



**famous | brands**  
*you're in good company*

# Financial results presentation

for the year ended 28 February

2  
0  
1  
9



29 May 2019

# Agenda

01 Performance overview

02 Financial results

03 Attainment of strategic imperatives

04 GBK update

05 Imperatives for the future

06 Questions



# Performance overview







Revenue

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**↑ 2%**

Operating profit  
before  
non-operational items

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**↓ 5%**

# Group overview

## SOUTH AFRICA

### Leading and Signature brands:

- our offering remained very popular, winning numerous consumer awards and retaining or gaining market share
- Leading brands contributed strong results, particularly in H1
- Signature brands under-performed, resulting in further rationalisation of the portfolio.

### Supply chain:

- delivered an improved operational performance, but results impacted by:
  - low food inflation
  - high fuel costs
  - margin absorption
- re-allocation of corporate costs.



# Group overview

## AME:

- notwithstanding increased competition, solid organic growth was underpinned by investments made in recent years and stronger strategic alliance partnerships
- new store openings were ahead of target.

# Group overview

## Wimpy UK:

- further consolidation improved health of the portfolio
- good like-for-like growth achieved.

## GBK UK:

- remedial measures improved operational performance; results tracked positively in H2, ahead of market
- CVA programme completed and expected to enhance sustainability of the business.



## Built **Business** capability

- Leveraged ERP investment to enhance analysis and reporting in the business
- Applied a tighter growth agenda and brutal filter to unclutter and streamline the business model
- Definitive allocation of corporate costs to appropriate business units
- Increased focus on ESG improvements (formulated implementation strategies and committed to timeframes)
- Restructured HR function to align closer to KPIs



# Financial results



# Salient features

	F2019	F2018	% change
Revenue (Rm)	7 180	7 023	2
Operating profit before non-operational items (Rm)	850	890	(5)
Cash generated from operations (Rm)	1 034	1 123	(8)
EPS (cents)	(480)	22	
HEPS (cents)	319	393	(19)
Return on equity (%)	20	25	
Net debt:equity (%)	108	126	

# Income statement

	F2019 Rm	F2018 Rm	% change
Revenue	7 180	7 023	2
Gross profit	3 587	3 769	
Selling and administrative expenses	(2 737)	(2 879)	
<b>Operating profit before non-operational items</b>	<b>850</b>	<b>890</b>	<b>(5)</b>
Non-operational items (refer note 1)	(917)	(373)	
Net finance costs	(226)	(251)	
Share of profit from associates	4	4	
<b>(Loss)/profit before tax</b>	<b>(289)</b>	<b>270</b>	<b>(207)</b>
Tax	(134)	(207)	
<b>(Loss)/profit for the year</b>	<b>(423)</b>	<b>63</b>	



# Income statement | non-operational items

Note 1	F2019 R000	F2018 R000
Impairment – GBK	873 925	372 592
Impairment – associate	25 500	—
Once off CVA-related costs	17 223	—
<b>Total</b>	<b>916 648</b>	<b>372 592</b>

# Segmental analysis | Revenue

	F2019 Rm	F2018 Rm	% change
Brands	895	851	5
Leading brands	749	722	4
Signature brands	146	129	13
Supply Chain	4 447	4 328	3
Manufacturing	2 912	2 851	2
Logistics	3 942	3 780	4
Eliminations	(2 407)	(2 303)	5
Corporate	24	11	
South Africa	5 366	5 190	3
UK	1 544	1 581	(2)
GBK	1 431	1 477	(3)
Wimpy UK	113	104	8
AME	270	252	7
<b>Total</b>	<b>7 180</b>	<b>7 023</b>	<b>2</b>

# Segmental analysis | Operating profit before non-operational items

	% of total	F2019 Rm	F2018 Rm	% change
Brands	56	476	431	10
Leading brands	54	457	412	11
Signature brands	2	19	19	(4)
Supply Chain	60	513	509	1
Manufacturing	50	429	405	6
Logistics	10	84	104	(19)
Corporate	(11)	(97)	(50)	
South Africa	105	892	890	—
UK	(8)	(64)	(45)	(44)
GBK	(10)	(82)	(60)	(37)
Wimpy UK	2	18	15	16
AME	3	22	45	(52)
<b>Total operating profit before non-operational items</b>	<b>100</b>	<b>850</b>	<b>890</b>	<b>(5)</b>



# Segmental analysis | Operating margin

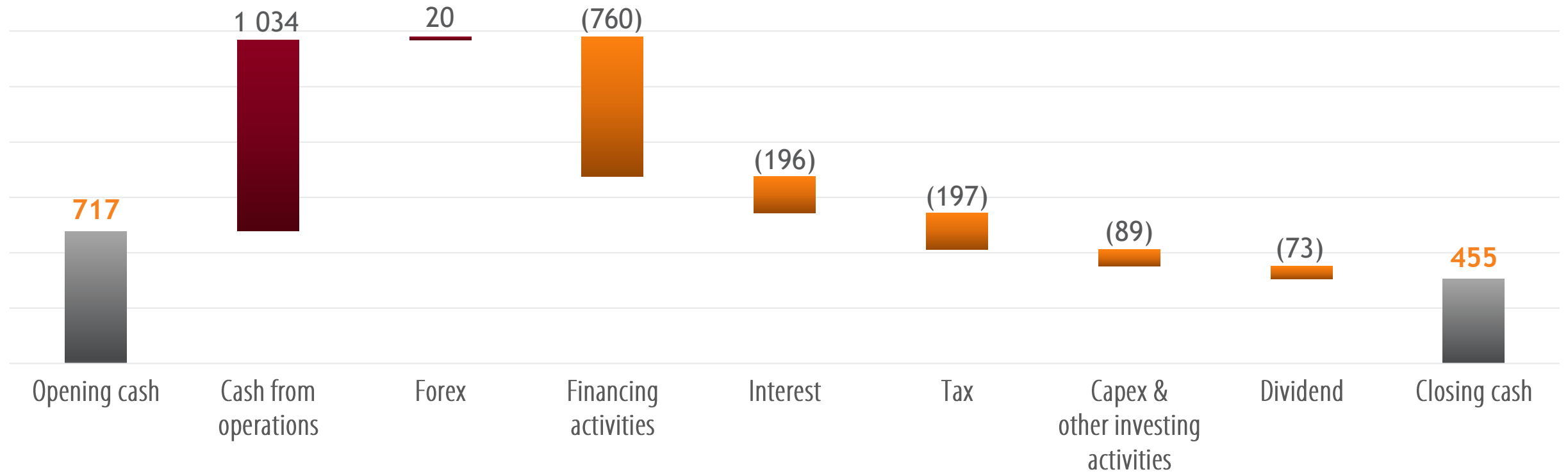
	F2019 %	F2018 %
Brands	53.2	50.7
Leading brands	61.1	57.0
Signature brands	12.8	15.1
Supply Chain	11.5	11.8
Manufacturing	14.7	14.2
Logistics	2.1	2.7
South Africa	16.6	17.2
UK	(4.2)	(2.8)
GBK	(5.7)	(4.1)
Wimpy UK	15.7	14.7
AME	8.0	17.6
<b>Group total</b>	<b>11.8</b>	<b>12.7</b>

