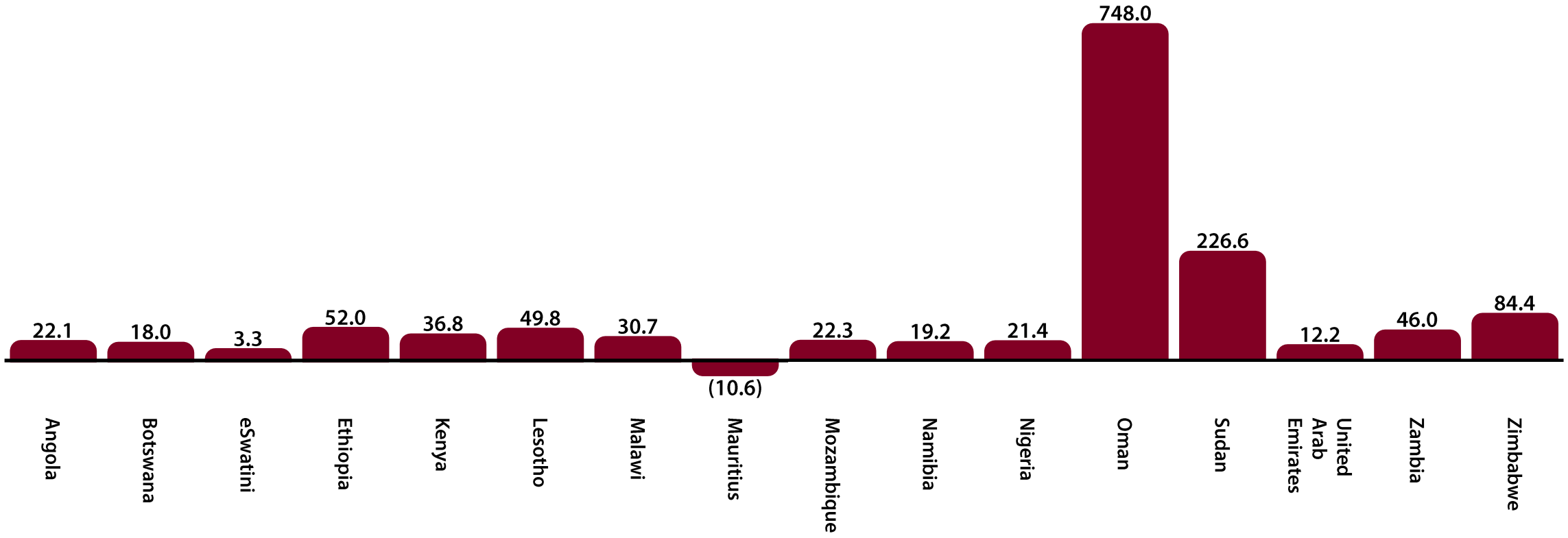
Split between domestic sales for Signature and Leading Brands
%



