

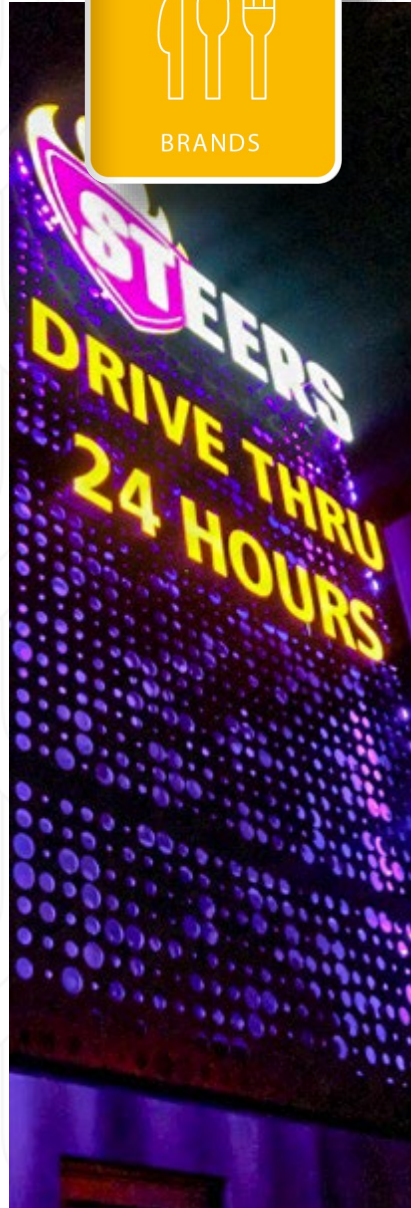


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Interim results presentation

for the six months ended 31 August

2024





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External environment in context



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External environment in context

Macroeconomic and socioeconomic factors

PRE-ELECTION MARCH - MAY 2024

- Pre-election uncertainty
- Severe loadshedding (Jan to March)
- Weak economy with low GDP growth

POST-ELECTION JUNE - AUGUST 2024

- Early stages of national coalition policy execution
- No loadshedding
- Modest GDP growth off a low base
- Increased movement of consumers

OVERALL CHALLENGES

- Global and local political instability and tension
- Local government instability
- Service delivery protests
- Power and water supply infrastructure challenges
- Low household disposable income
- High interest rates

Our **primary purpose** remained to support our franchise partners through our half-year **tough economic cycle** as we emerge into a recovering economy. Business sentiment is **cautiously optimistic** as we head towards the second half of the financial year

Operating environment

A closer look at the first half of the year

RETAIL AND RESTAURANT INDUSTRY LANDSCAPE

- Sales under pressure due to lack of consumer discretionary income
- Ongoing growth in online retail
- Mobile apps and home delivery as key convenience factors
- Highly competitive as consumers have a broad range of choices
- Consumer voice stronger than ever
- Electricity cost management
- Inconsistent labour policy monitoring in hospitality sector

CONSUMER DYNAMICS

- Consumers continually under economic pressure, both locally and internationally
- Consumer experiences remain key in the face of economic pressure
- Sociability a factor in choices, seeking affordable occasions
- Digital ordering expected
- Options for health-conscious consumers
- Locally sourced ingredients
- Environmental concerns

Consumer confidence not yet materialising in spending, **resulting in pressure on our franchise partners**

Highlights



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Highlights

For the first time,
Famous Brands is recognised
as a **Level 1 B-BBEE** contributor
(up from Level 2)

Relocation of **cold storage facilities**
from Crown Mines to a redeveloped,
fit-for-purpose Midrand Campus
is well underway
Work commenced in May 2024

Our strategic shareholding
in **Munch Software** is progressing well
Investment in consumer-facing
technology enhances our delivery
capabilities and consumer experience

Our **drive-thru** presence in South Africa is gaining momentum
and the **delivery hub** concept is making good progress
12 new delivery hubs were launched as at 31 August 2024, with all hubs
demonstrating positive improvements in customer service and cost per drop metrics

Acquired the remaining
38% shareholding in
Famous Brands Coffee Company

Brand performance review



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South Africa

Our iconic world-class brands continue to enjoy consumer support and growth

2 of 8 planned
drive-thrus opened

Building momentum on
new restaurant pipeline

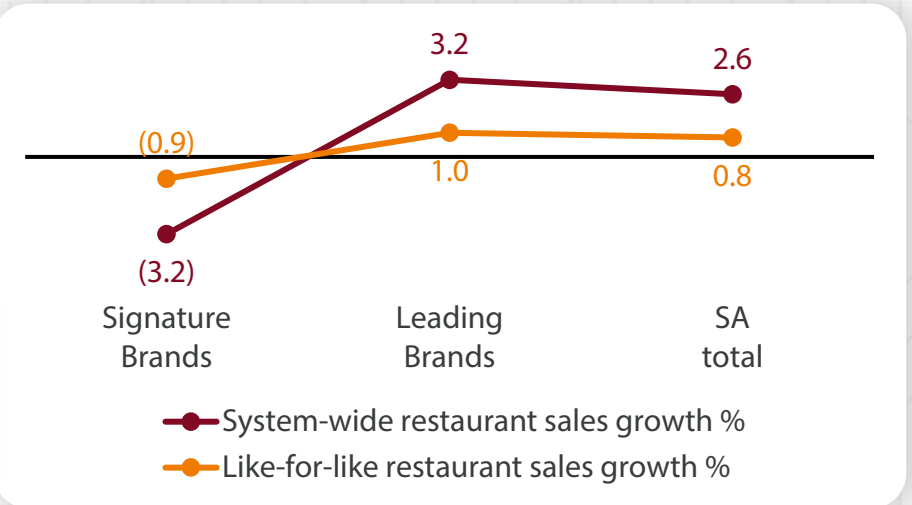
12 new delivery hubs
were launched

No
loadshedding
since **April**

Low **consumer**
disposable income

Reduced
food inflation

Signature Brands
underperformed due
to **fewer restaurants**
and **cost pressures**



LEADING BRANDS (2 443 restaurants)

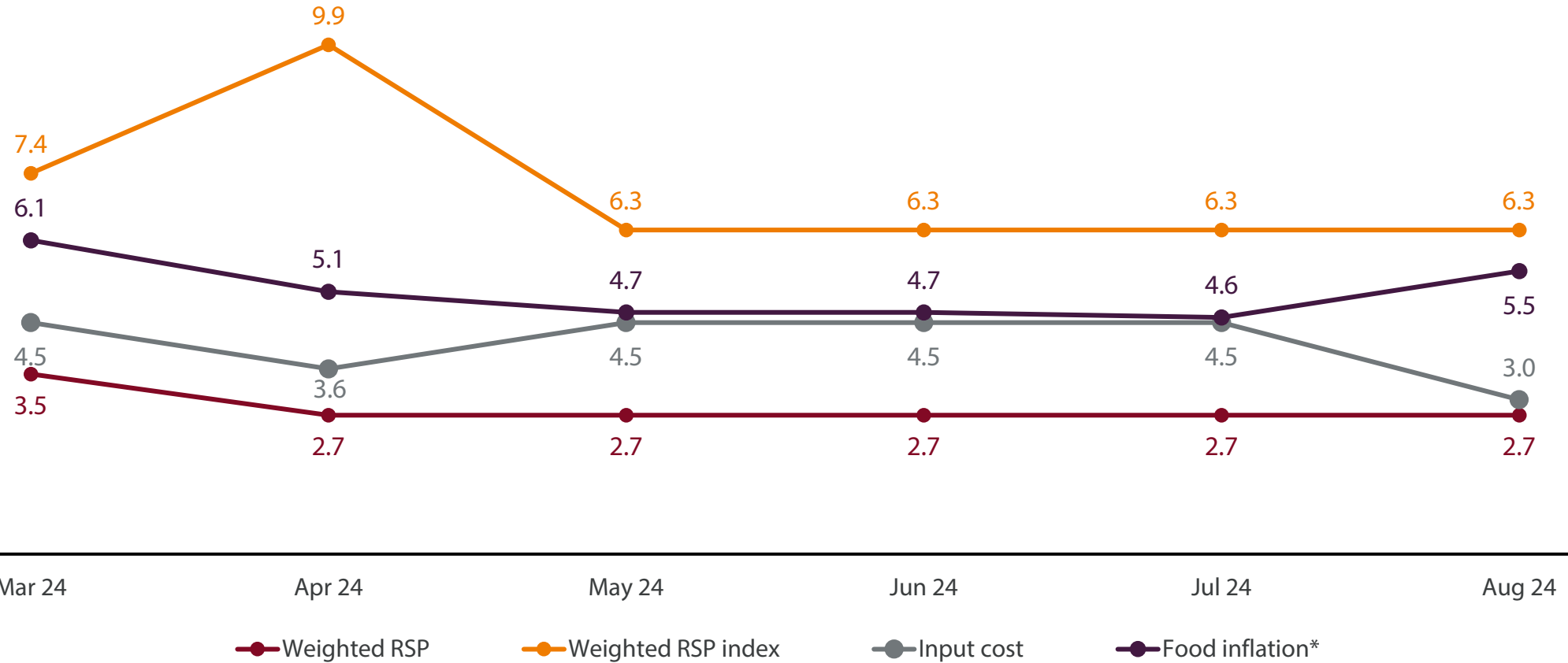
- 35 restaurants opened
- 110 restaurants revamped
- 14 restaurants closed