# Statement of financial position

Rm	F2019	F2018	% change
<b>ASSETS</b>			
Property, plant and equipment	1 049	1 340	(22)
Intangible assets	2 180	2 548	(14)
Investments in associates	57	81	(29)
Inventories	455	436	4
Trade and other receivables	668	670	—
Cash and cash equivalents	454	717	(37)
Other assets	106	114	(7)
<b>Total assets</b>	<b>4 969</b>	<b>5 906</b>	
<b>EQUITY AND LIABILITIES</b>			
Equity	1 537	1 632	(6)
Borrowings	2 114	2 781	(24)
Derivative financial instruments	118	192	(38)
Lease liabilities	69	97	(29)
Trade and other payables	803	771	4
Other liabilities	328	433	(24)
<b>Total equity and liabilities</b>	<b>4 969</b>	<b>5 906</b>	

# Cash flow

Rm





# Attainment of strategic imperatives



# Brand capability

SA & AME

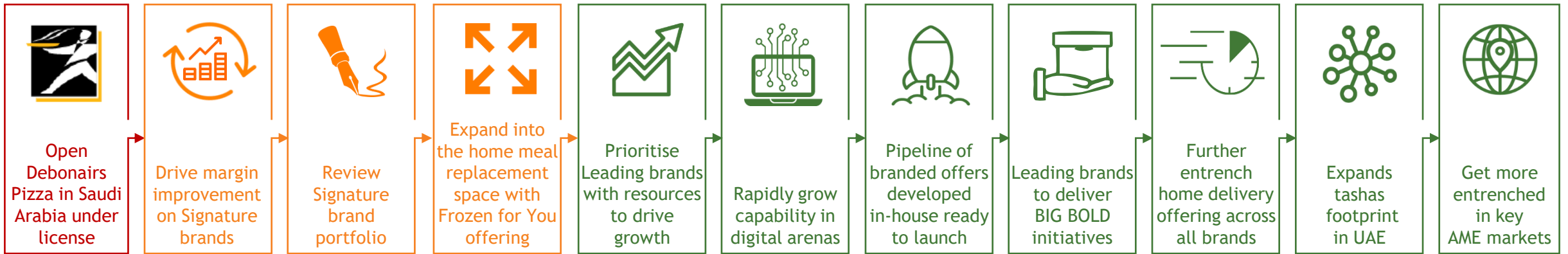


# 2019

Goals

Built

brand capability



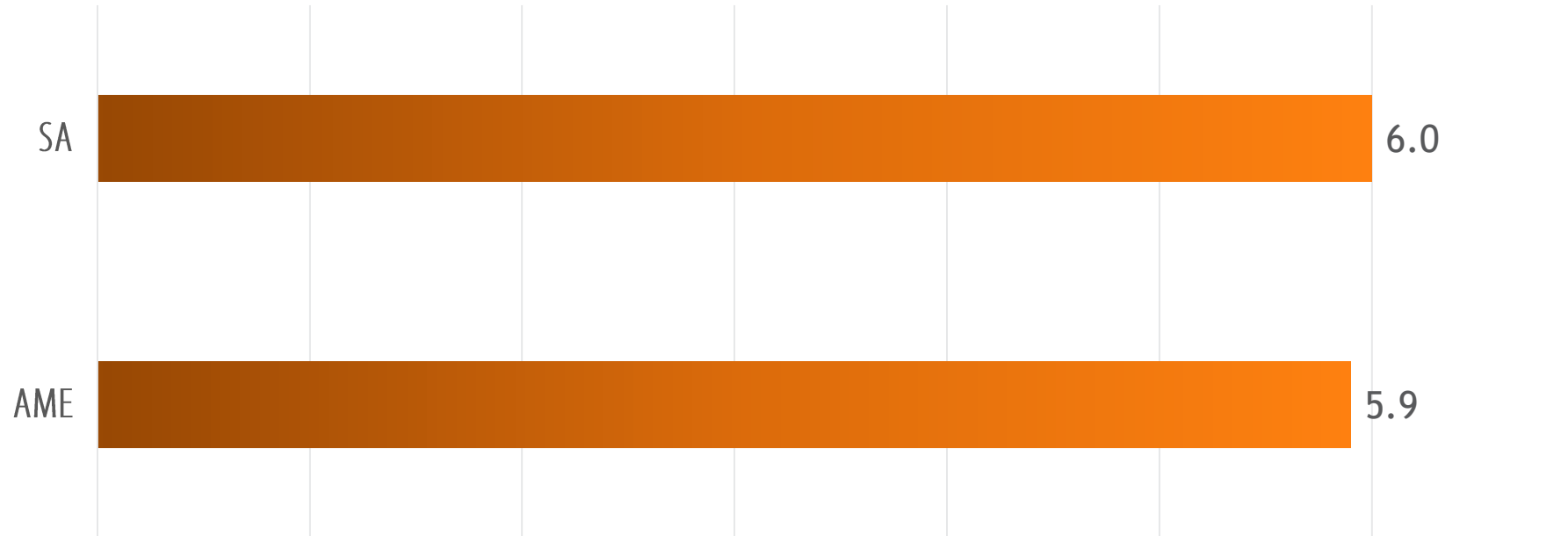
● Not achieved ● Underway ● Achieved



2019

# Brand capability

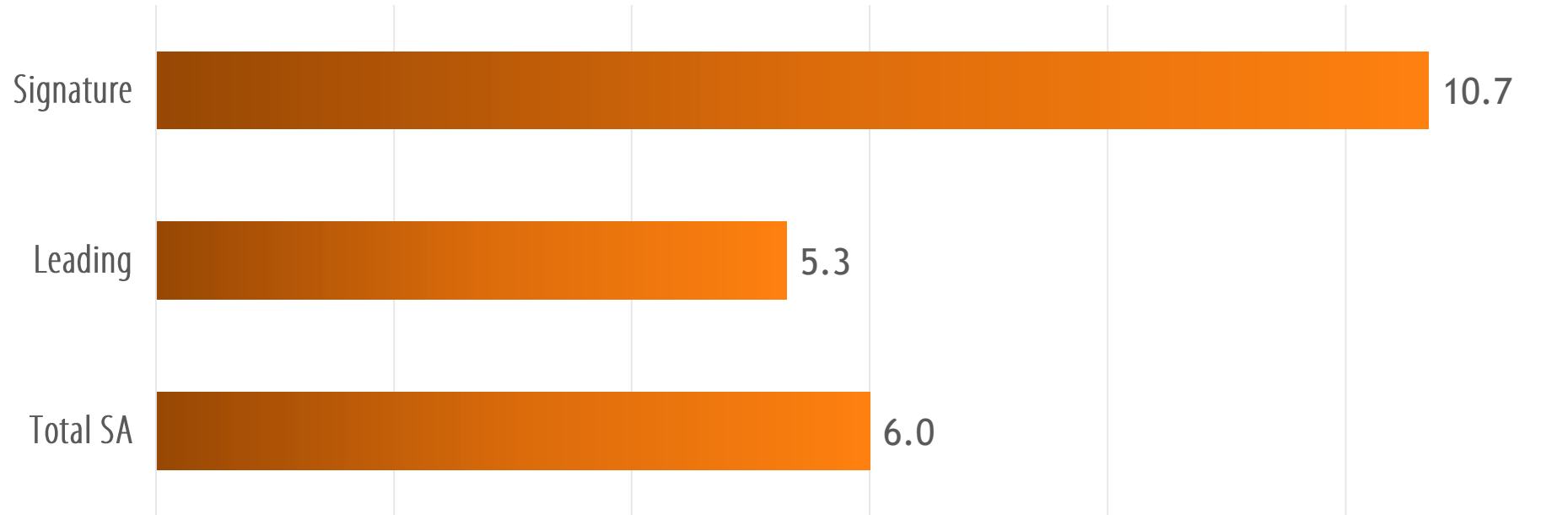
System-wide restaurant sales growth % (Rands)



2019

# Brand capability

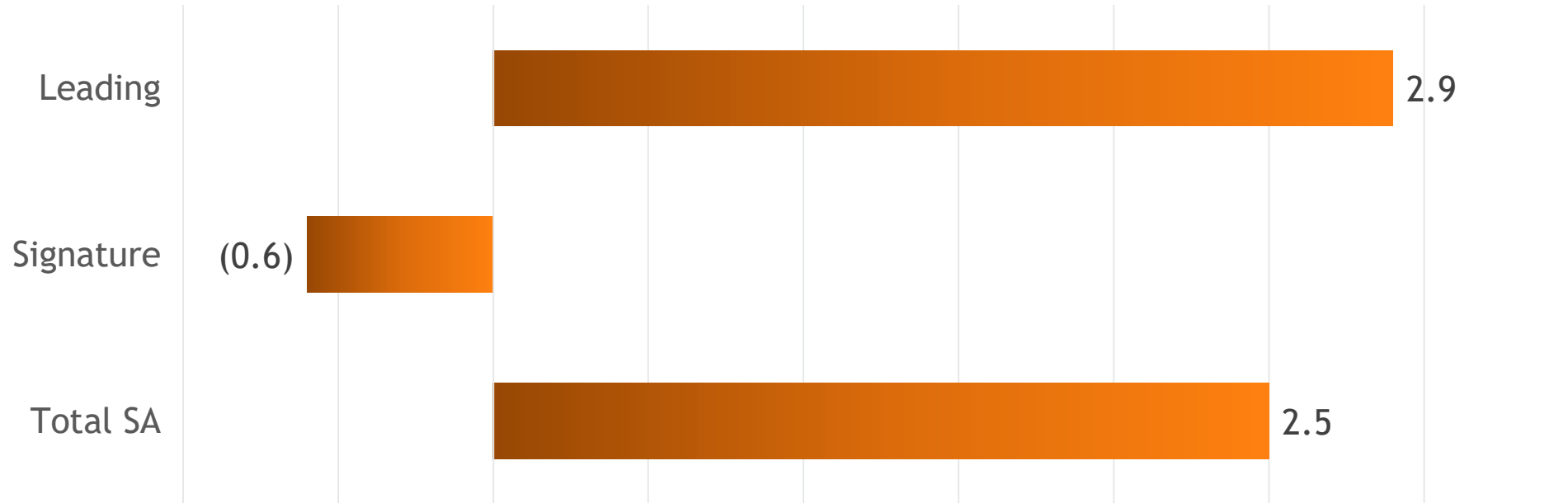
SA system-wide restaurant sales growth % (Rands)



