



RESTAURANTS

EARNINGS PRESENTATION

FY23 RESULTS

GREAT PEOPLE,
GREAT FOOD,
GREAT COMPANY

February 2024

Disclaimer

Cautionary statement regarding forward looking information

This presentation includes statements that are, or may be deemed to be, "forward looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places and include, but are not limited to, statements regarding the Company's intentions, beliefs or current expectations concerning, amongst other things, results of operations, financial condition, liquidity, prospects, growth and strategies. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

Forward looking statements are not guarantees of future performance and the actual results of operations, financial condition and liquidity, and the development of the industry in which the Company operates, may differ materially from those made in or suggested by the forward-looking statements set out in this presentation. Past performance of the Company cannot be relied on as a guide to future performance. The forward-looking statements contained in this document speak only as at the date of this document. The Company expressly disclaim any obligation or undertaking to update these forward-looking statements contained in the document to reflect any change in their expectations or any change in events, conditions or circumstances on which such statements are based unless required to do so by applicable law. No statement in this document is intended to be a profit forecast. As a result, you are cautioned not to place any undue reliance on such forward-looking statements. In addition, even if the results of operations, financial condition and liquidity of the Company, and the development of the industry in which the Company operates, are consistent with the forward-looking statements set out in this document, those results or developments may not be indicative of results or developments in subsequent periods.

The payment of dividends by the Company is subject to consideration by the Board of Directors of the cash management requirements of the Company. In addition, the Company expects that when deciding on dividend distribution, the Board of Directors will also consider market conditions, the then current operating environment in the markets in which the Company operates, and the outlook for the Company's business.

AGENDA & PRESENTERS



**AMARPAL
SANDHU**
CHIEF EXECUTIVE OFFICER

01 Business Updates



**HARSH
BANSAL**
CHIEF FINANCIAL OFFICER &
CHIEF GROWTH OFFICER

02 Financial Review



**SONIKA
SAHNI**
HEAD OF INVESTOR RELATIONS

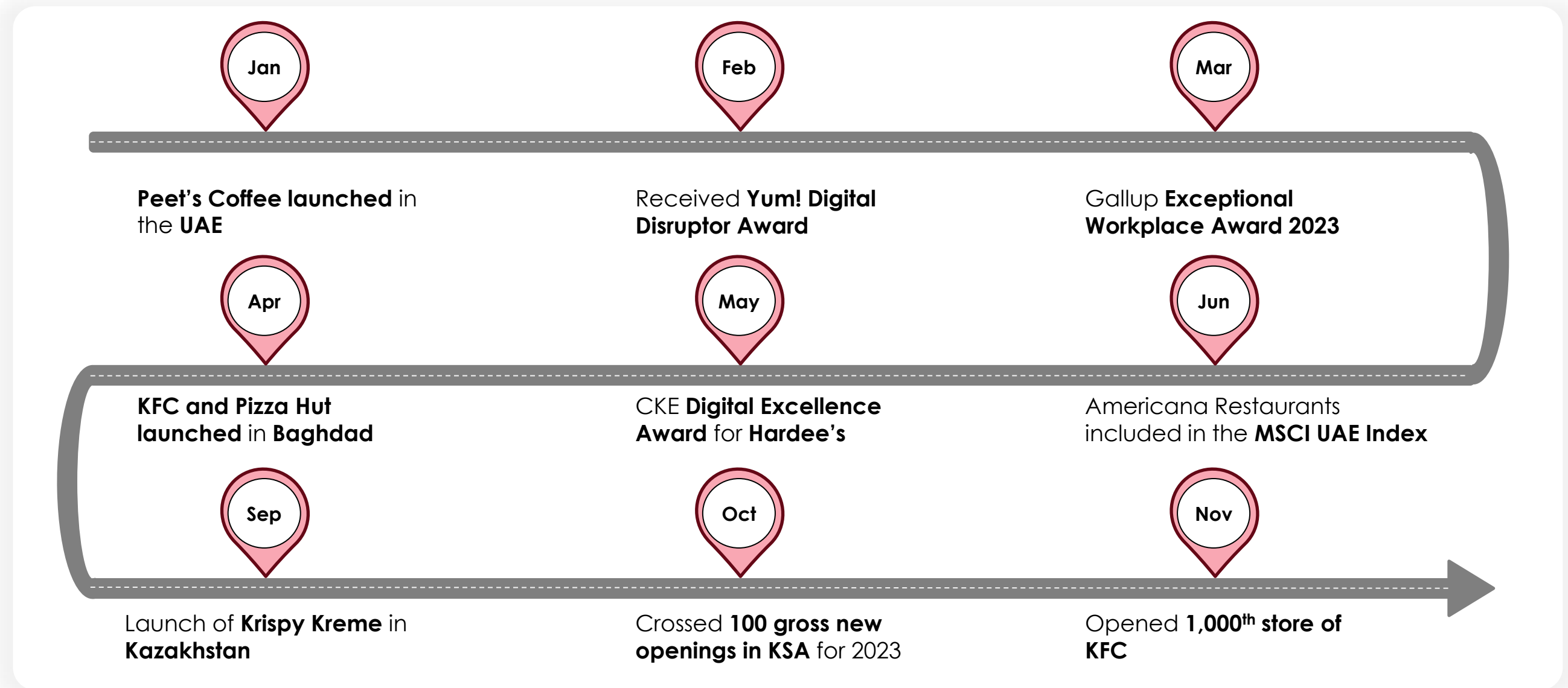
03 The Way Forward

04 Appendix



BUSINESS **UPDATES**

Highlights from our journey in 2023



Adapting, overcoming, and delivering: A year of business resilience and commitment

Core performance metrics



Revenue guidance



Margin improvement



Restaurant portfolio growth



Scaleup of brands



Development of digital capabilities



Guidance on NWC



Dividends

Achievements

✓ Revenue growth of **1.5%**

✓ Gross margin of **68.9%**¹

✓ **300 gross** new store openings (**252 net new stores**)

✓ **Pizza Hut expansion** in KSA

✓ **Peet's Coffee** launch in the UAE and KSA

✓ **Krispy Kreme** launch in Kazakhstan

✓ Launch of **loyalty program for KFC**

✓ Establishment of **dynamic pricing platform**

✓ **NWC of (9.2%)**²

✓ Proposed **\$130m** dividend for 2023³ in line with min. 50% dividend payout; special one-time dividend of **\$50m**³

Source: Company information

1. Calculated as (2023 Revenue less cost of inventory)/Revenue

2. NWC as % of revenue

3. Subject to shareholders approval at AGM

FY23 Performance dashboard



Restaurant Portfolio

2,435 stores

+300 gross new restaurants added
+252 net new restaurants added



Revenues \$2,413.1m

(vs. 2022A)

1.5% growth
+\$35m increase



LfL

(vs. 2022A)

(1.3%) LfL revenues growth



Adj. EBITDA \$550.8m

(vs. 2022A)

2.8% growth
22.8% margin



Net Profit \$259.5m¹

(vs. 2022A)