SIGNATURE BRANDS (131 restaurants)

- 4 restaurants opened
- 3 restaurants revamped
- 4 restaurants closed

Leading Brands SA

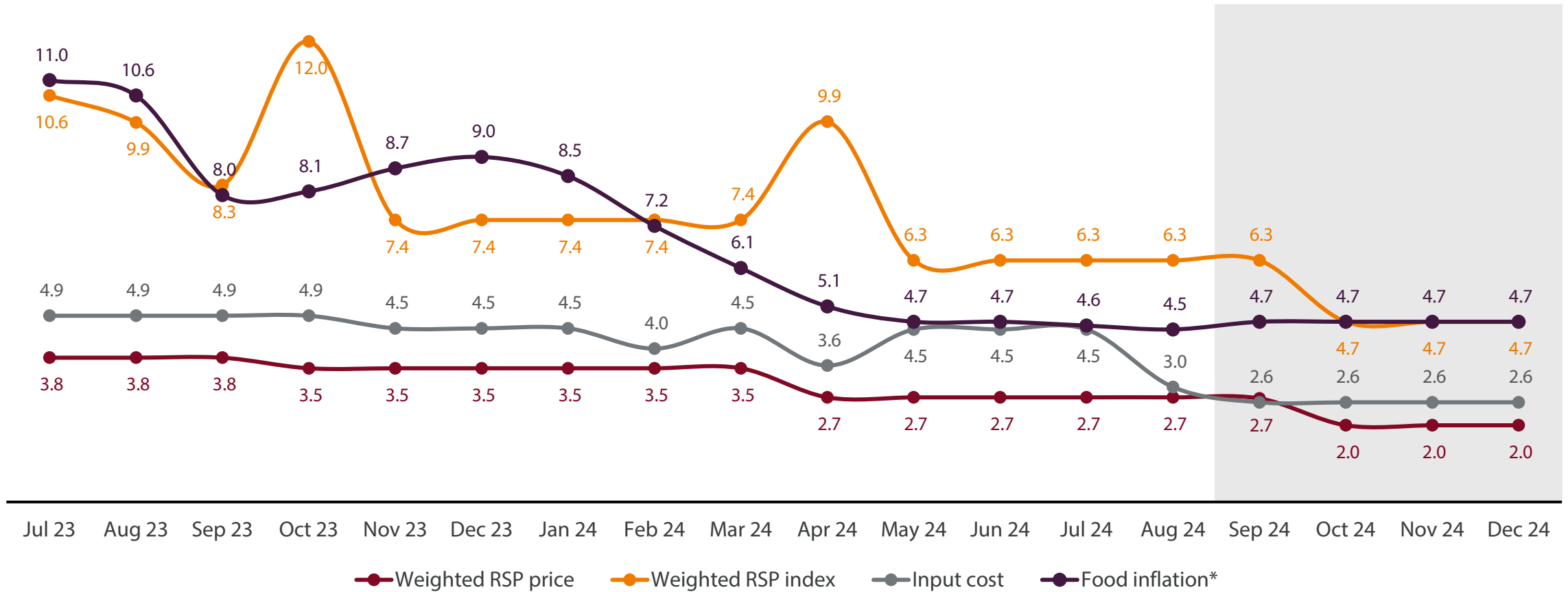
Retail selling price (RSP) increase (%)



* Source: Trading Economics
Source: Management disclosure

Leading Brands SA

Retail selling price (RSP) increase (%) – Wider view



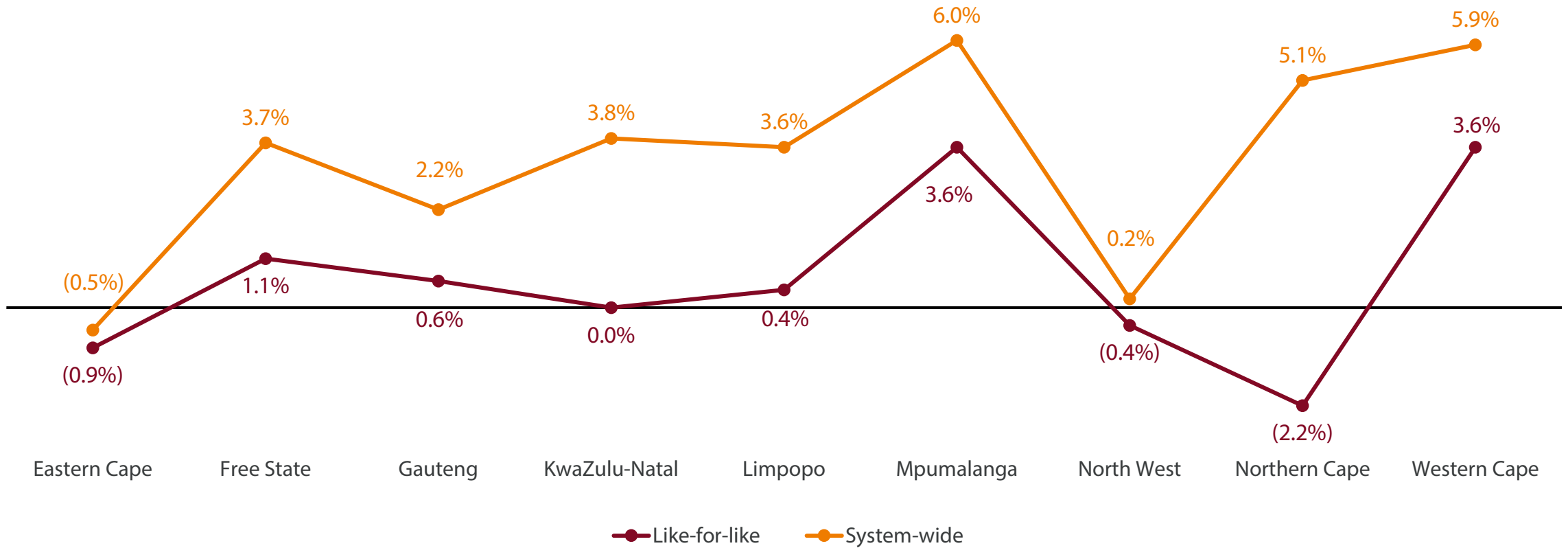
* Source: Trading Economics
Source: Management disclosure