2019

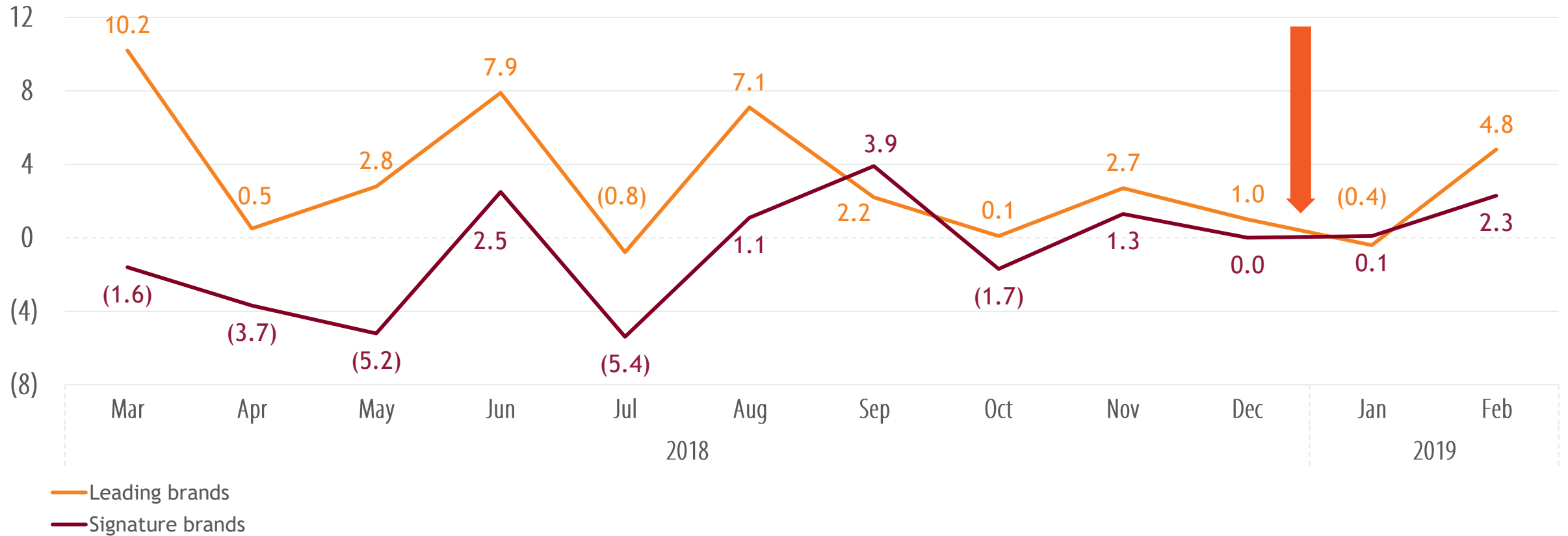
# Brand capability

SA like-for-like restaurant sales growth % (Rands)