0.1% growth
10.8% margin



Capex \$167.9m

7.0% of revenue

Source: Company information

¹ Profits attributable to Shareholders of the Parent Company

Groundbreaking restaurant rollouts with cutting-edge concepts

 Peet's Coffee



Dubai, UAE



30-Nov-23



135 sqm



Salwa, Kuwait



24-Dec-23



221 sqm



Doha, Qatar



29-Dec-23



496 sqm



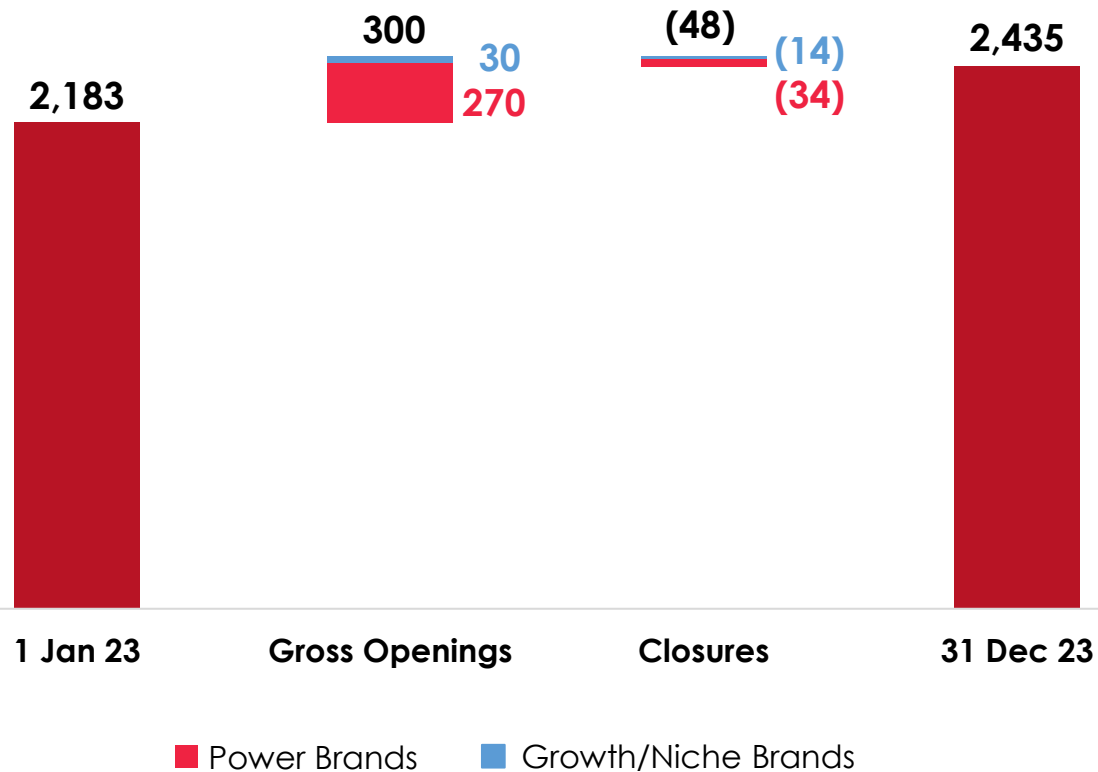
FINANCIAL

REVIEW

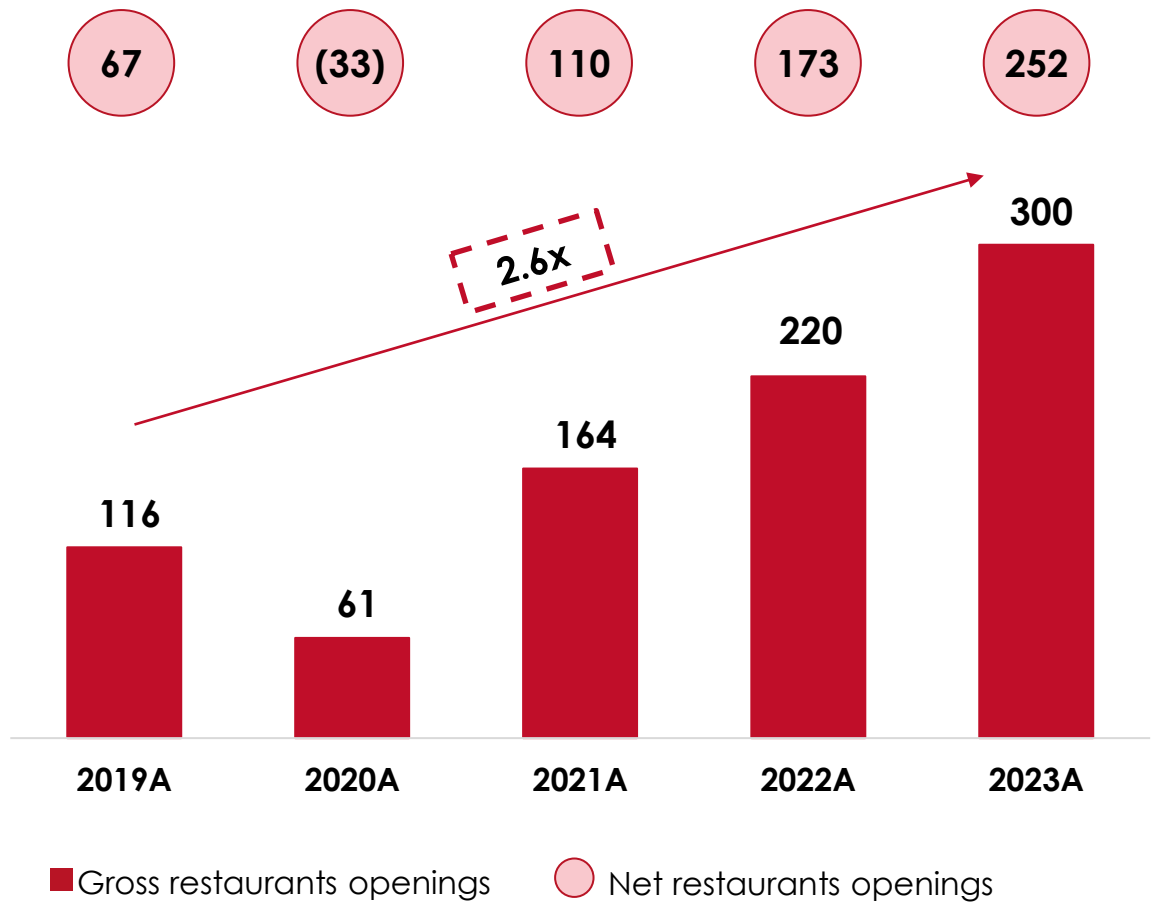
Consistent growth in restaurant rollout with addition of 252 net new stores in FY23

Restaurant portfolio evolution (1 Jan 23 – 31 Dec 23)

No. of restaurants

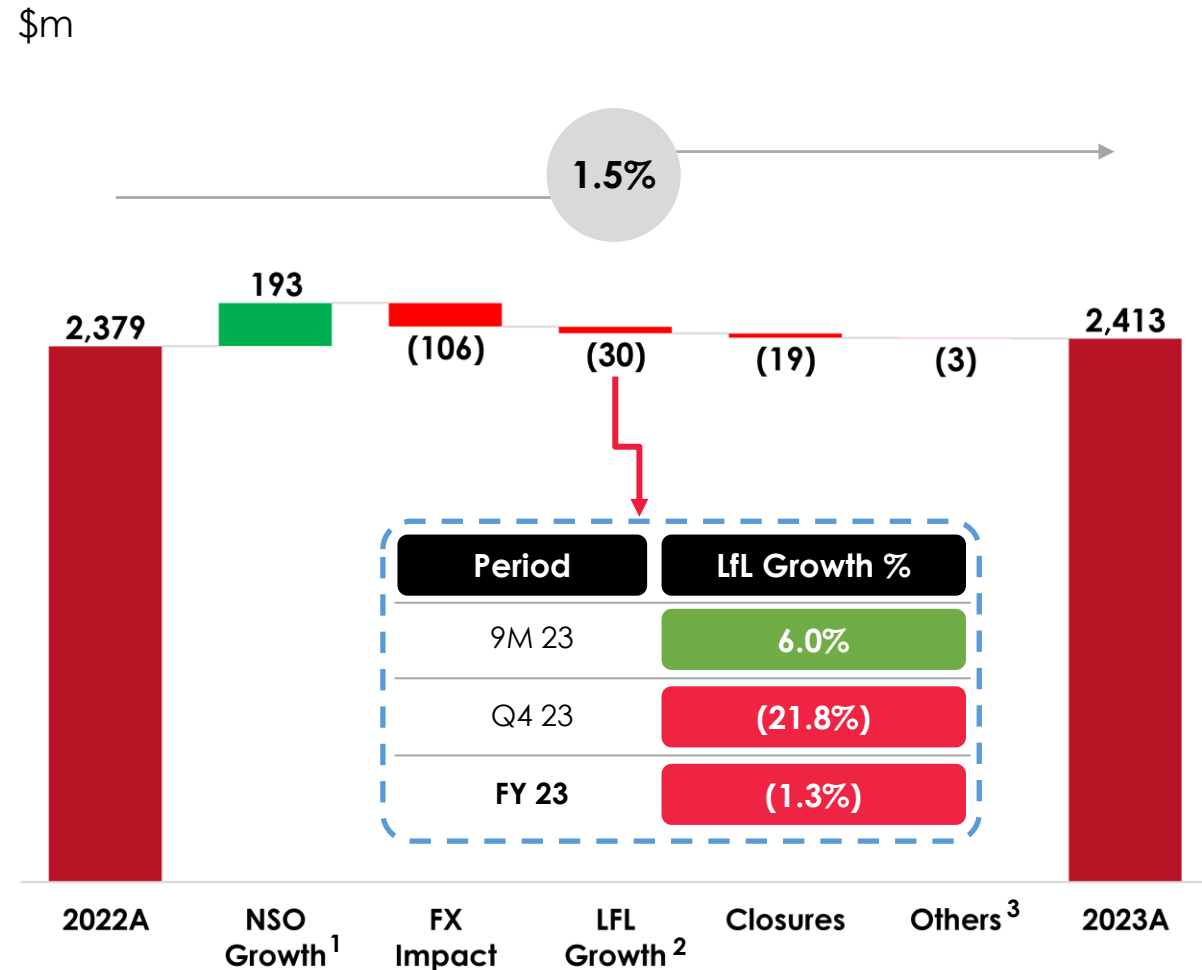


Restaurant openings (2019A - 2023A)