Leading Brands SA

Performance by province

Like-for-like national average
1.0%

System-wide national average
3.2%

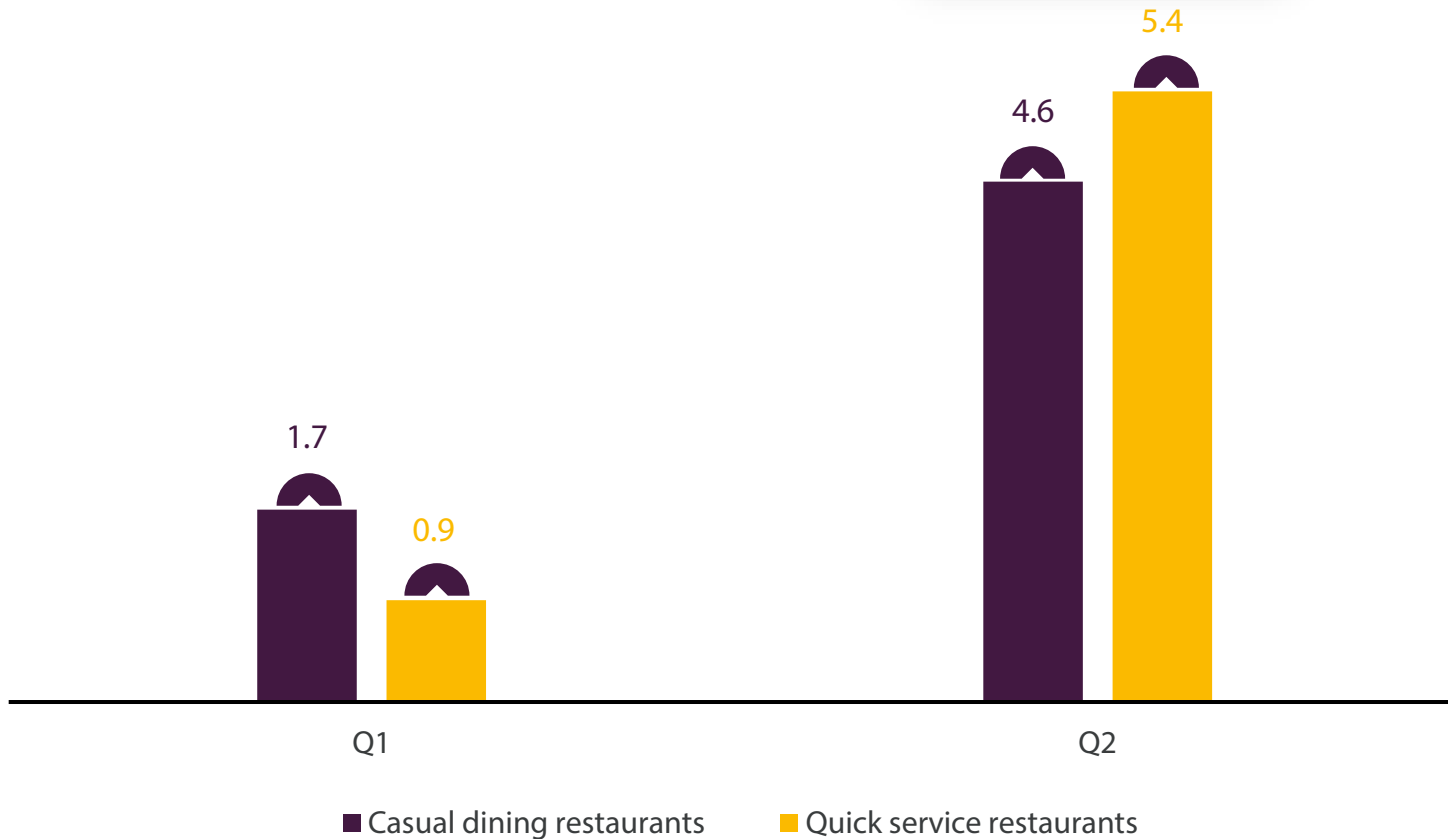


Source: Management disclosure

Leading Brands SA

System-wide
national average
3.2

System-wide quarterly turnover growth (%)



Insights and developments

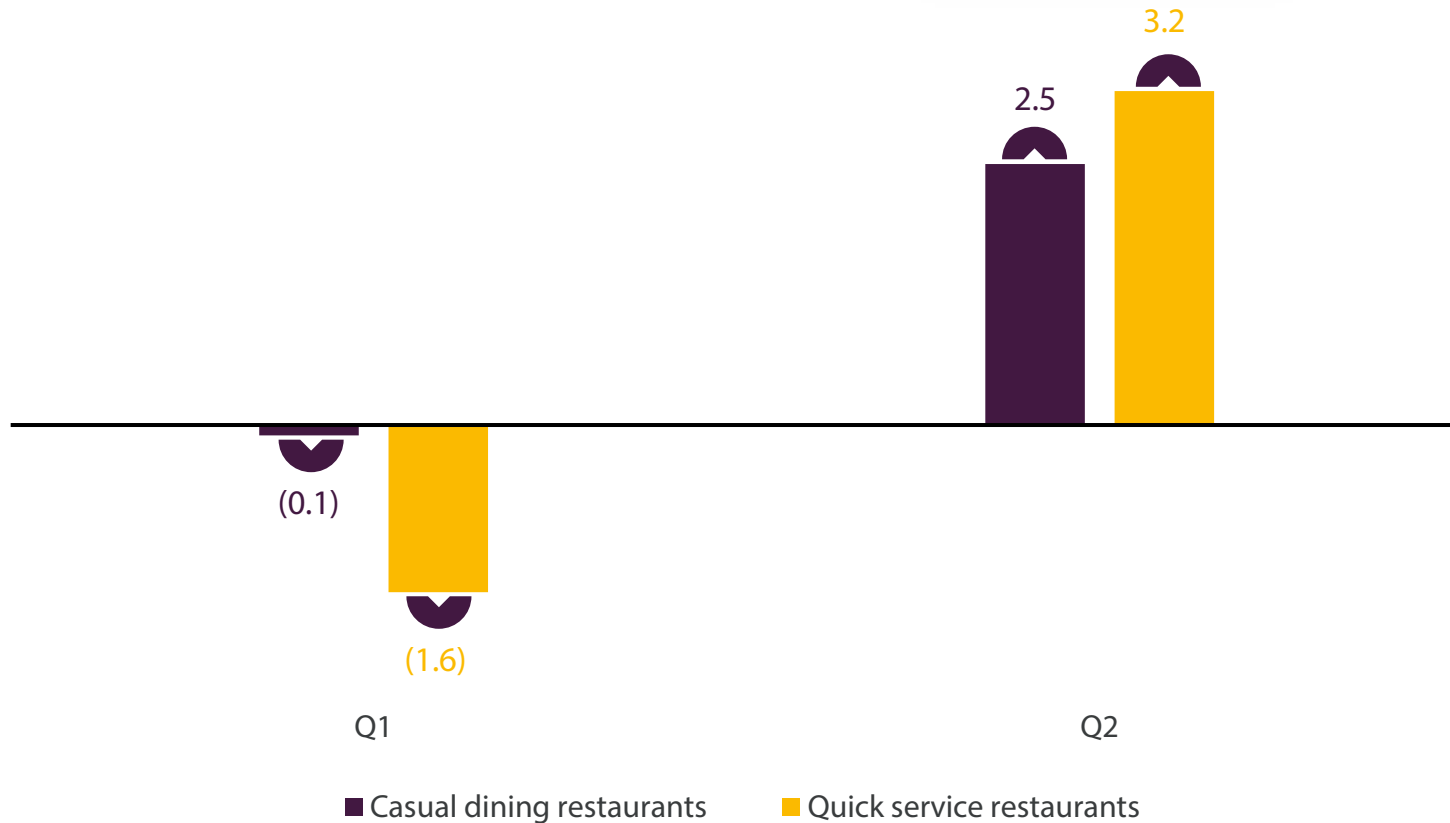
- New store activity reflecting in system-wide growth and gaining traction in Q2
- Revamp activity creating some short-term pressure on sales during closure
- Eastern Cape slowdown

Source: Management disclosure

Leading Brands SA

Like-for-like
national average
1.0

Like-for-like quarterly turnover growth (%)