# Seasonal analysis

SA like-for-like restaurant sales %

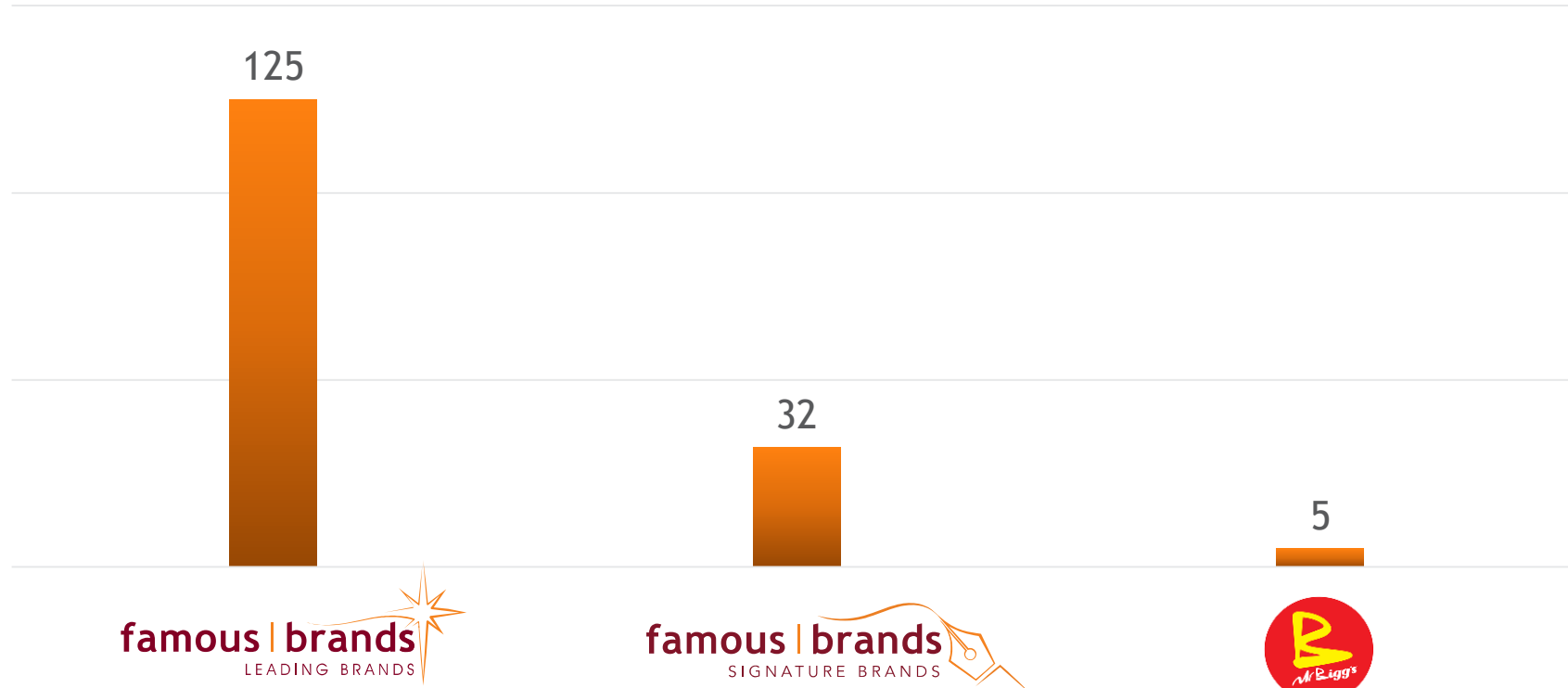


2019

# Brand capability

Total restaurants opened

Total **162**



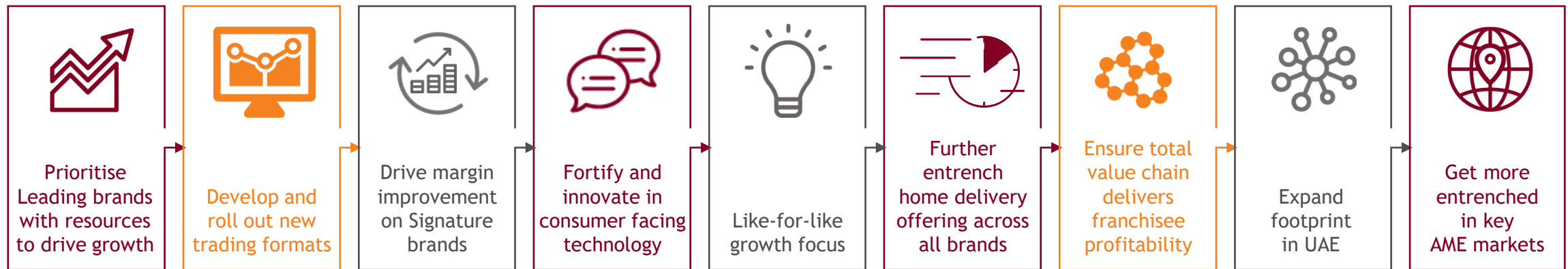


# 2020

Goals

Growing

Brand capability



# Logistics capability

SA & Exports



## Built **Logistics** capability

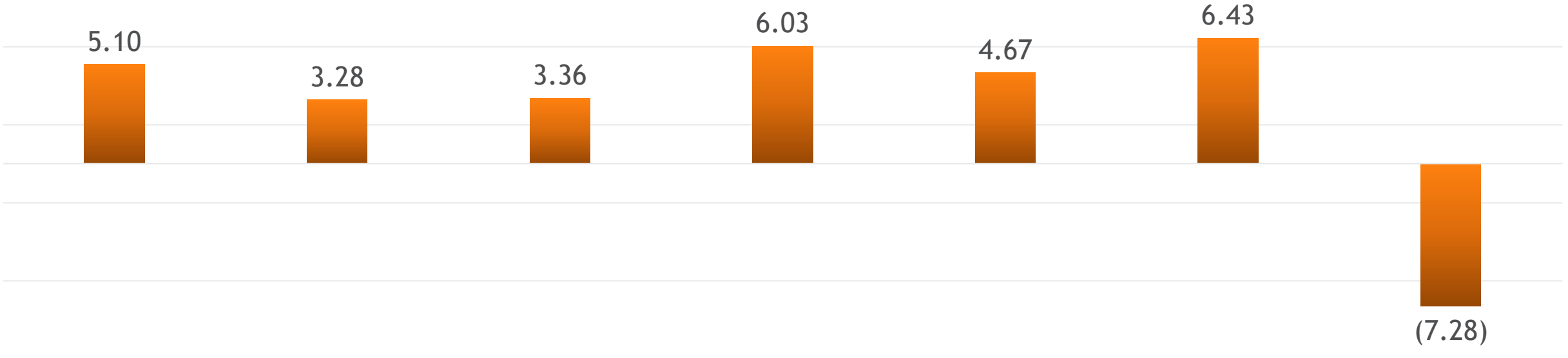
- Better cost allocation enabled improved insight into real cost structure of underlying operations
- 10-year logistics upgrade programme designed to address capacity constraints commenced with securing Western Cape and Free State relocation sites
- Opened East London cross dock facility