Source: Management disclosure

AME SALES

System-wide sales turnover growth in AME by country (local currency)
%



Note: Excludes Saudi Arabia, no comparable data
Source: Management disclosure

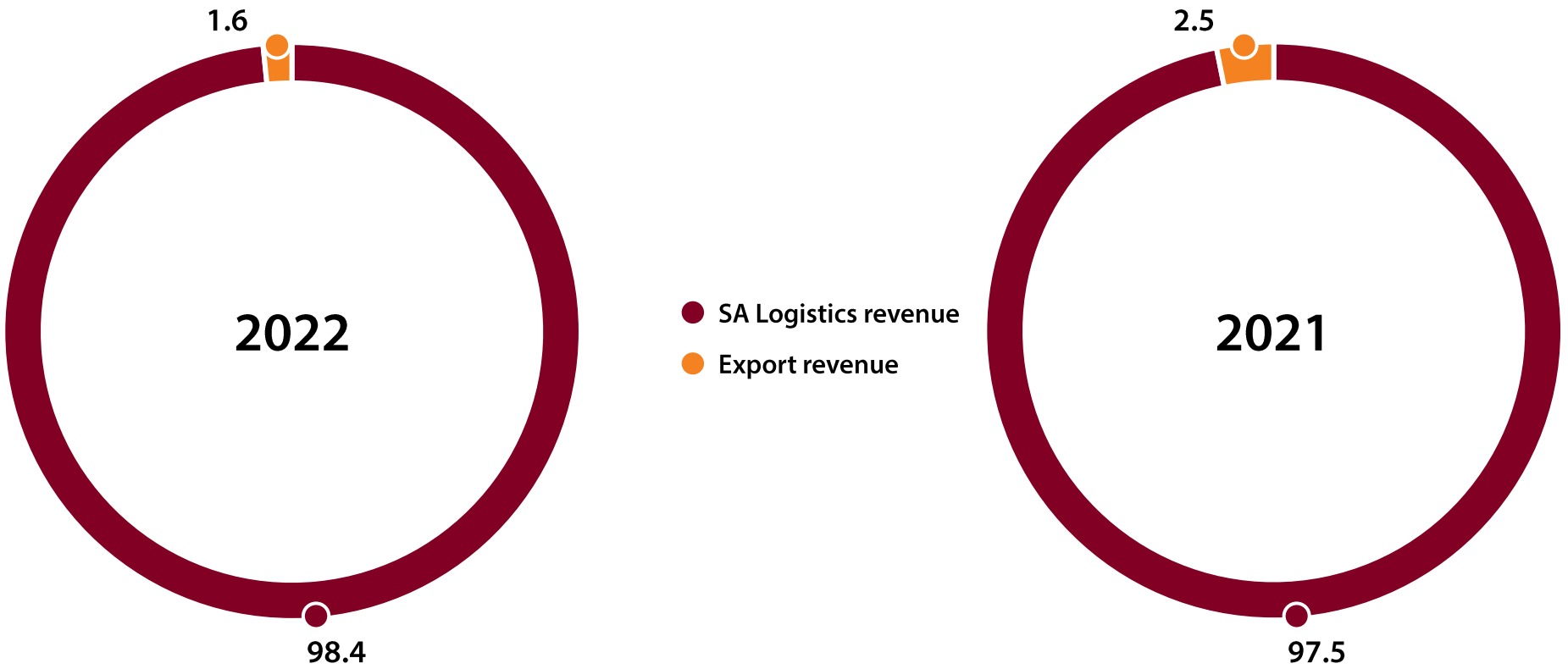
SUPPLY CHAIN

Salient features	MANUFACTURING 2022	MANUFACTURING 2021	LOGISTICS 2022	LOGISTICS 2021	RETAIL 2022	RETAIL 2021
Segment revenue (R million)	**2 770**	2 118	**4 052**	2 994	**222**	151
Segment operating profit/(loss) (R million)	**299**	181	**60**	(13)	**2**	1
Operating margin (%)	**10.8**	7.7	**1.5**	(0.4)	**0.7**	0.5
Capex (R million)	**57**	20	**3**	4.1	**-**	-

Source: Management disclosure

LOGISTICS

Local revenue vs exports
%



Source: Management disclosure

OPERATING MARGIN

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%	2022	2021
Brands	**39.5**	6.6
Leading Brands	**48.0**	33.4
Signature Brands	**(5.3)**	(166.3)
Supply Chain	**8.0**	4.9
Manufacturing	**10.8**	7.7
Logistics	**1.5**	(0.4)
Retail	**0.7**	0.5
SA	**10.1**	1.8
UK	**(6.1)**	(9.6)
AME	**9.9**	9.5
Total	**9.7**	2.5

Source: Management disclosure

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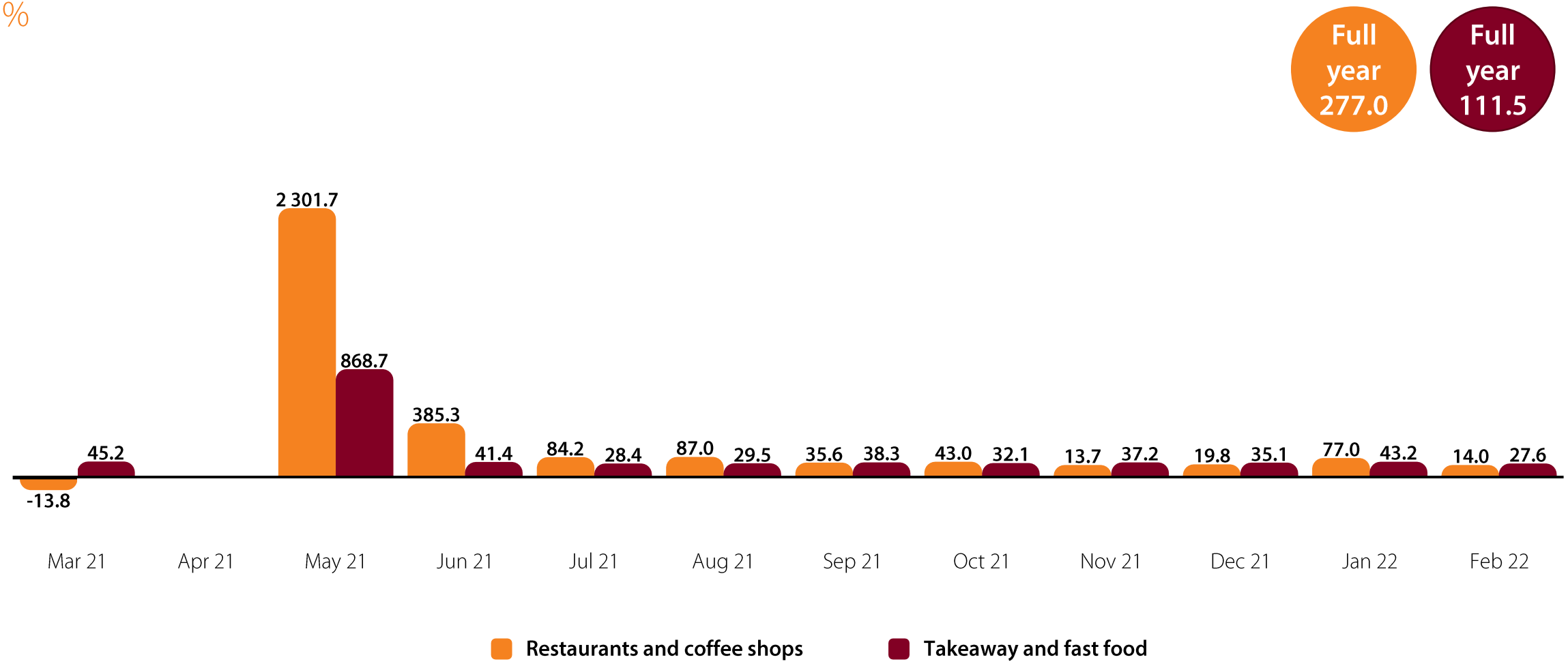
YOY change in food and beverage income at current price by type of enterprise