Insights and developments

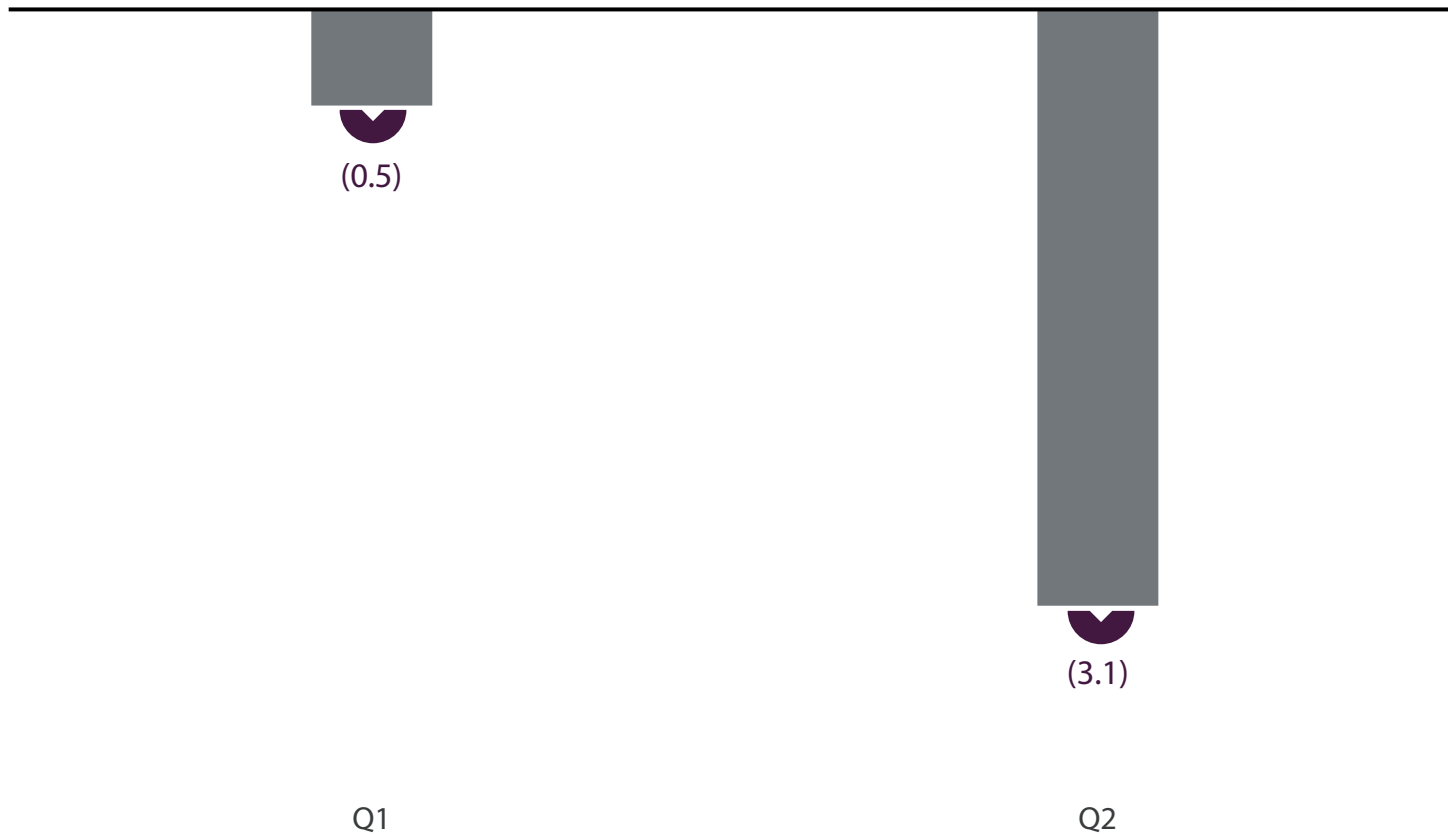
- QSR bounced back in Q2 after a tough 6 months (H2 F2024)
- Improvement in May trading assisted Q1 after a dismal March and April
- Like-for-like store growth better reflective of menu inflation in Q2
- June long weekend and winter school holidays were buoyant
- Lower menu price pressures in Q1 were helpful
- Western Cape weather

Source: Management disclosure

Signature Brands (SA)

System-wide
national average
(3.2)

System-wide quarterly turnover growth (%)



Insights and developments

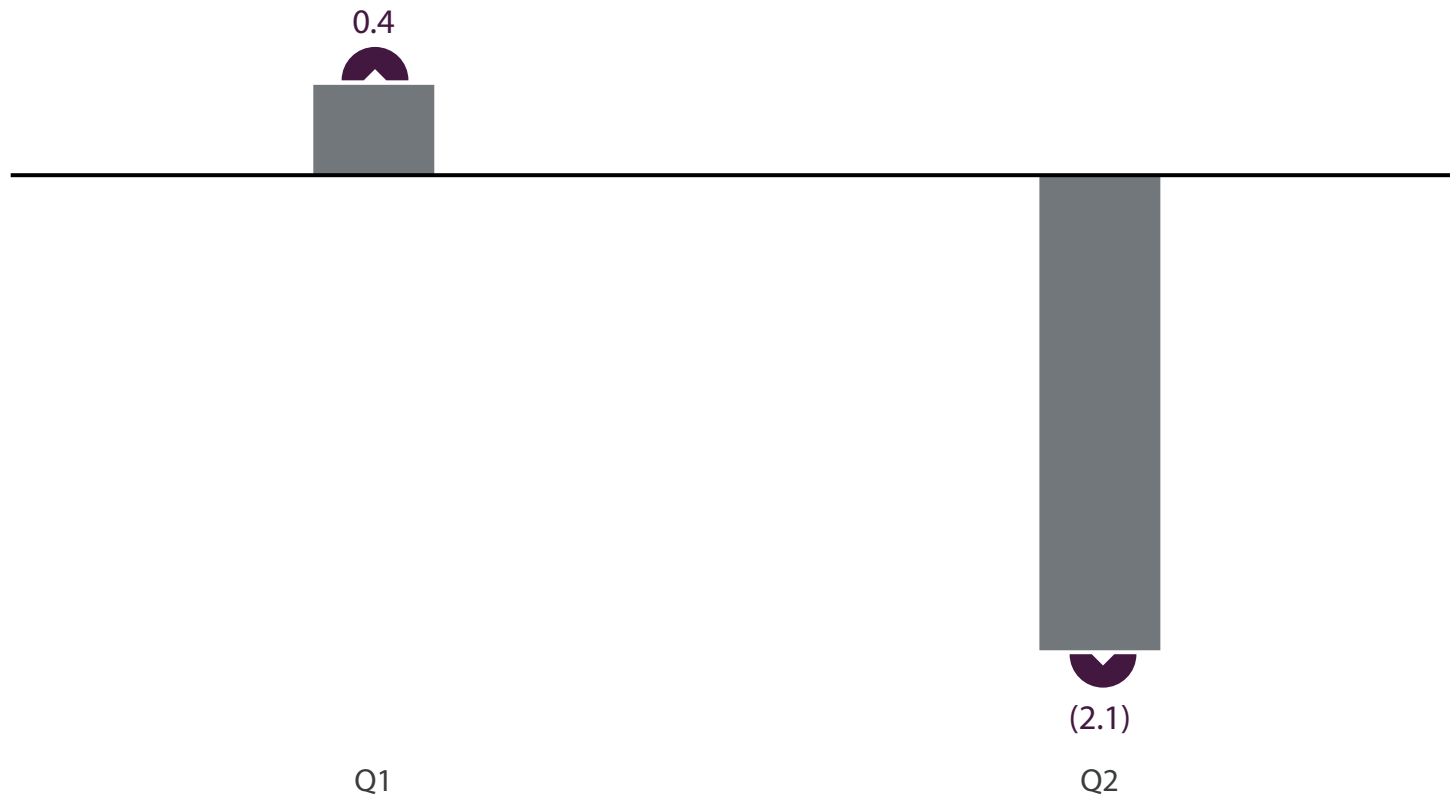
- Q2 deterioration
- Store closures were early in Q1
- March, April and July were tough trading periods
- Liquor license delays

Source: Management disclosure

Signature Brands (SA)

Like-for-like
national average
(0.9)

Like-for-like quarterly turnover growth (%)



Insights and developments

- Tight consumer discretionary income scenario for “fun dining and luxury”
- Less activity in hospital trade over election week
- Menu pricing higher than Leading Brands due to nature of menu construct

Source: Management disclosure

SADC

Established operations with further growth prospects

SADC revenue increased
by 3.8% to R218 million
(2023: R210 million)

Botswana system-wide restaurant
sales were **4.5%** up on prior period

Zambia system-wide sales were
31% up on the prior period despite
the drought and power shortages

First Steers drive-thru
outside of SA in **Zimbabwe**

On track to open two new restaurants in DRC in the next six months



AME and UK

Growth potential and economic uncertainty

AME portfolio restructured to focus on growth in new and emerging markets

Inflation broadly trended downwards (excluding Ethiopia and Nigeria)

Mauritius turnaround progressing well

New consumer-facing technology projects underway

Lower consumer confidence in UK during election uncertainty

Opened Debonairs Pizza in Cairo



Supply chain review



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Impact of inflation on input costs



Coffee prices continue to rise due to unfavourable weather conditions, which impacted supply



While we have experienced a period of flat **seed oil** prices, both **soya** and **sunflower oil** are seeing upward pressure. Soya oil prices have added pressure to cold sauces



Variety of factors adding to increased **chicken pricing**



Potato prices are currently tracking last year's high prices, with some shocks as Limpopo was impacted by frost



While **beef prices** were forecast to rise, we expect they will remain flat



We are expecting **milk prices** to drop and anticipate this translates to lower cheese prices