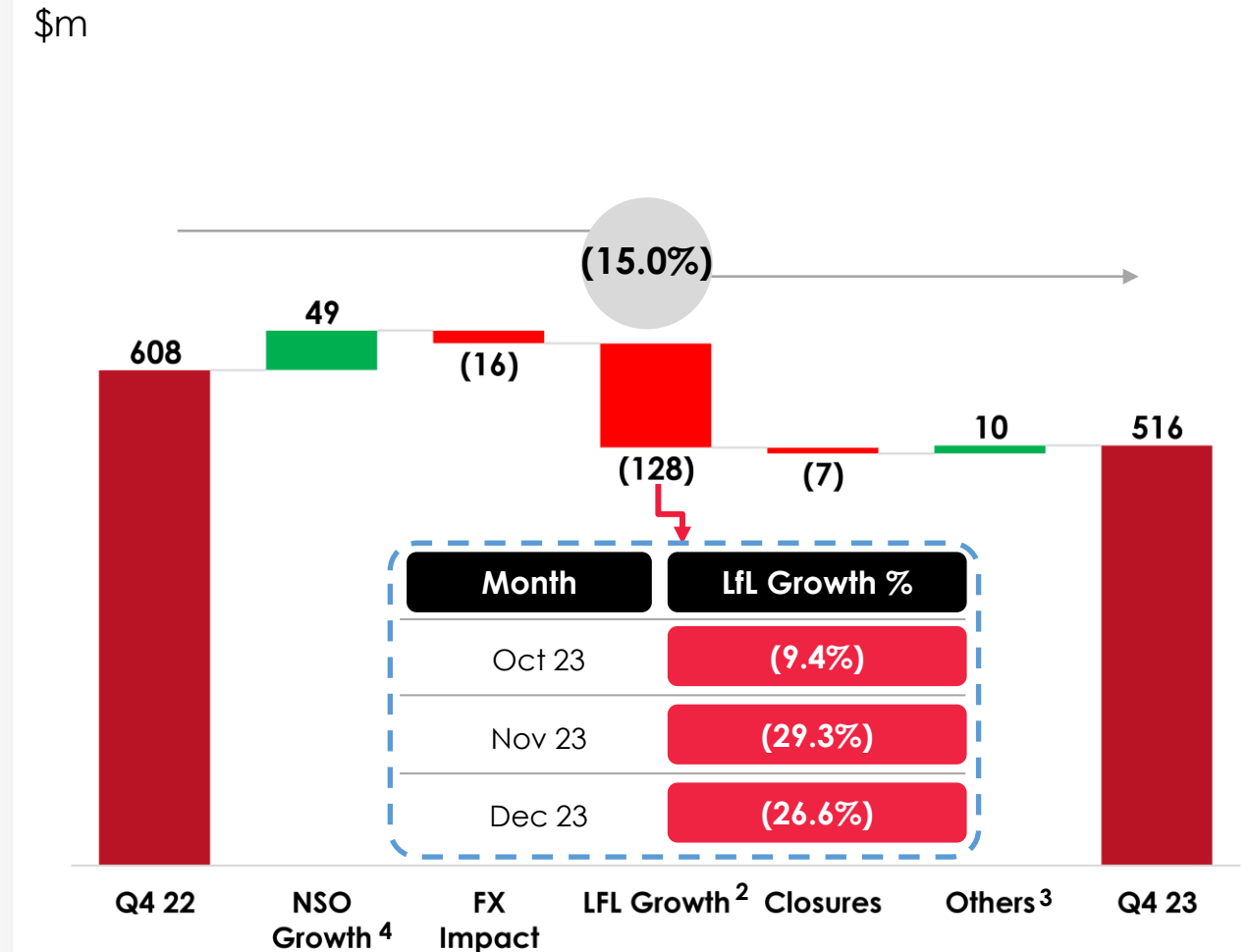


Despite record new store openings; revenue growth impacted due to unfavorable FX movements and regional geopolitical situation which impacted Q4

Revenue bridge (FY 22 to FY 23)



Revenue bridge (Q4 22 to Q4 23)



Source: Company information

1. Revenue contribution from stores opened during 2022 and 2023
2. LFL growth for stores that have completed 12 months of operations
3. Others include Lebanon hyperinflation impact, rentals and logistics
4. Revenue contribution from stores opened during Q4 22 and Q4 23

Crisis impact varied across countries; within GCC, the UAE and KSA were least impacted during Q4 23

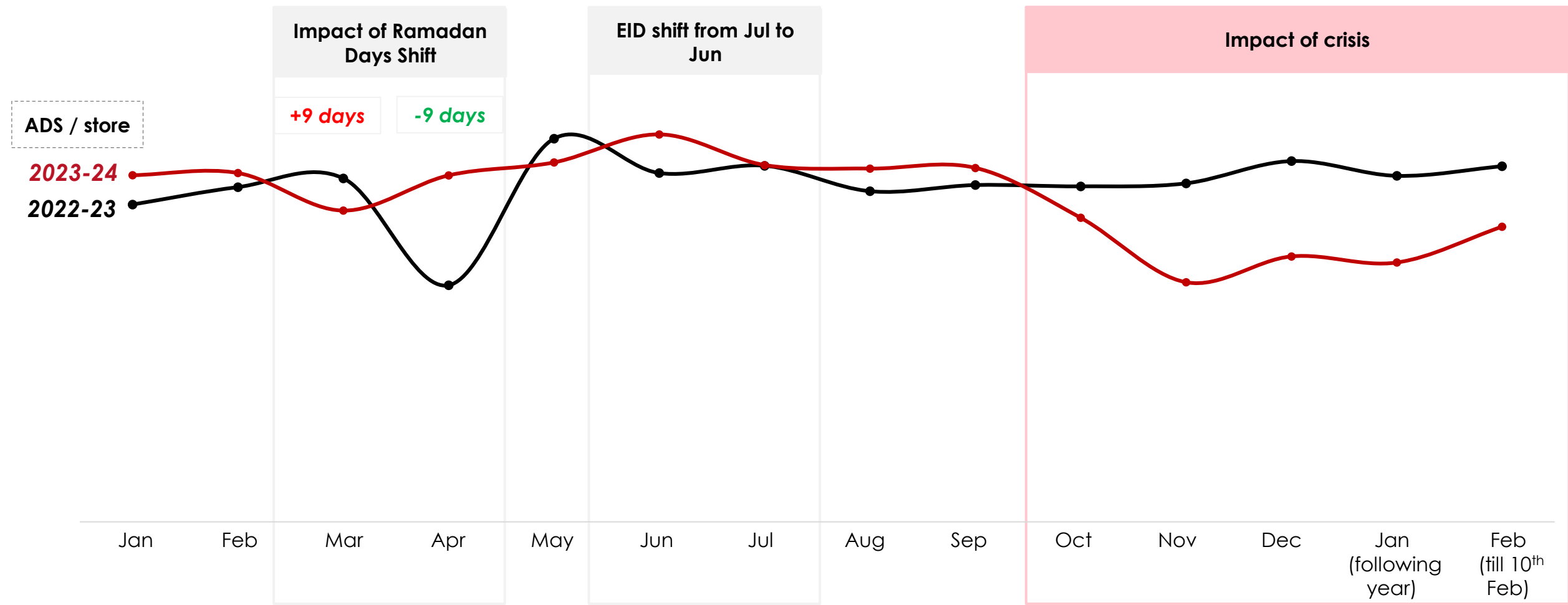
Impact intensity

2023 revenue share %



LfL sales bottomed out in Q4 23, early signs of recovery in some countries

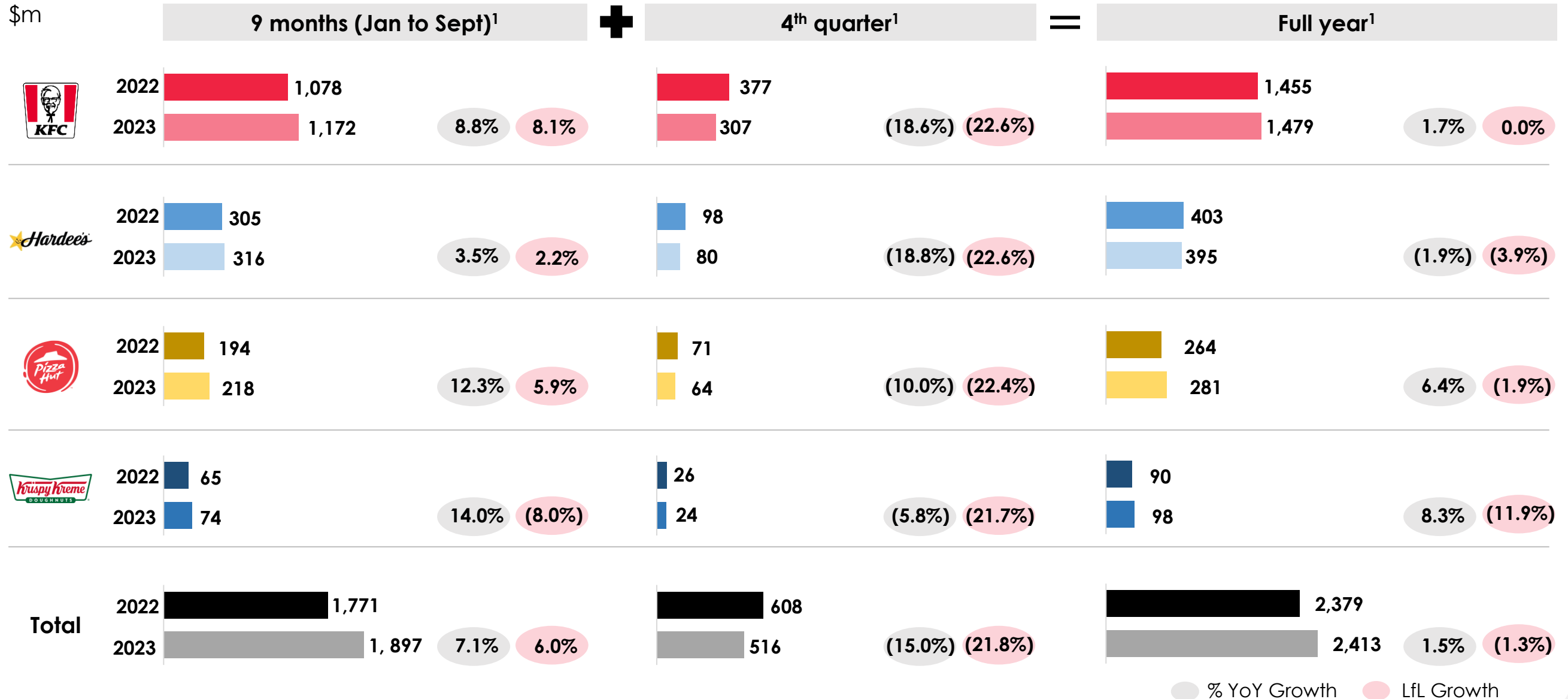
Average daily sales (ADS) per store trend