%



Source: Food and Beverage Report, StatsSA

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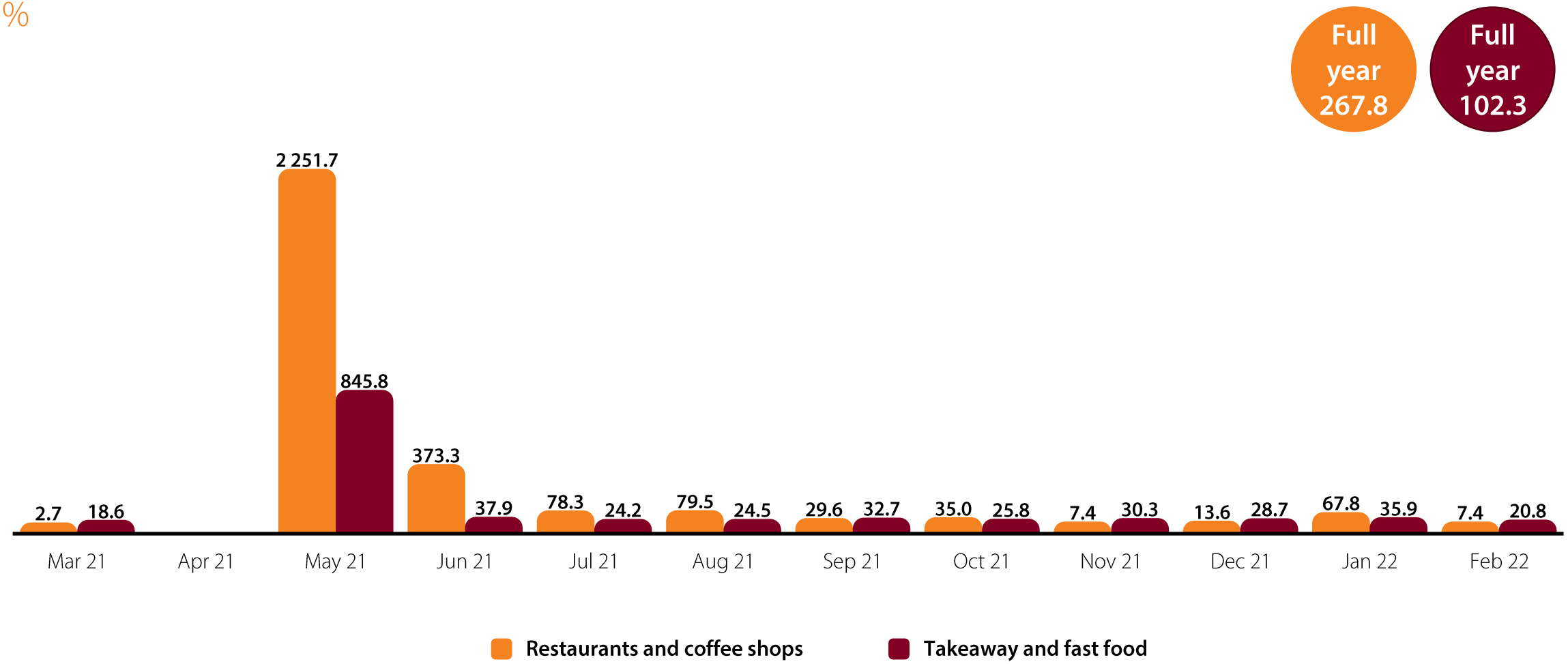
YOY change in food and beverage income at constant 2015 price by type of enterprise