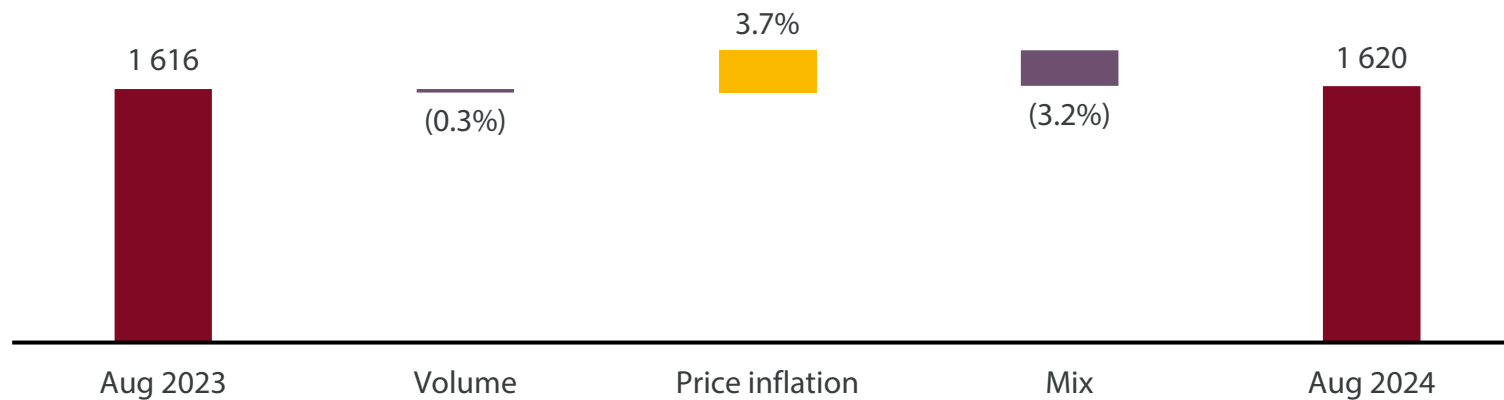
Supply Chain: Manufacturing



Insights and developments

- Marginal revenue increase driven by price inflation, offset by changes in product mix
- Perishables decreased, ambient increased
- Reduction in a category of protein and retail potato chip sales
- Profitability improved due to focus on efficiency enhancements and generator diesel cost savings
- Gross profits improved marginally, somewhat negated by increase in overheads

Revenue drivers



Source : Management disclosure

Supply Chain: **Logistics**

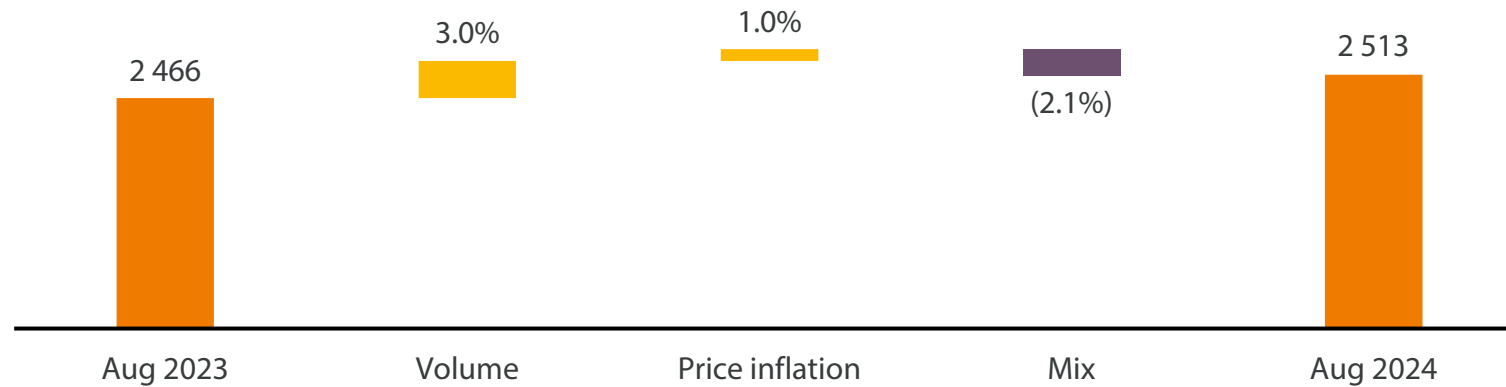


LOGISTICS

Insights and developments

- Slight revenue growth driven by volume increase and price inflation, offset by a shift in product mix
- Decline in product categories with higher revenue per case and increase in categories with lower revenue per case
- Generator diesel cost savings

Revenue drivers



Source : Management disclosure



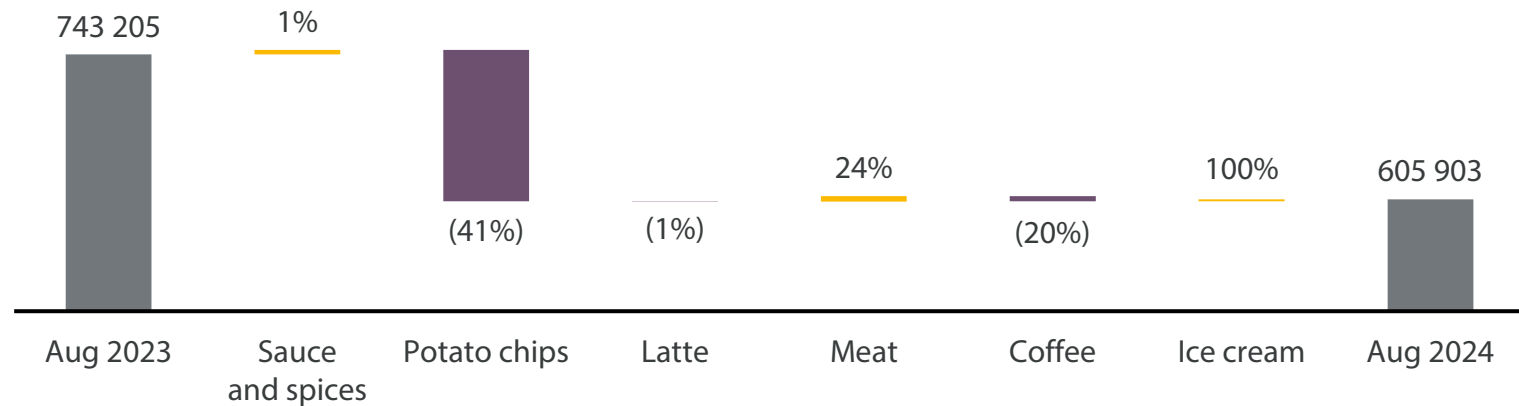
Supply Chain: Retail



Insights and developments

- Retail trading environment is particularly price sensitive
- Pricing is under pressure as raw material increases are passed on from suppliers, particularly glass and plastic
- Our innovation drive is unlocking new opportunities