Source: Company information
 1 Comparison ADS/store of LfL stores (stores fully operational in 2022 and 2023)

Positive momentum in LfL revenue growth until Q3 23; Q4 23 impacted by geopolitical situation, affecting full year 2023 performance

Revenues by Power Brands



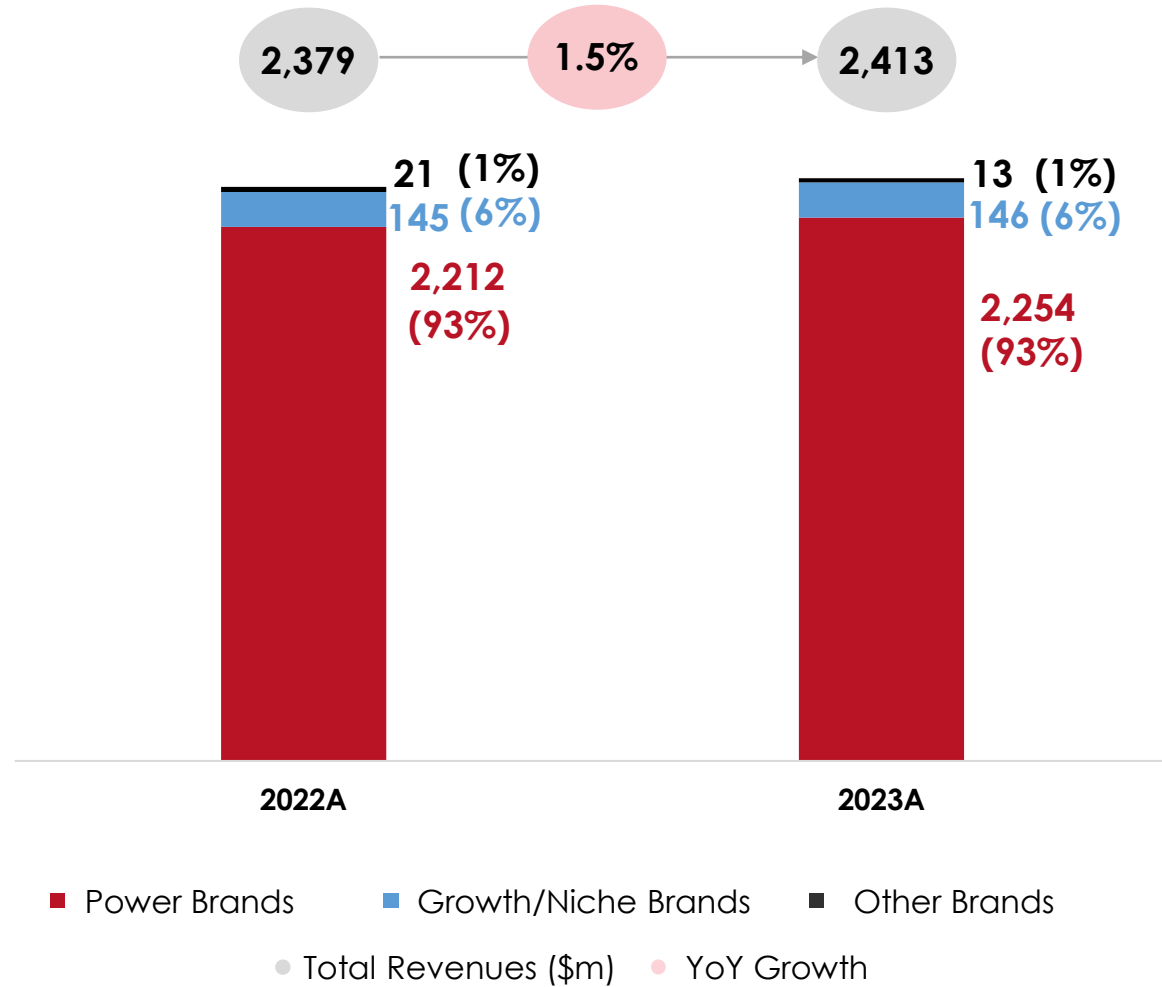
Source: Company information

1. Sum of 9M and Q4 might not add up to Full year due to rounding

Unchanged mix of Power Brands; with stable channel mix

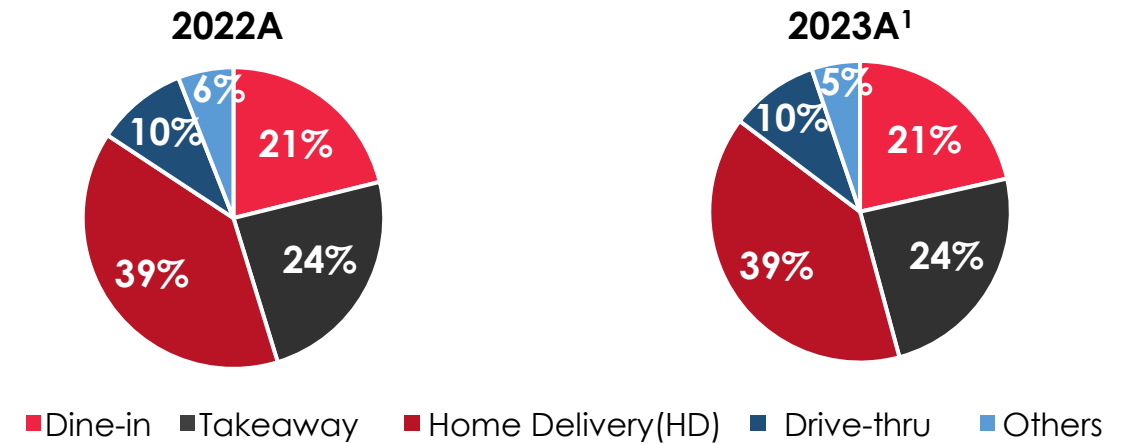
Revenue mix

\$m



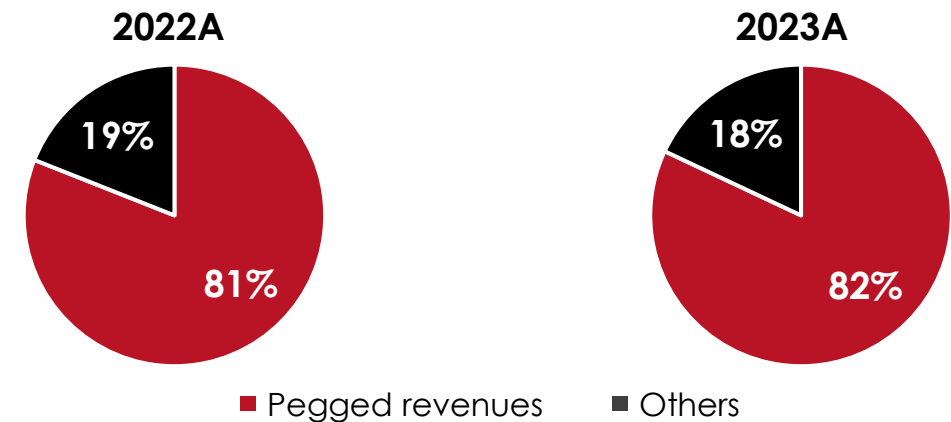
Channel mix

\$m



Revenues in stable pegged currencies

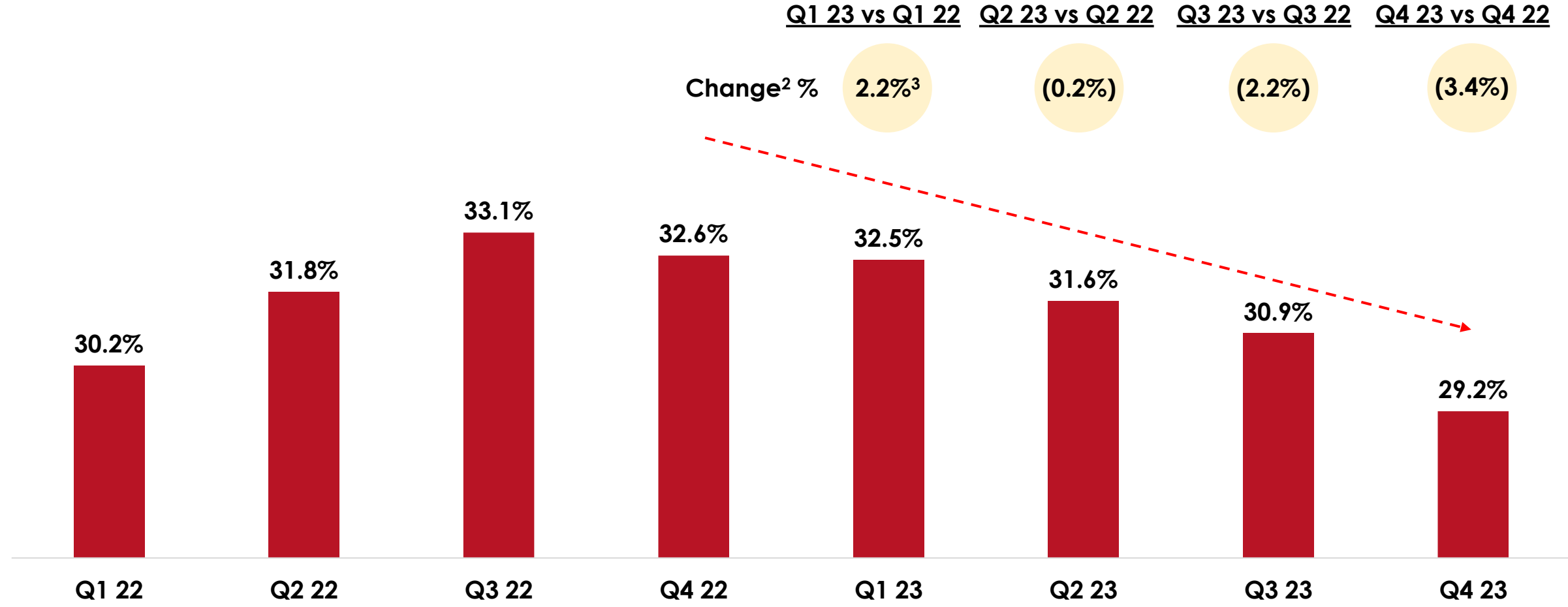
%



Continued reduction in cost of inventory driven by commodity reduction, pricing, and revenue management initiatives

Cost of inventory¹ evolution (Q-o-Q)

%

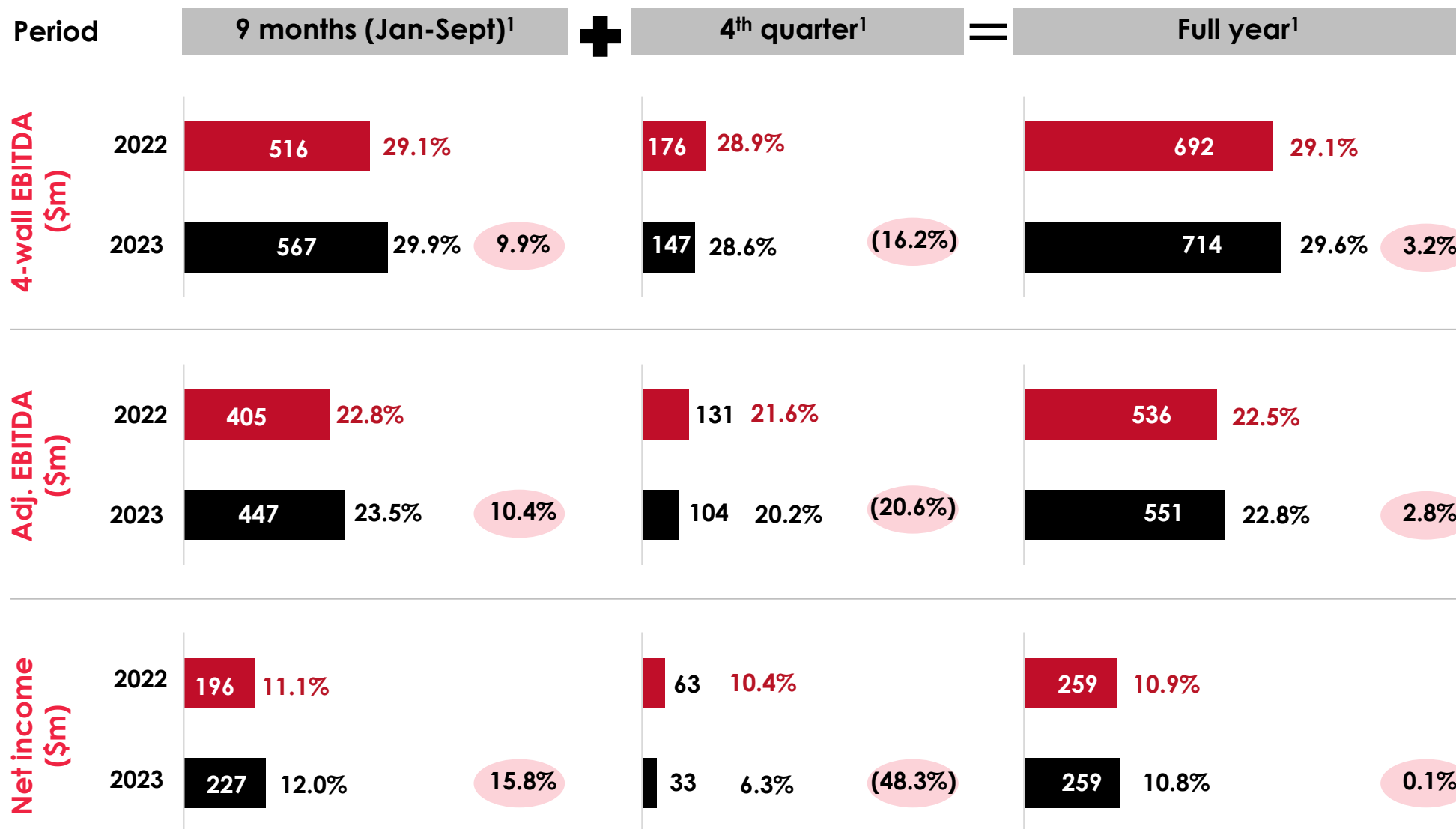


Source: Company information. Cost of inventory refers to cost of materials, filing and packing materials