%



Source: Food and Beverage Report, StatsSA

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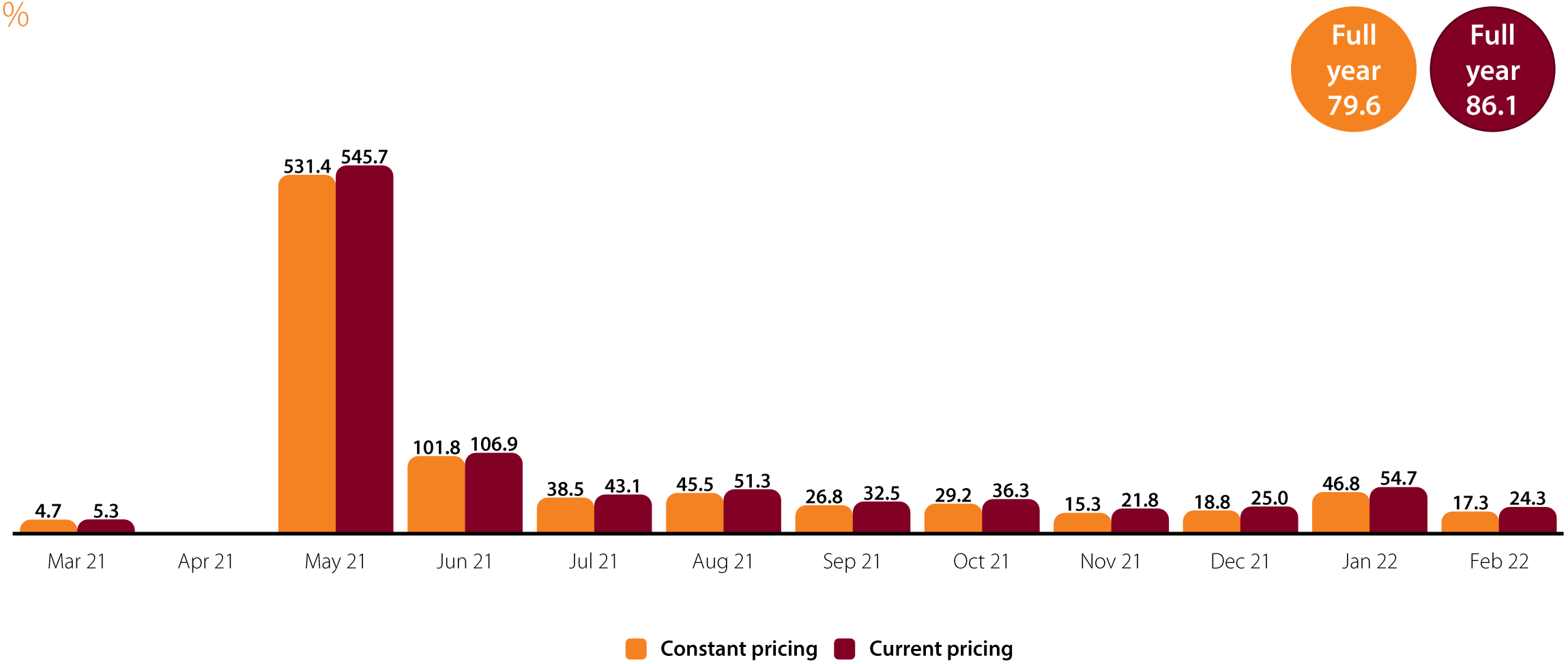
YOY food and beverage income change at constant pricing versus current prices

%



Source: Food and Beverage Report, StatsSA

EXCHANGE RATES

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Exchange rates	UK ZAR/GBP	EUR ZAR/EUR	US ZAR/USD	Nigeria ZAR/NGN	Zambia ZAR/ZMW	Botswana ZAR/BWP	Dubai ZAR/AED
As at 28 February 2021	21.0001	18.2059	15.0841	25.0783	1.4407	1.3644	4.1063
As at 28 February 2022	20.6076	17.2292	15.3926	26.9725	1.1506	1.3113	4.1901
YTD average 2021	21.3073	19.0761	16.4890	23.1922	1.1845	1.4215	4.4885
YTD average 2022	20.3562	17.3522	14.8454	27.2774	1.3088	1.3101	4.0411

Source: Management disclosure | Oanda.com

OUR CONTACTS

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