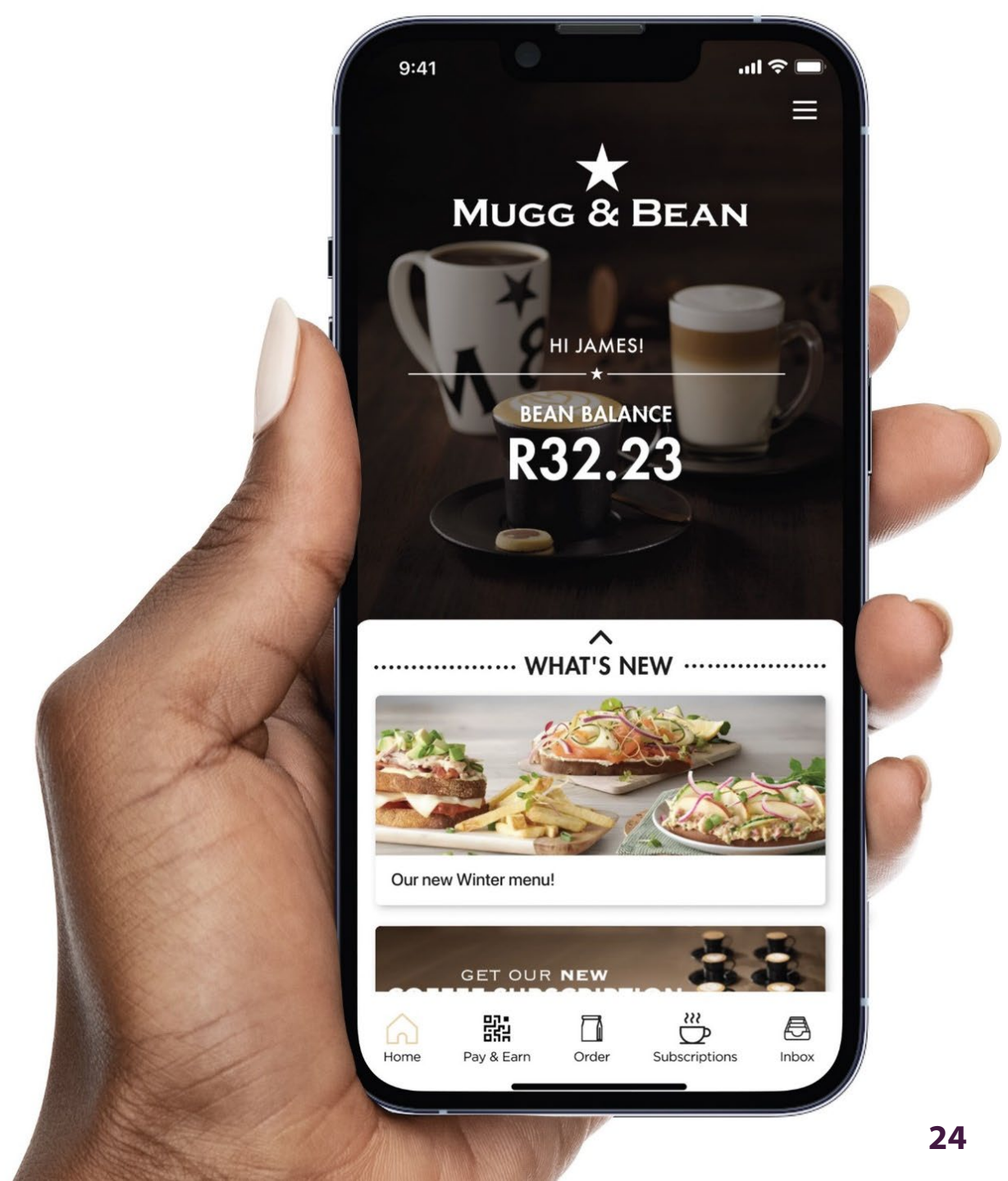
Sales volume drivers



Source : Management disclosure



Financial review



Salient features

Headline earnings per share improved despite sales volume pressure



REVENUE

R4 017 million

[Aug 2023: R3 940 million]

2%



OPERATING PROFIT

R371 million

[Aug 2023: R371 million]



OPERATING PROFIT MARGIN

9.2%

[Aug 2023: 9.4%]



HEPS

218 cents

[Aug 2023: 199 cents]

9.5%



CASH GENERATED FROM OPERATIONS

R498 million

[Aug 2023: R537 million]



DIVIDEND

150 per share (cents)

[Aug 2023: 138 per share (cents)]

9%

Revenue growth in a challenging environment

We benefited from organic growth and price increases

Revenue	AUGUST 2024 R million	AUGUST 2023 R million	% change
Brands	563	570	(1)
Leading Brands	469	465	1
Signature Brands	94	105	(10)
Supply Chain	2 784	2 735	2
Manufacturing	1 620	1 616	-
Logistics	2 513	2 466	2
Retail	171	187	(8)
Eliminations	(1 520)	(1 533)	(1)
Marketing fees	345	322	7
Corporate	1	1	-
SA	3 694	3 629	2
SADC	218	210	4
UK	69	83	(17)
AME	35	17	105
Total	4 017	3 940	2

Revenue highlights

- Leading Brands revenue mainly attributable to casual dining restaurants
- Manufacturing revenue driven by price inflation
- Logistics revenue driven by increase in case volumes and price
- Retail performance impacted by decrease in demand for potato chips
- Growth in SADC and AME markets
- UK impacted by lower footfall and economic uncertainty

Steady profitability

Overhead cost containment stabilised operating profit

Operating profit	AUGUST 2024 R million	AUGUST 2023 R million	% change
Brands	232	220	6
Leading Brands	238	219	9
Signature Brands	(6)	1	-
Supply Chain	181	183	(1)
Manufacturing	150	136	10
Logistics	34	46	(26)
Retail	(3)	2	-
Corporate	(50)	(55)	(9)
SA	363	348	4
SADC	28	31	(9)
UK	3	10	(68)
AME	(22)	(18)	(28)
Operating profit	371	371	-

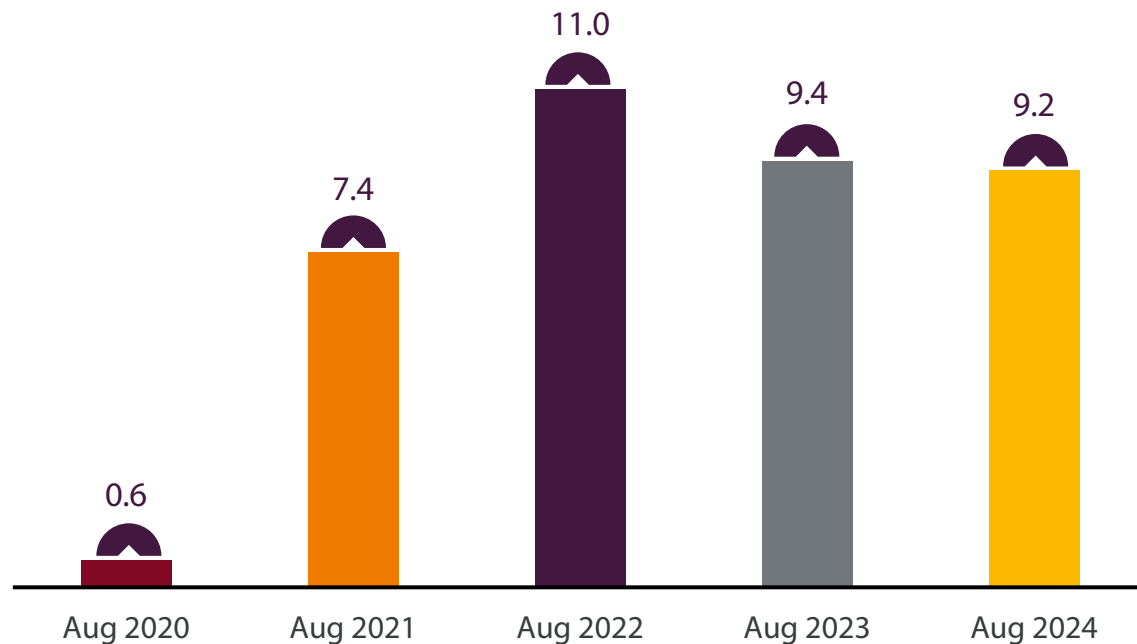
Insights into operating profit

- Leading brands profitability incline is due to the combination of growth and cost savings
- Logistics profitability decline is due to product mix on the top line
- Savings on generator diesel and maintenance costs and energy breaks due to no loadshedding from April 2024
- Higher electricity costs
- High inflation causing cost pressures in some SADC and AME countries
- AME mainly impacted by restaurant closures

Operating profit margin

Focus on margin improvements

Group operating profit margin over five years (%)



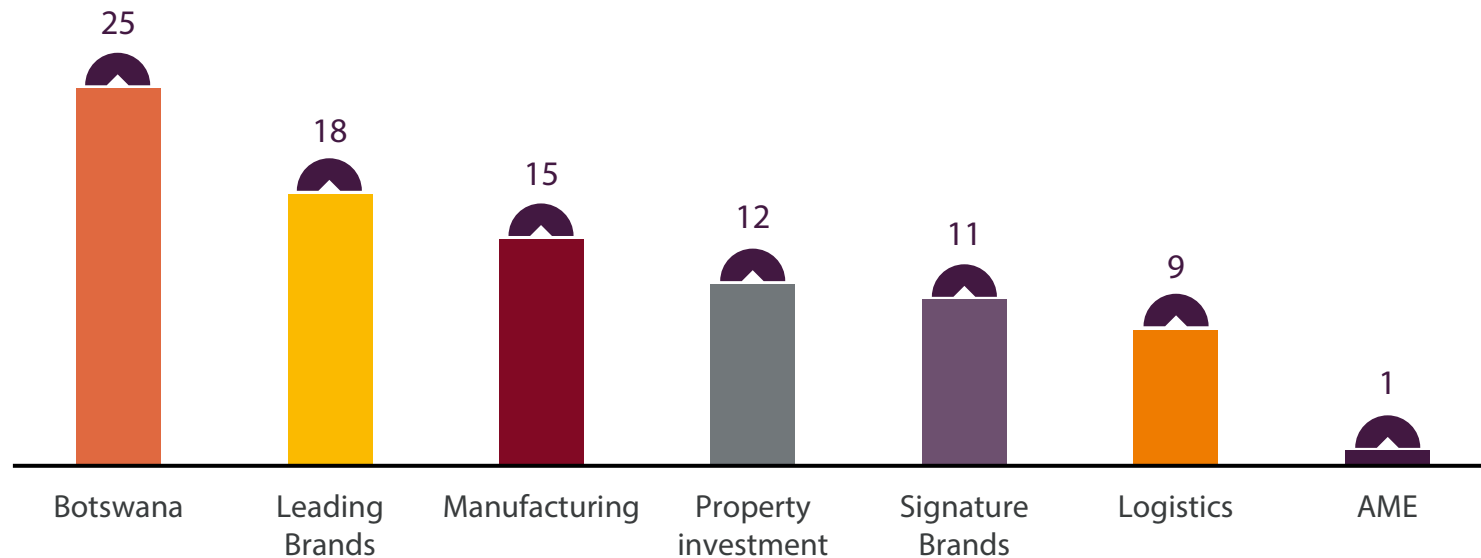
	AUGUST 2024 %	AUGUST 2023 %
Operating profit margin		
Brands	41.2	38.5
Leading Brands	50.8	47.1
Signature Brands	(6.7)	0.6
Supply Chain	6.5	6.7
Manufacturing	9.3	8.4
Logistics	1.4	1.9
Retail	(1.5)	0.8
SA	9.8	9.6
SADC	12.7	14.5
UK	4.6	24.0
AME	(63.4)	(101.9)
Total	9.2	9.4