- 1. Cost of inventory as a % of revenue
- 2. Change % calculated as cost of inventory % in current quarter less same quarter last year
- 3. Doesn't tally with one decimal figure of 2.3% due to rounding

Despite the impact on Q4 performance, profitability metrics improved in FY23

Profitability



Cost measures to mitigate crisis impact

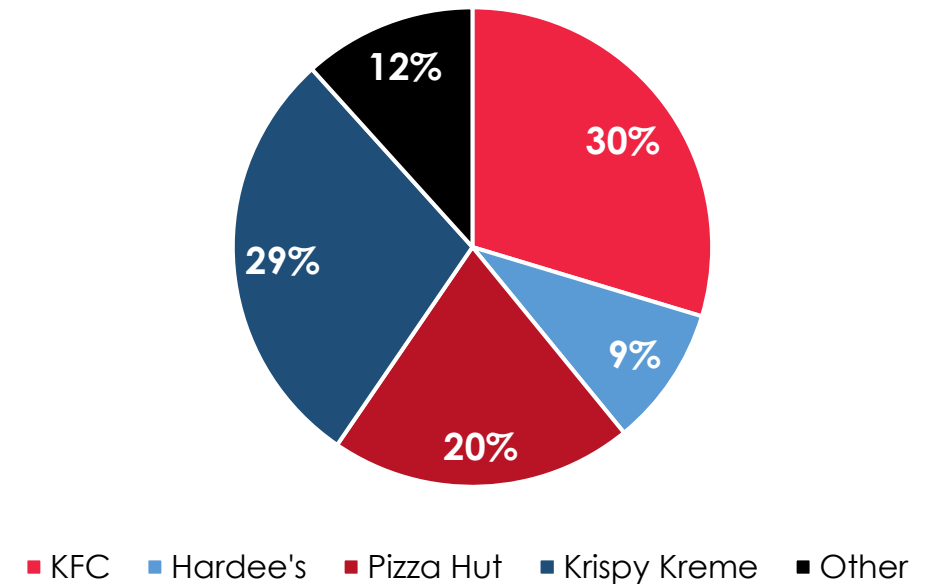
- ✓ Supply chain optimization; discounts by food materials and packaging suppliers
- ✓ G&A platform optimization
- ✓ Ongoing discussions with Franchisors for reliefs
- ✓ Reduction in controllable expenses
- ✓ ZBB approach across all cost line items

Store expansion underpinned by a compelling two-year payback period

Key metrics by restaurants¹

Brand	New Restaurants openings	Avg. Capex / new restaurant (\$k)	Payback (years)
 KFC	132	479	1.7
 Hardee's	42	432	2.4
 Pizza Hut	91	312	2.6
 Krispy Kreme	128	134	1.8
Others	52	294	4.1
Total	445	320	2.0