2019

# Logistics capability

Revenue growth 4%

%



Gauteng

KZN

Western Cape

Eastern Cape

Free State

Mpumalanga

Exports



# 2020

Goals

Growing

Logistics capability





# Manufacturing capability

SA

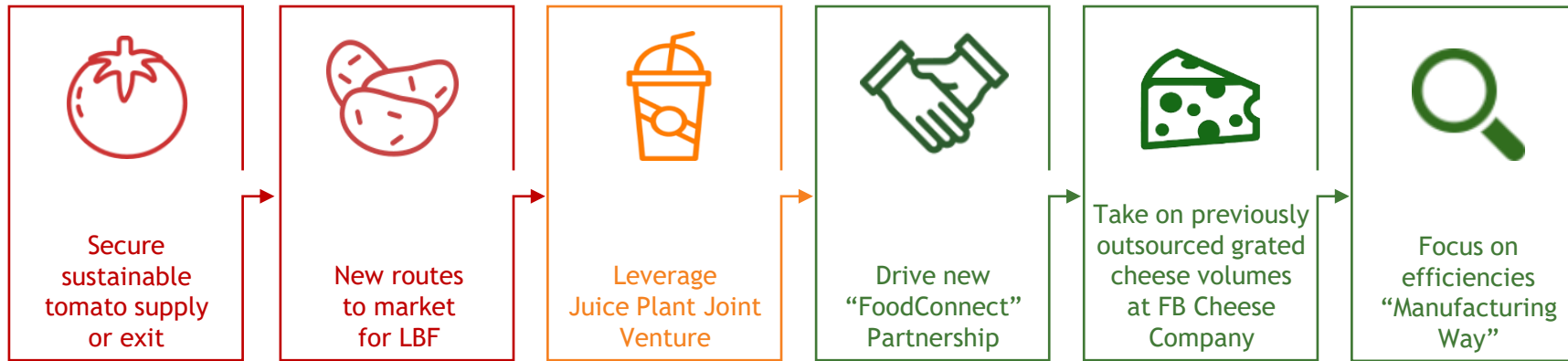


# 2019

Goals

Built

Manufacturing capability



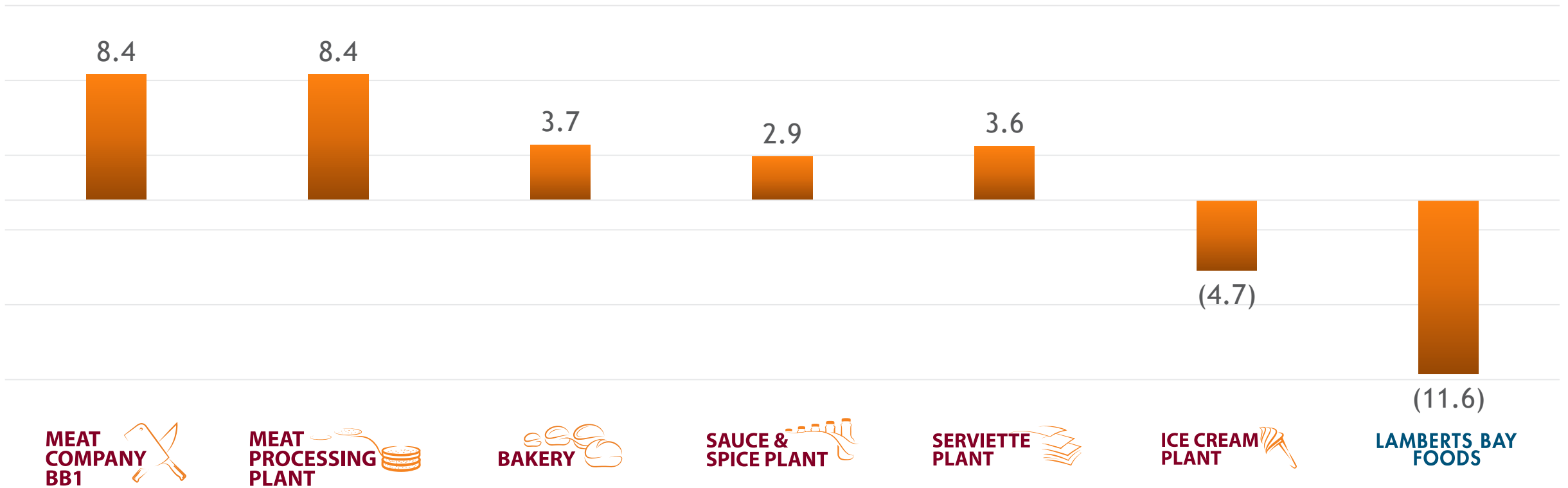
● Not achieved ● Underway ● Achieved

2019

# Manufacturing capability

Revenue growth % – own plants

Total 4.2%



2019

# Manufacturing capability

Revenue growth % – JV plants

