

Famous Brands intent on further expansion in the UK

Famous Brands is planning further expansion in the UK as the owner of fast-food chains including Debonairs Pizza and Steers seeks faster growth in the country, and increased revenue from currencies other than the rand.



Kevin Hedderwick.

Image credit: [Financial Mail](#)

"I have spent a lot of time going back and forth looking for a suitable asset so we can get some momentum in the UK," strategic adviser and former CEO Kevin Hedderwick said on Monday. The group has just completed its best year in the UK, yet the business is still "pedestrian" by company standards, he said.

Revenue in the UK gained 13% to R116m in the year to end-February, yet fell by 2% in pounds, Famous Brands said. Total sales were up 31% to R4.3bn, while operating profit gained 18%. The company plans to add five more Wimpy outlets in the country this year and one Steers restaurant, as part of a wider store-opening plan across international and domestic markets.

South African retailers have been expanding in the UK and elsewhere in part to diversify away from the rand, which has weakened almost 30% against the US dollar in the past 12 months. Clothing chain The Foschini Group has bought two British chains since early 2015, while investment company Brait acquired fashion retailer New Look.

Famous Brands was targeting operating profit of R1bn in the year through February 2018, Hedderwick said, up from R792m in 2016. The company is planning 292 new franchise restaurants this fiscal year, building on an end-February total of more than 2,600 stores. The company was reviewing its licensing agreement in the Middle East as growth in the region had been "a little bit slow", Hedderwick said.

Famous Brands' share price had gained 2.1% to R119.50 by midday on Monday on the JSE, valuing the company at

R11.9bn. The share price was down 8% this year, compared with a 7.1% increase on the FTSE/JSE Africa all share index.

"I can confidently say that the objective is doable and we are well on track," said Hedderwick, who stepped down as CEO in February to make way for Darren Hale.

Bloomberg

Source: Business Day

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