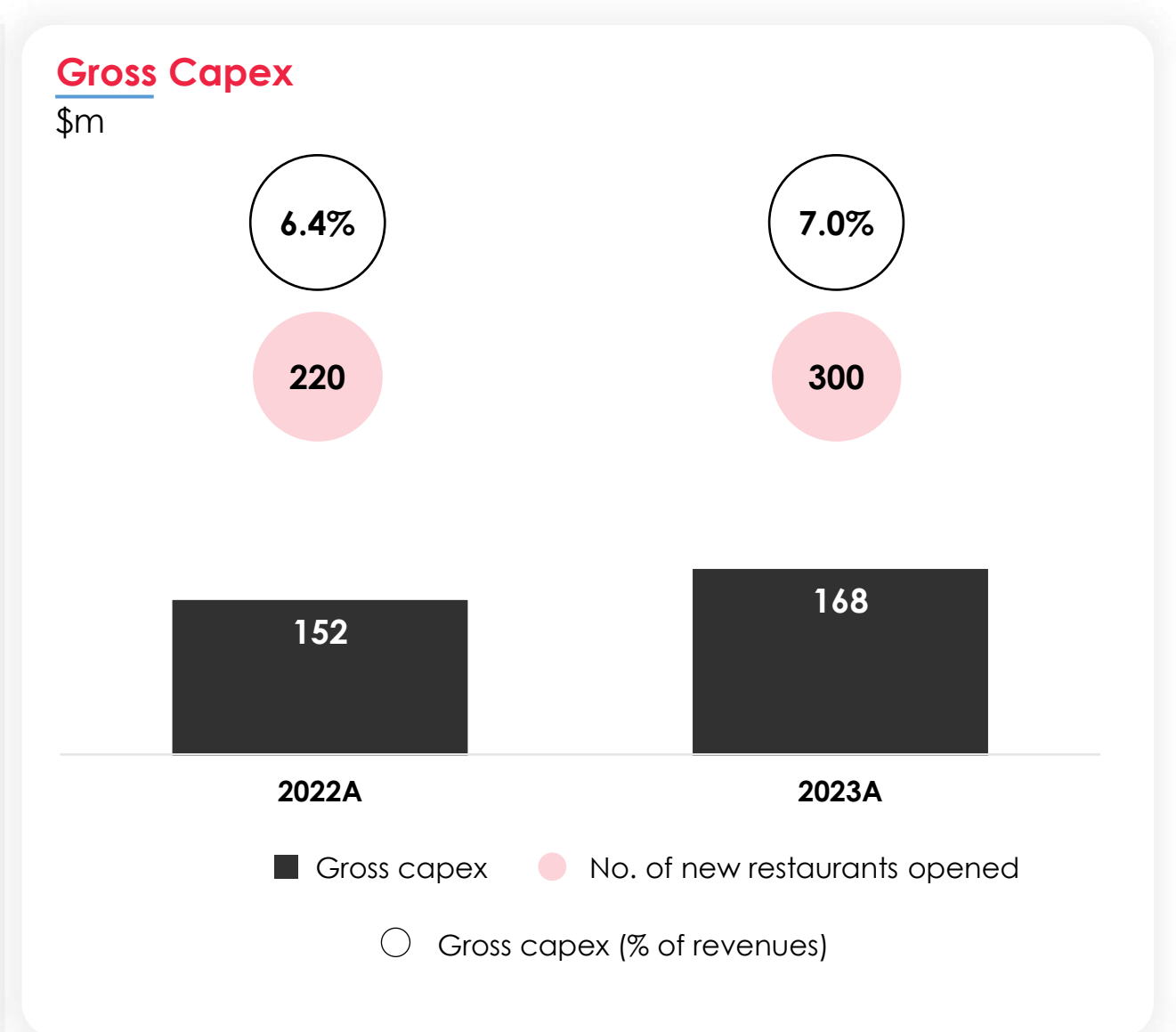
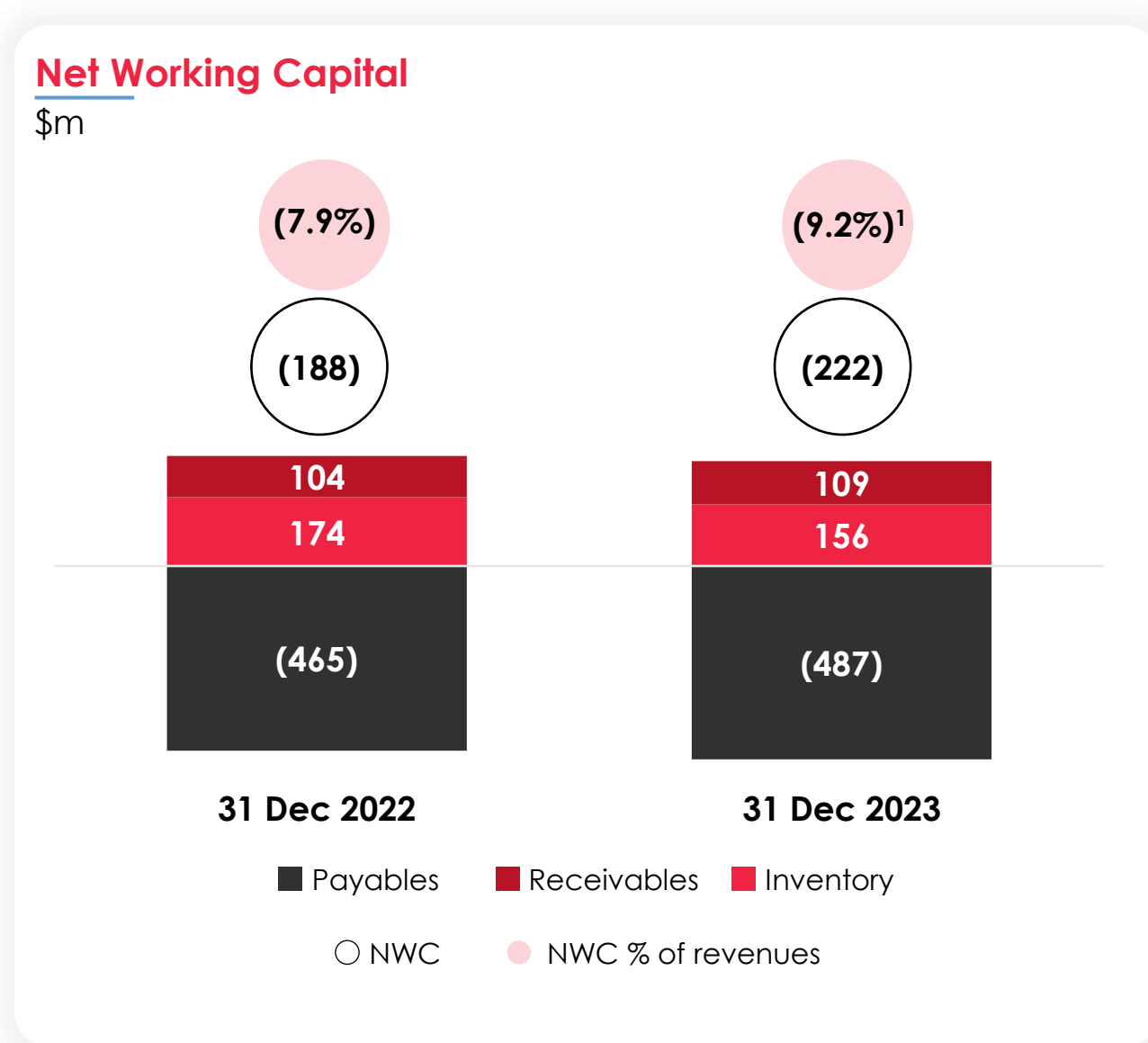
New restaurant openings by brands

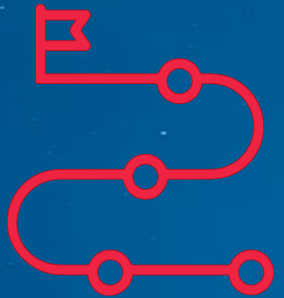


Source: Company information

1. Gross stores opened between 1 July 2021 and 30 June 2023; P&L performance till September 2023, annualised for forecast periods

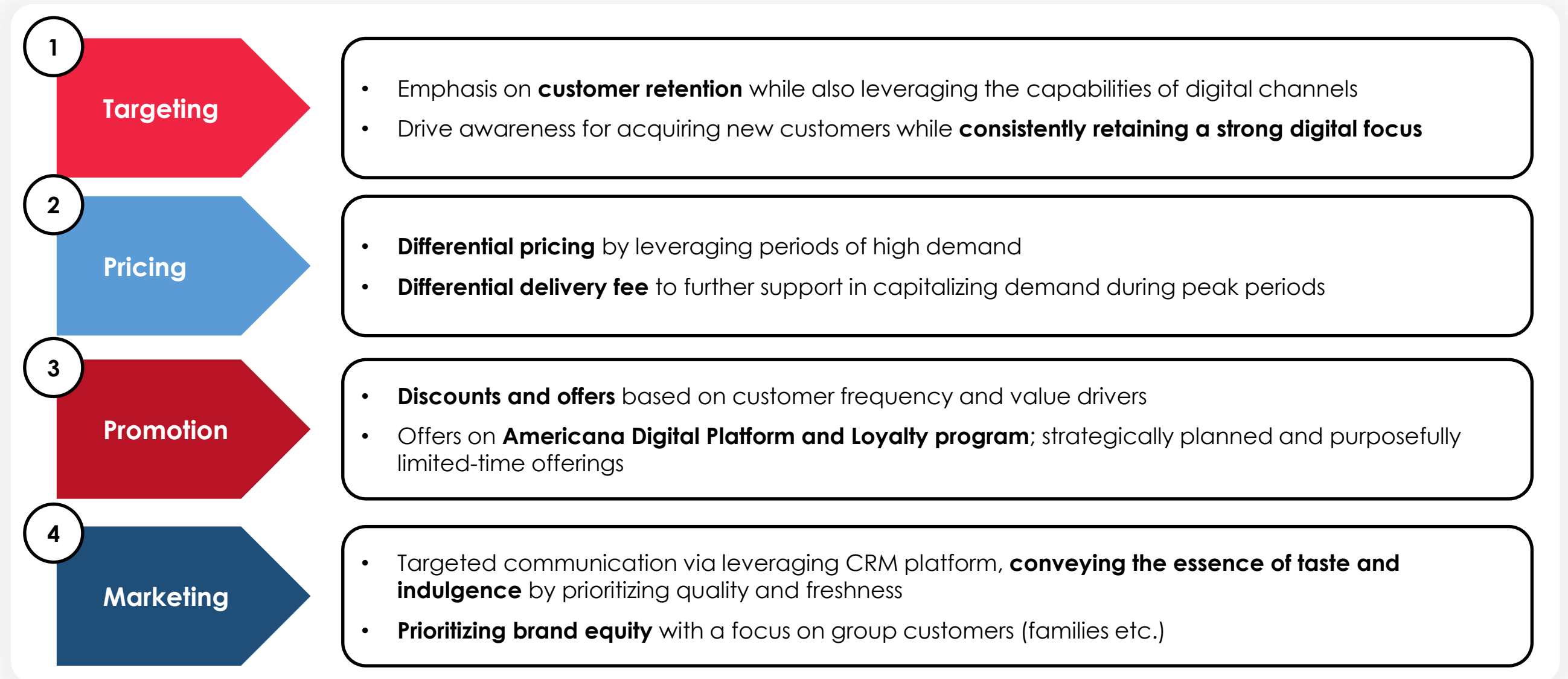
Continued negative NWC due to lower inventory levels and increase in trade payables