Source : Management disclosure

Capital allocation to deliver on our strategy

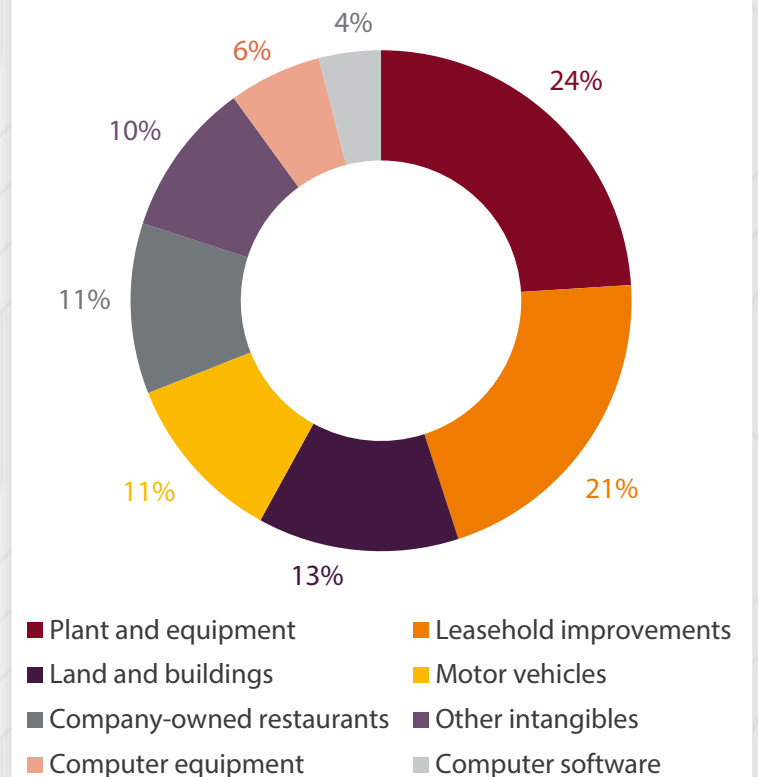
Investing in Leading Brands and Supply Chain capacity

Capital expenditure by segment (R million)



- Expanding footprint of company-owned restaurants in Botswana and Signature Brands
- Developing consumer-facing technology
- Enhancing our Manufacturing and Logistics infrastructure focused on efficiency and technology
- Developing the cold storage facilities at the Midrand Campus

Capital expenditure by asset class (%)



Source : Management disclosure

Strong financial position

A healthy balance sheet

INVENTORIES

R545 million

- Inventory holdings similar to prior period levels despite changes in product mix

TRADE AND OTHER RECEIVABLES

R660 million

- In line with August 2023
- 14% increase mainly driven by prepayments

TRADE AND OTHER PAYABLES

R849 million

- 2% decrease due to effective vendor management and inventory holding levels

NET WORKING CAPITAL

R356 million

- Working capital requirements increased

TOTAL ASSETS

R3.6 billion

- Cold Storage facilities development commenced in May 2024
- Brand portfolio valued at R347 million

BORROWINGS

R1.1 billion

- Repaid R127 million since August 2023 resulting in lower finance costs
- R450 million classified as current liabilities due for payment in August 2025
- Covenant compliance

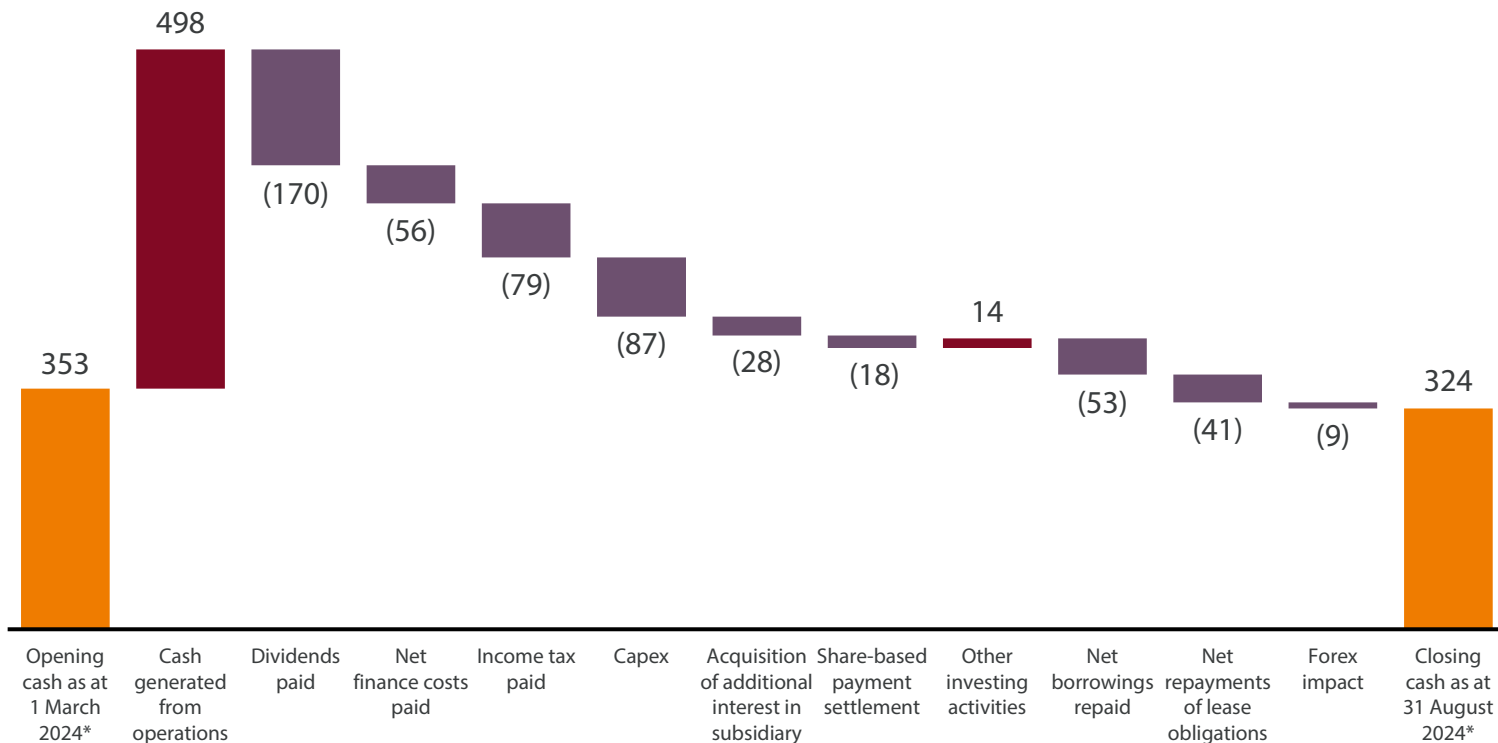
CASH AND CASH EQUIVALENTS

R324 million

- Acquisition of the 38% non-controlling shareholding in Famous Brands Coffee Company
- R302 million dividend paid since August 2023

Responsible cash flow management

Positive cash generation to meet operational and capital requirements



Cashflow insights

- Debt repayment of R127 million
- Investment in consumer-facing technology in Leading Brands
- Investment in development of cold storage facilities
- Undrawn debt facilities of R213 million
- Acquisition of non-controlling interest in FB Coffee company

* Opening and closing balances exclude restricted cash

Strategy update and outlook



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Reviewing our strategic intent

GROW CAPABILITY AND CAPACITY TO CREATE:

- Innovative branded food services solutions
- Mutually beneficial relationships with franchise partners
- Great consumer experiences
- Sustainable like-for-like growth

ACHIEVED:

- Marginal revenue growth in tough trading conditions
- Stable operating profit
- Improved headline earnings per share
- Achieved organic growth in our existing markets
- Continued to support our franchise partners

Outlook and priorities

We have the right brands and strategy to grow, increase market share and rebuild our margins

HEADWINDS

- Rising electricity tariffs
- Tight consumer disposable income
- Highly competitive environment
- Signature brands remains sub scale
- Investing ahead of revenue in AME
- Chicken category building momentum over other food types
- Coffee environment over traded

TAILWINDS

- Downward pressure on interest rates
- Decreasing fuel prices
- Lower food inflation
- Pipeline of promotional activity
- Increased disposable income from retirement fund withdrawals
- New store opening pipeline rebuilding momentum
- Continued interest from new and existing franchise partners

How we respond

- Relentless focus on marketing quality
- Menu price points and product ranges to meet consumer wallet
- Avoid marginal sites
- Chicken more prevalent on menus
- Focus on sustainable franchising

Supplementary information



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Group at a glance

Our restaurant network

Our restaurant network comprises
2 925 restaurants,
2 839 franchise restaurants,
and **86** company-owned restaurants,
operating across **18** countries

- **2 574** restaurants in South Africa (**SA**)
- **213** restaurants in the Southern African Development Community (**SADC**)
- **76** restaurants in Africa and the Middle East (**AME**)
- **62** restaurants in the United Kingdom (**UK**)

Our brands

Leading (mainstream) brands



Signature (niche) brands



MYTHOS

Turn 'n Tender
STEAKHOUSE



voVo teLO
Bakery & Café

Captive market brands

coffee **couture**
refreshingly indulgent



Other brands



Our supply chain



Our leadership



**CHRISTOPHER
BOULLE**
Independent non-executive
chairman



**ALEXANDER (ALEX)
MADITSE**
Independent non-executive
director



**DARREN
HELE**
Chief executive officer



**NELISIWE
SHILUVANA**
Group financial director



**NICOLAOS (NIK)
HALAMANDARIS**
Non-executive
director



**BUSISIWE
MATHE**
Independent non-executive
director



**THABO
MOSOLOLI**
Independent non-executive
director



**WILLIAM
MZIMBA**
Independent non-executive
director



**FAGMEEDAH
PETERSEN-COOK**
Independent non-executive
director

Income statement

	AUGUST 2024 R million	AUGUST 2023 R million	% change
Revenue	4 017	3 940	2
Gross profit	1 701	1 682	1
Other income	15	16	(6)
Expected credit loss	(1)	(2)	51
Administration expenses	(106)	(103)	(3)
Marketing expenses	(345)	(322)	(7)
Operations expenses	(892)	(899)	1
Operating profit	371	371	-
Net finance costs	(56)	(61)	7
Share of profit from associates	7	8	(13)
Devaluation of loan to associate	(1)	(9)	94
Profit before tax	322	310	4
Tax	(86)	(90)	5
Total profit for the six months	236	220	8

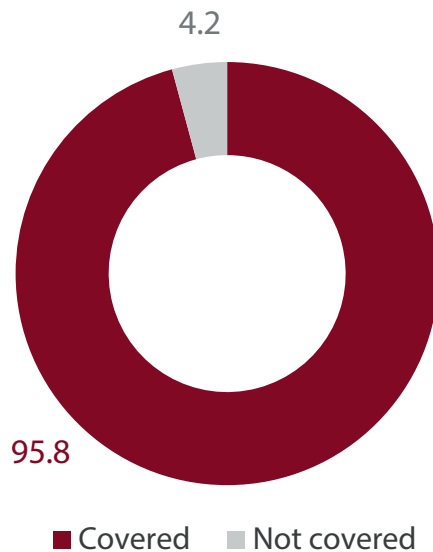
Statement of financial position

	AUGUST 2024 R million	AUGUST 2023 R million	% change
ASSETS			
Property, plant and equipment	932	902	3
Intangible assets	862	865	-
Investment and loan in associates	51	34	52
Deferred tax	97	81	19
Current tax assets	11	11	7
Inventories	545	540	1
Trade, lease and other receivables	663	661	-
Cash and cash equivalents	324	344	(6)
Restricted cash	62	75	(17)
Other assets	10	14	(24)
Total assets	3 558	3 527	1
EQUITY AND LIABILITIES			
Equity	1 099	943	16
Borrowings	1 148	1 265	(9)
Lease liabilities	310	332	(7)
Deferred tax	83	82	1
Current tax liabilities	61	31	94
Trade and other payables	853	870	(2)
Other liabilities	5	3	92
Total equity and liabilities	3 558	3 527	1

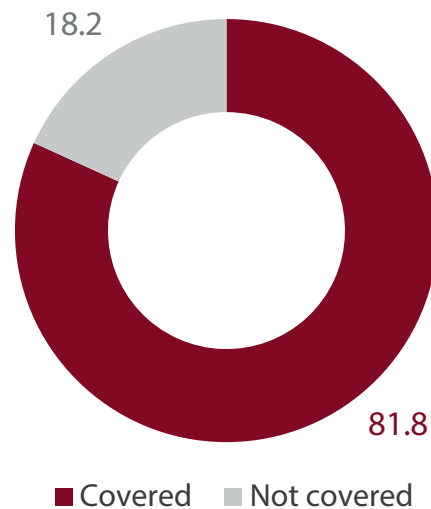
Encouraging alternative power solutions and water supply

Due to encouraging our franchise partners to install alternative power solutions (APS), no sales were lost during loadshedding in March, and doors will remain open should we experience further power cuts

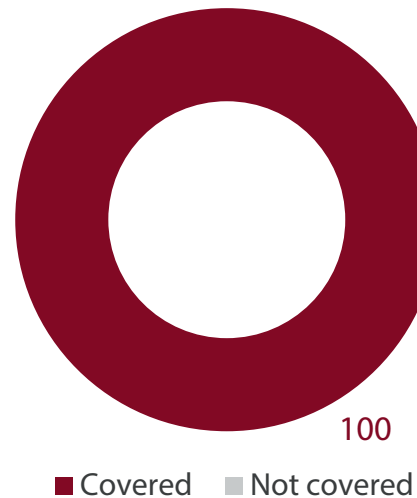
APS coverage
South Africa restaurants



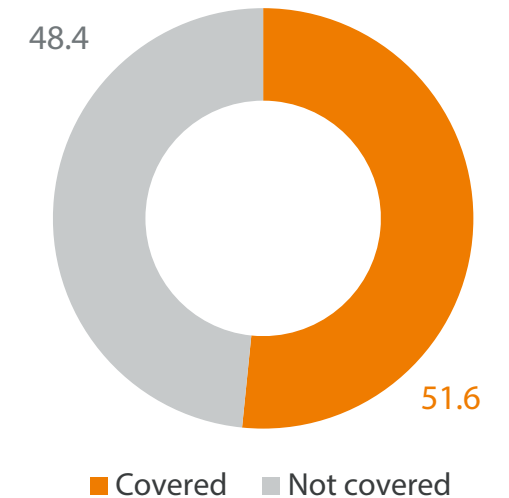
APS coverage
Zambia restaurants



APS coverage
Malawi restaurants



Alternative water supply (AWS)
coverage across SA restaurants



The need for restaurants to have alternative water supply solutions in the event of water service interruptions is coming to the fore

Exchange rates

	UK ZAR/GBP	EUR ZAR/EUR	US ZAR/USD	Nigeria NGN/ZAR	Zambia ZAR/ZMW	Botswana ZAR/BWP	Dubai ZAR/AED
As at Aug 2023	23.84	20.43	18.79	41.09	1.07	1.40	5.12
As at Aug 2024	23.40	19.69	17.82	89.21	0.68	1.35	4.85
YTD ave 2023	23.26	20.18	18.54	31.77	1.03	1.39	5.05
YTD ave 2024	23.51	20.02	18.47	80.32	0.72	1.36	5.03

Inflation rates

	Inflation rate
Angola	30.5%
Botswana	3.9%
Côte d'Ivoire	4.5%
Egypt	26.2%
eSwatini	4.1%
Ethiopia	17.2%
Kenya	4.4%
Lesotho	6.0%
Malawi	33.9%
Mauritius	2.7%
Mozambique	2.8%
Namibia	4.4%
Nigeria	32.2%
South Africa	4.4%
United Arab Emirates	3.4%
United Kingdom	2.2%
Zambia	15.5%

Source: Trading economics



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