Total 0.4%



# 2020

Goals

Growing

Manufacturing capability





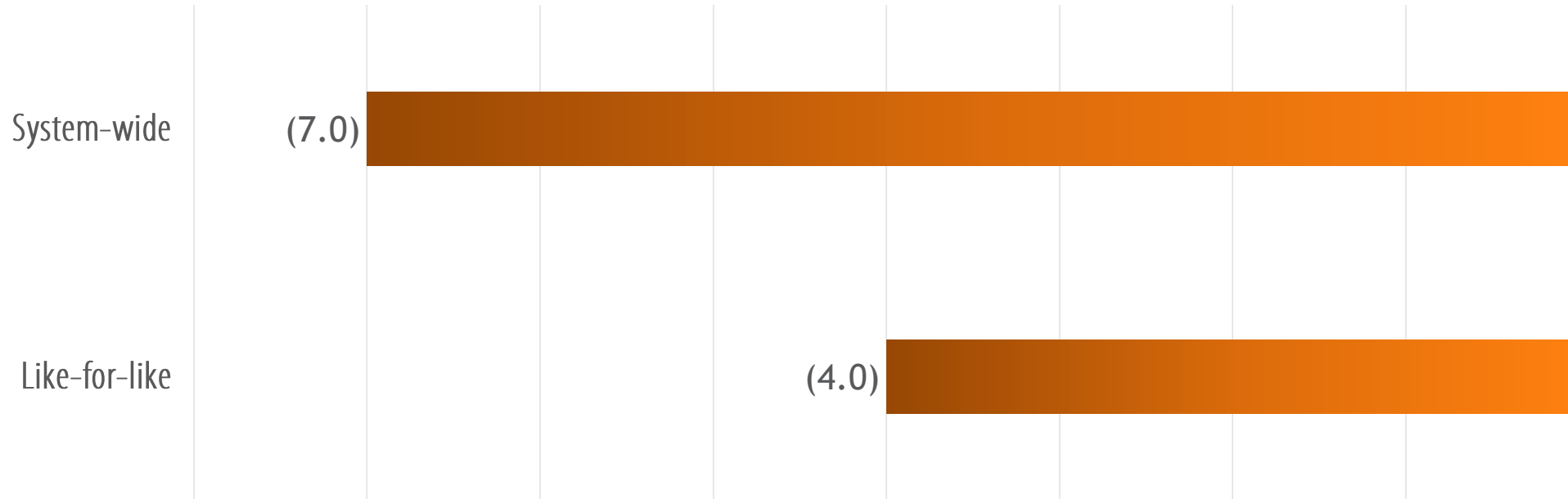
# GBK update



2019

# Brand capability

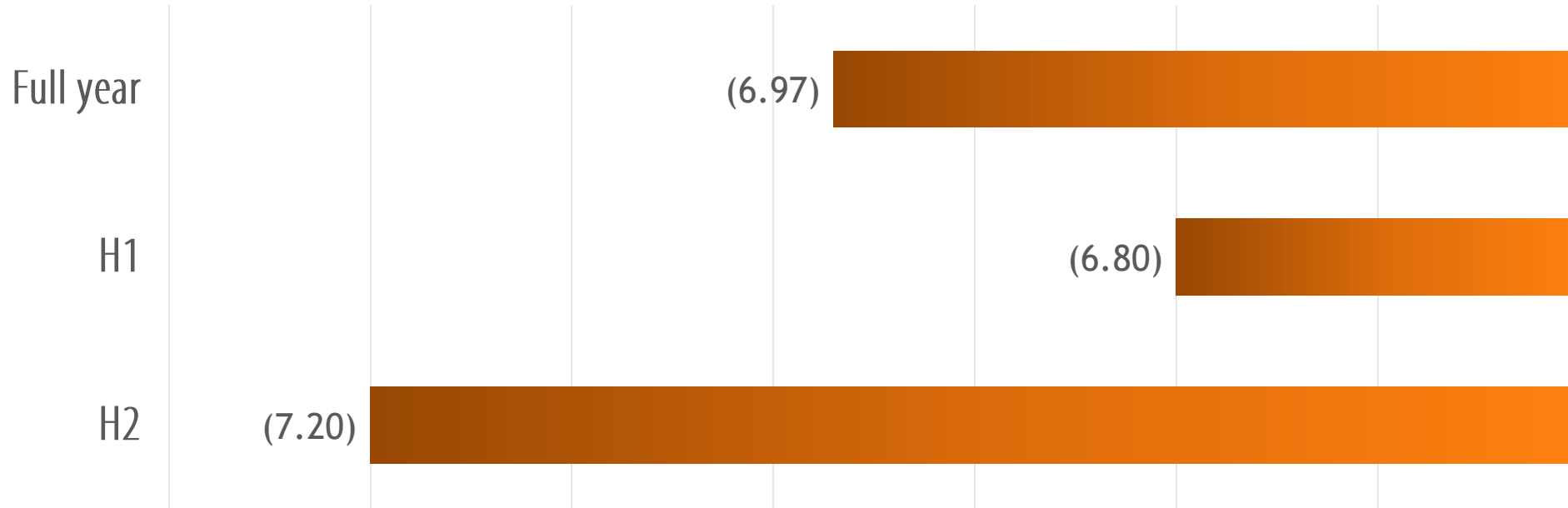
GBK UK restaurant sales growth % (Sterling)



2019

# Brand capability

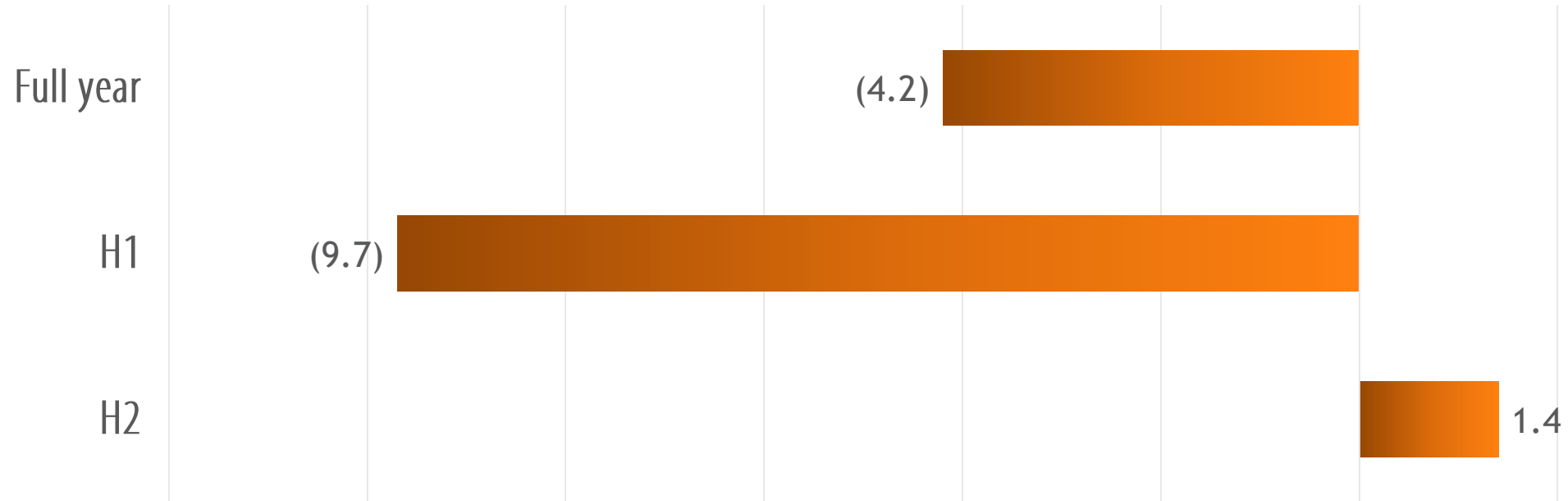
GBK UK system-wide restaurant sales growth % (Sterling)



2019

# Brand capability

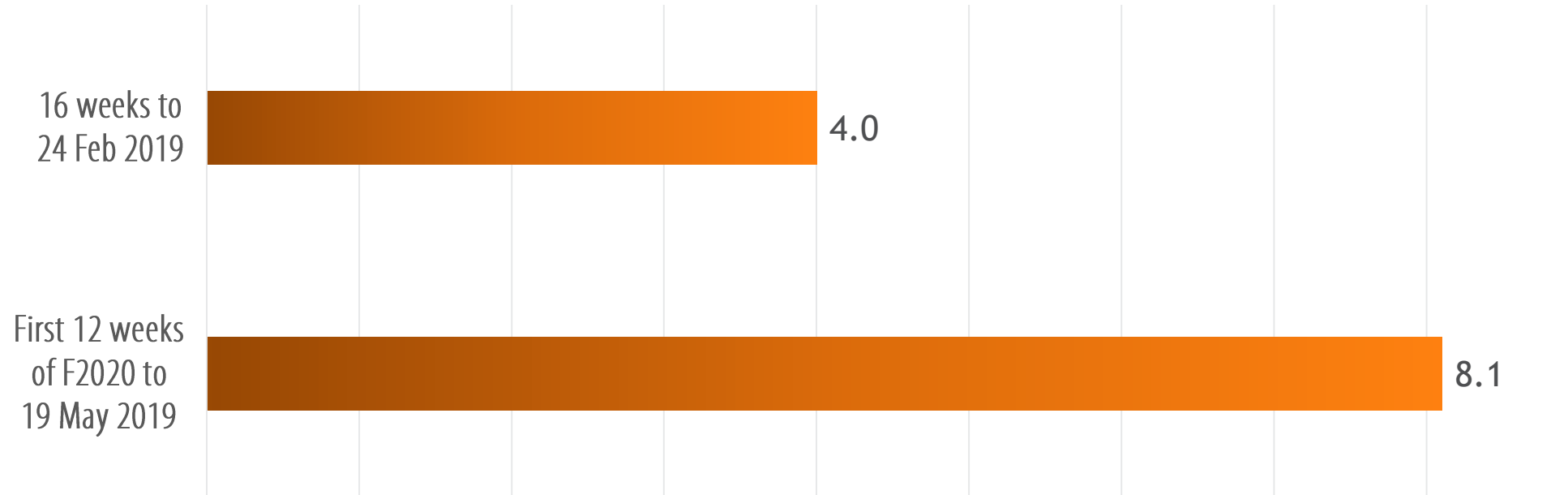
GBK UK like-for-like restaurant sales growth % (Sterling)