THE WAY
FORWARD

Business recovery initiatives will anchor on targeting, pricing, promotion & marketing...



...leveraging value, crave & familiarity to drive transactions

Transactions imperative: Bring customers back to our brands

Value

- ✓ Discounts & bounce backs
- ✓ Free delivery
- ✓ CRM to target loyalists and lapsed

Crave

- ✓ Communicate taste and indulgence
- ✓ Focus on quality and freshness
- ✓ Purposeful LTO's

Familiarity

- ✓ Showcase signatures & core
- ✓ Comms around nostalgia
- ✓ Family bundles / sharing occasions

2024 guidance

Revenue recovery



Revenue recovery with focus on establishing trust, driving transactions and serving great tasting food

NSO rollout



Growth journey to continue with rollout of NSOs (est. 200 to 225 net units)

Profitability improvement



Gross margin in 2024 is expected to be better than 2023

Operational efficiency



Continued focus and raising the bar on operational efficiencies and operational excellence

Innovation



Continued focus on innovation, digitization and customer centric initiatives to grow share of wallet and share of voice

Dividends



Dividend distribution in line with guidance

Balance sheet



Strong balance sheet supporting growth plans and inorganic opportunities



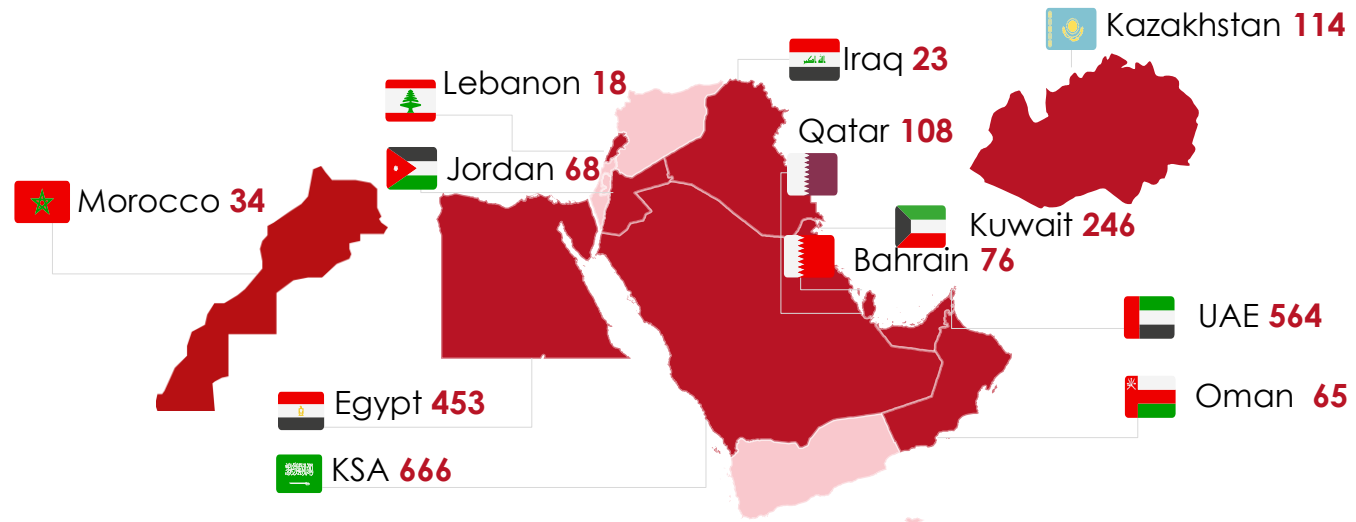
CONCLUDING **REMARKS AND Q&A**



APPENDIX

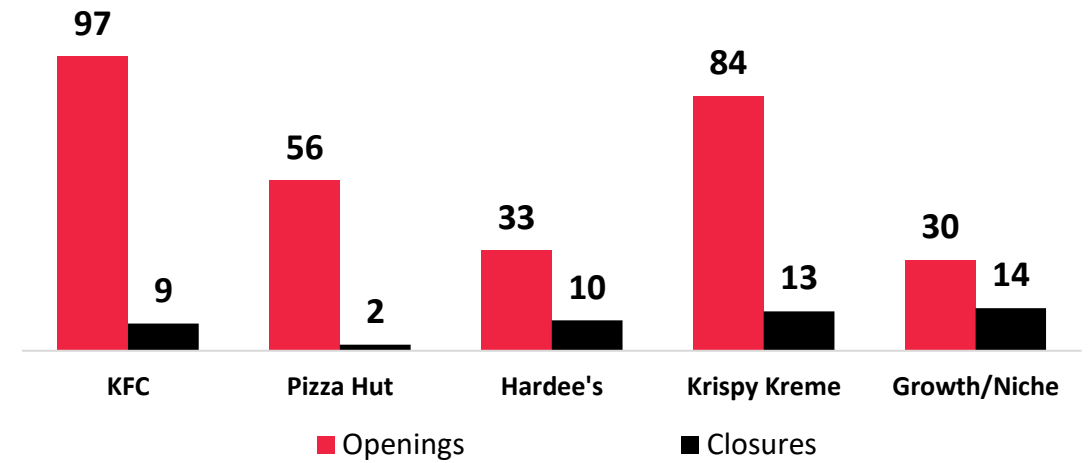
Portfolio evolution

No. of restaurants – by country and brands



Openings & closures – FY 23

No. of restaurants – by brand/ category

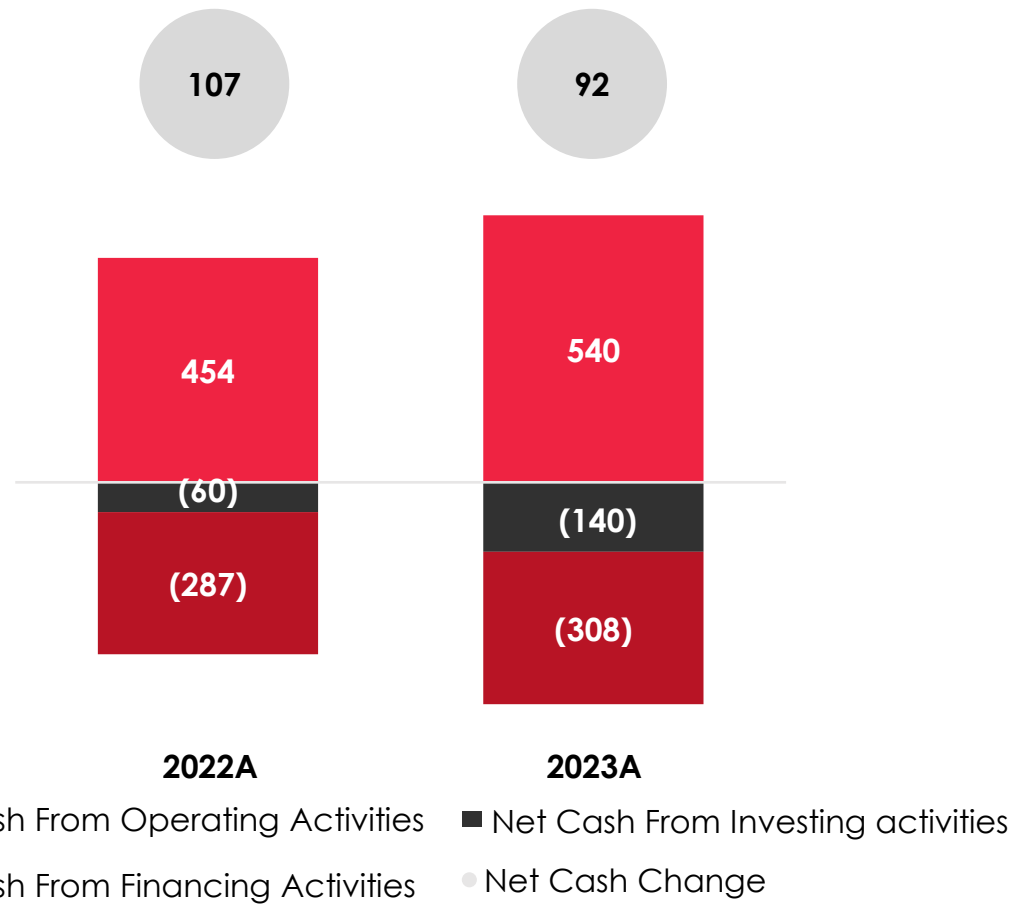


	KSA	UAE	Kuwait	Egypt	Others	Total
KFC	265	205	75	175	307	1,027
Hardee's	139	88	59	42	86	414
Pizza Hut	67	163	-	100	49	379
Krispy Kreme	174	82	28	30	41	355
Growth / Niche Brands	21	25	83	102	23	254
Other Brands	-	1	1	4	-	6
	666	564	246	453	506	2,435

Free cash flows

Movement in Cash & Cash Equivalents

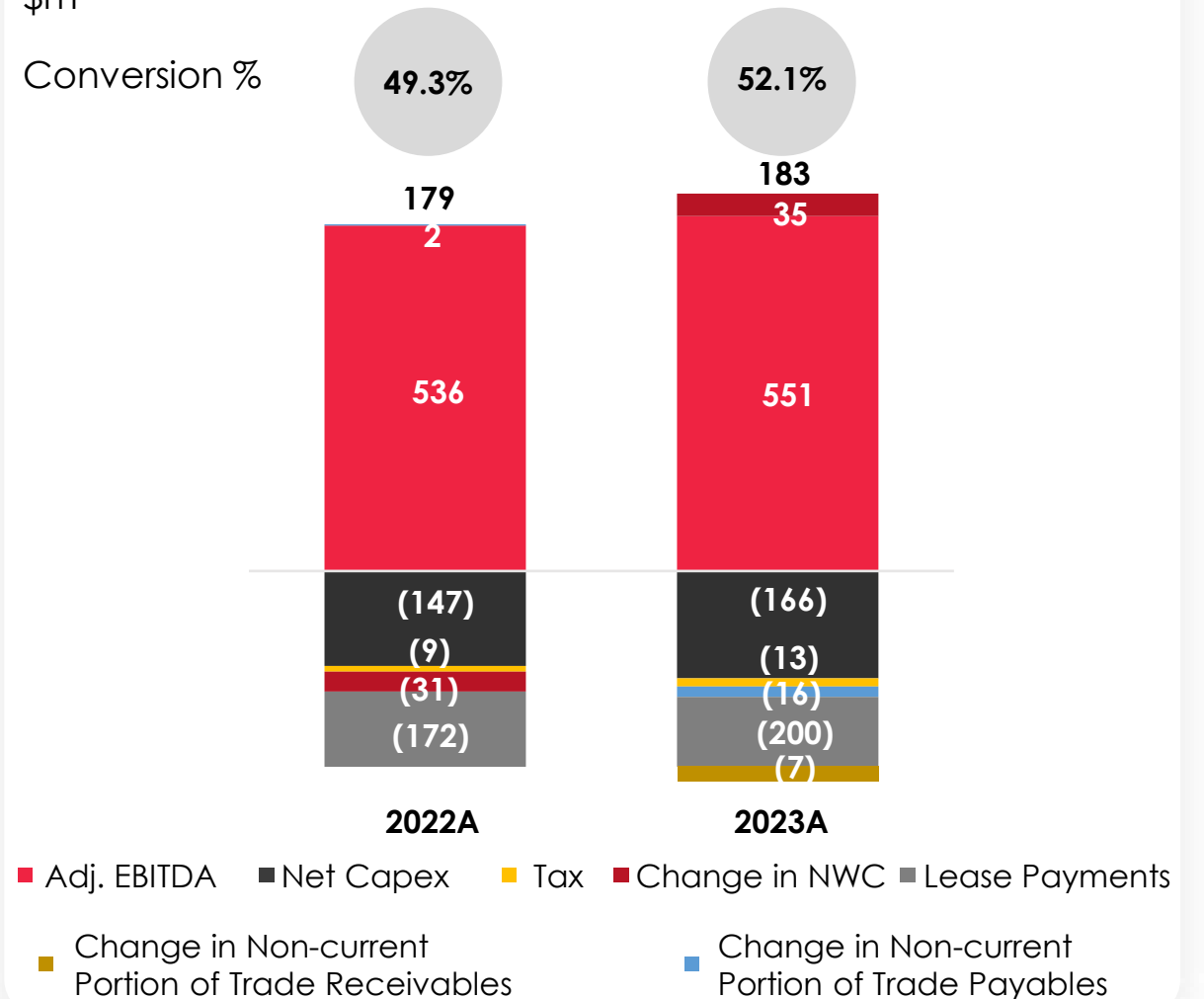
\$m



Adj. Free Cash Flow (FCF)

\$m

Conversion %



EBITDA & Adj. EBITDA reconciliation – 2022A and 2023A

Post IFRS-16 basis

\$k	2022A	2023A
Net profit for the year	262,955	262,331
Income tax, zakat, and contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")	8,743	13,041
Finance cost (net) excluding finance costs on lease liabilities	(571)	(10,923)
Depreciation and amortization (excluding depreciation related to RoU assets) ¹	66,943	79,796
Depreciation on RoU assets	152,766	172,701
Finance costs on lease liabilities	21,517	26,625
Impairment charges	202	2,386
EBITDA	512,555	544,957
Other Adjustments A	23,341	4,857
Adj. EBITDA	535,896	550,814

Non-recurring provision to settle an indirect legacy tax claim charge in Egypt relating to pre acquisition periods (2000 to 2017)

Severance payments for restructuring in Egypt - 2-months salary for each year of service in case of involuntary termination.

A \$k	FY 22	FY 23
Tax provision	22,534	-
Staff restructuring costs	451	-
Lebanon IAS 29 adjustment	356	4,857

Due to hyperinflation in the Lebanese economy all P&L and BS were restated using general price index in line with IAS 29

Key definitions

- **Adjusted EBITDA:**

Adjusted EBITDA post IFRS-16 is defined as Net profit for the year plus finance cost (net), plus income tax and zakat and contribution to Kuwait Foundation for the Advancement of Science ("KFAS"), plus depreciation and amortisation expenses, impairment charges and other adjustments such as tax provisions, staff restructuring cost and a Lebanon IAS 29 adjustment

- **Adj. free cash flow:**

Adj. Free Cash Flow (FCF) defined as Adjusted EBITDA post IFRS-16 less capital expenditure, income tax and zakat and contribution to KFAS, change in net working capital, change in non-current portion of trade payables, change in non-current portion of trade receivables, and lease payments (including both principal and interest on lease liabilities)

- **Adj. free cash flow conversion:**

Adj. Free Cash Flow (FCF) over Adj. EBITDA post IFRS-16 less lease payments (including both principal and interest on lease liabilities)

- **Avg. payback:**

The payback investment period is calculated by dividing the initial investment by the annual cumulative cash inflow generated over 10 years. No discount rate have been assumed for all markets except Egypt. Equation is to compare the initial investment capex against the forecasted annual net cash flow over the period of 10 years

- **Gross capex:**

Gross capex defined as purchase of property and equipment plus purchase of intangible assets, payments for key money and includes the initial franchisor fees

- **Growth / Niche brands:**

Refers to Baskin Robbins, TGIF, Chicken Tikka, Wimpy, Costa Coffee, Peet's Coffee

- **LfL:**

Like for like revenues growth denotes the percentage increase/decrease in the revenues for those AMR restaurants which have generated monthly revenues over the 12-month period in a given financial year and excludes revenues of those restaurants which have not generated revenues for more than 6 consecutive month

- **Net capex:**

Defined as Gross capex less proceeds from sale of property and equipment. Gross capex defined as purchase of property and equipment plus purchase of intangible assets, payments for key money and includes the initial franchisor fees

- **Net new restaurants:**

Net new restaurant openings are defined as gross openings less closures

- **Net profit:**

Refers to Net Profit attributable to the shareholders of the Parent Company/Net Parent Investment attributable to Former Parent Company

- **Pegged currency revenue:**

Refers to revenues generated in KSA, UAE, Kuwait, Qatar, Bahrain, Oman and Jordan

- **Power brands:**

Refers to KFC, Hardee's, Pizza Hut, and Krispy Kreme

- **Other brands:**

Refers to Grand Café, Fish Market, Red Lobster (has been exited as of Jun 2022) and Pavilion

- **Other channel revenues:**

Includes Car Hops, Catering, Sales Office/Food Supply, Kiosks and other revenues

- **Other countries:**

Includes Morocco, Qatar, Iraq, Bahrain, Kazakhstan, Jordan, Lebanon and Oman

- **Stable pegged currencies:**

Refers to revenues generated in KSA, UAE, Kuwait, Qatar, Bahrain, Oman and Jordan

- **Tax:**

Income tax, zakat, and contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")

THANK YOU

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