# Recent trading results

## Brand capability

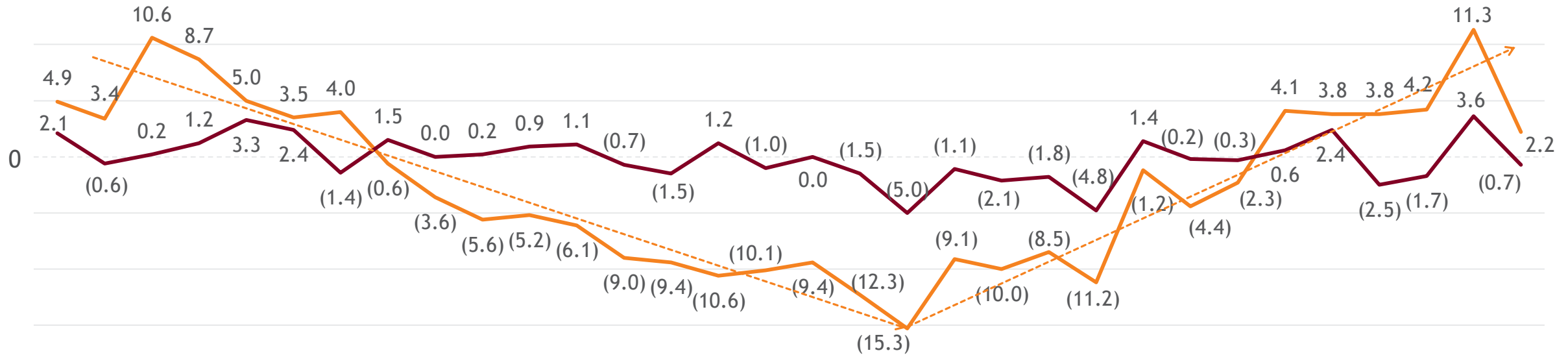
GBK UK like-for-like restaurant sales growth % (Sterling)





# Trading vs the market – September 2016 to April 2019

%



	2017				2018				2019										
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Gap %	(7.9)	(11.8)	(9.1)	(9.4)	(10.8)	(10.3)	(8.0)	(7.9)	(6.7)	(6.4)	(2.6)	(4.2)	(2.0)	3.5	1.4	6.3	5.9	7.7	2.9

# CVA restructure outcome (UK estate)

Launched on 24 October 2018

Completed in December 2018

Sites were categorised  
into four categories,  
with different terms for each

The terms of the CVA  
will remain in place for three years

Category A  
leases

39

Category B1  
leases

10

Category B2  
leases

11

Category C  
leases

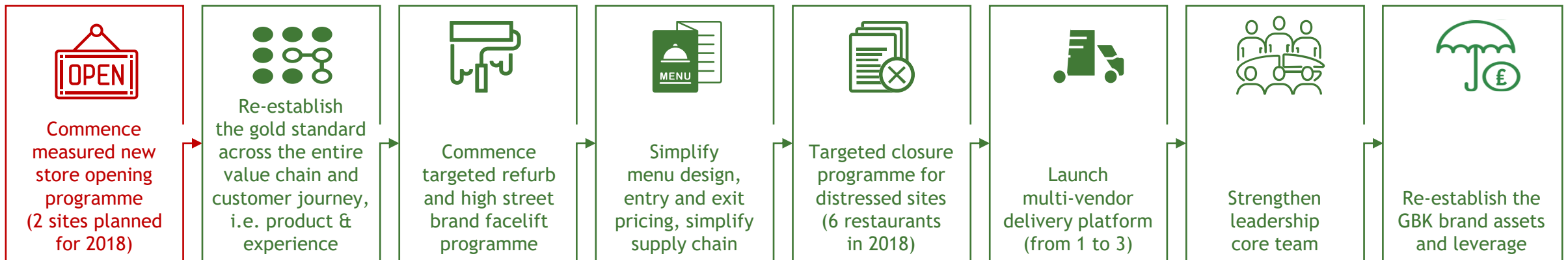
3

Total: 63 trading sites

# 2019

Goals

## Key imperatives



● Not achieved ● Underway ● Achieved

# GBK Outlook

% of revenue	F2020	F2021	F2022
EBITDA	3.1	4.4	5.5
PBIT	(3.0)	(1.5)	0.0

# Imperatives for the future



# Outlook

Local and global trading conditions remain challenging

Drive profitable sustainable long term growth

Pursue relevant acquisitions in brands and upstream manufacturing segments

Rationalise underperforming assets where necessary

GBK to outperform the UK casual dining market and return to profitability

Align the Leading brands' supply chain and cost drivers to remain competitive.

Leading brands to deliver like-for-like growth ahead of food inflation



# Questions





**famous | brands**  
*you're in good company*

**Thank you**

