



EARNINGS PRESENTATION

# Q1 23 RESULTS

GREAT PEOPLE,  
GREAT FOOD,  
GREAT COMPANY

May 2023

# 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

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

**02** Financial Review

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**SONIKA  
SAHNI**  
HEAD OF INVESTOR RELATIONS

**03** The Way Forward

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**04** Appendix



# **BUSINESS** **UPDATES**

# Q1 23 Performance dashboard



## Restaurant Portfolio

**2,228 stores**

**+236** gross new restaurants added  
(LTM<sup>1</sup>)

**63** under construction



## Revenues \$589.4m

(vs. Q1 22)

**+2.1%** growth  
**+\$12m** increase



## LfL

(vs. Q1 22)

**+7.5%<sup>2</sup>** LfL revenues growth (till 22 March  
2023)  
**+1.7%** for Q1 23



## Adj. EBITDA \$126.9m

(vs. Q1 22)

**(5.6%)** decline  
**(1.8%)** margin dilution



## Net Profit \$58.1m

(vs. Q1 22)

**(19.2%)** decline  
**(2.6%)** margin dilution



## Capex \$31.3m

**5.3%** of revenue

Source: Company information, Consolidated interim financial statements of Americana Restaurants for the three-month period ended 31 March 2023

1 LTM is defined as period from 1 April 2022 to 31 March 2023

2 Figure excluding the impact of Ramadan which commenced on 23 March 2023

# Q1 23 Key updates



## Expansion of power brands

- Successful launch of **KFC and Pizza Hut** in **Baghdad** in April 2023



## Launch of Peet's Coffee

- **2 outlets** successfully opened in the UAE; planned expansion in other markets



## Loyalty program

- Pilot launch of the **Loyalty program for KFC** in Q1 to deliver a differentiated experience for customers, improve retention and repeat rates



## Americana Last Mile (ALM) platform

- Launched propriety **ALM platform** in January 2023, aimed at automating and driving efficiencies in our delivery feet



## Gallup Exceptional Workplace Award for 2023

- Americana Restaurants was recognized with the **"Exceptional Workplace"** award by **Gallup** in March 2023 making the Company a two-time winner in consecutive years



## Yum! Digital Disruptor Award

- Americana Restaurants awarded the **Digital Disruptor** by **Yum!** at International Franchise Convention in recognition of our digital transformation and digital first mindset



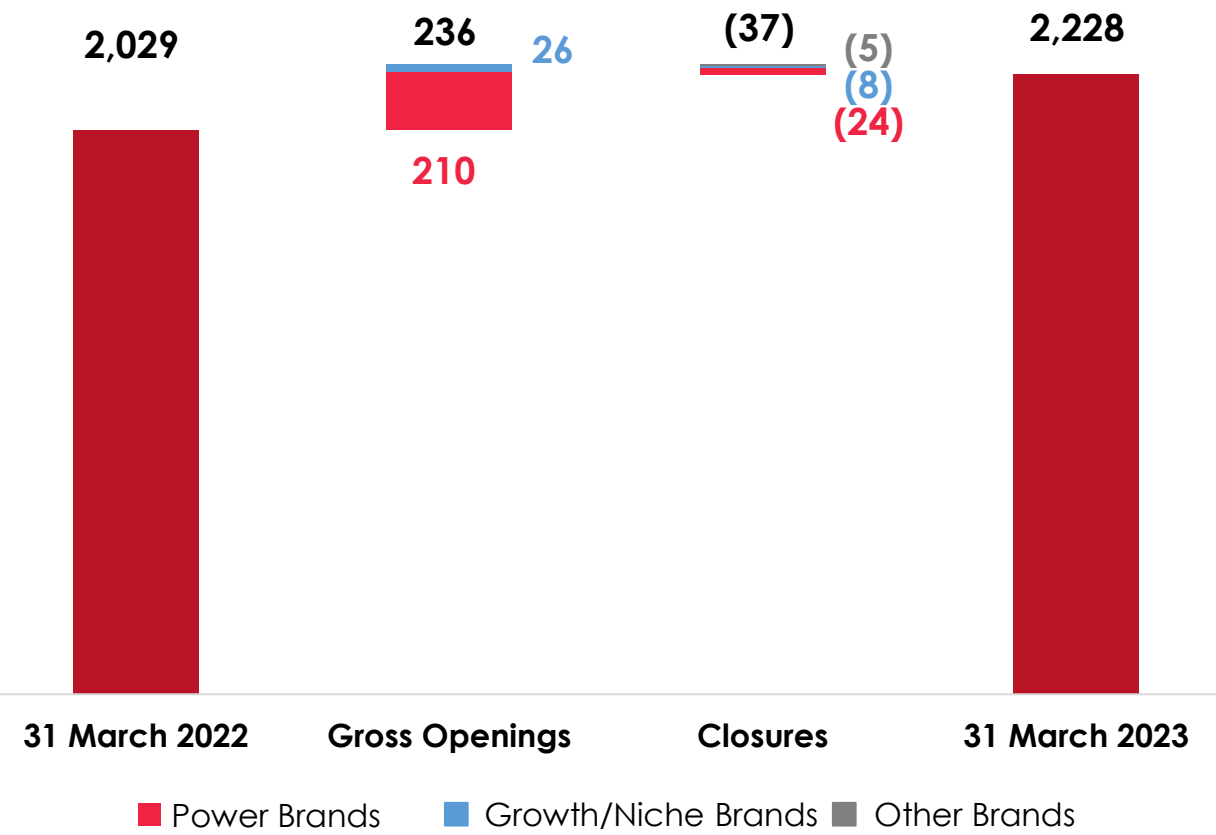
**FINANCIAL**

**REVIEW**

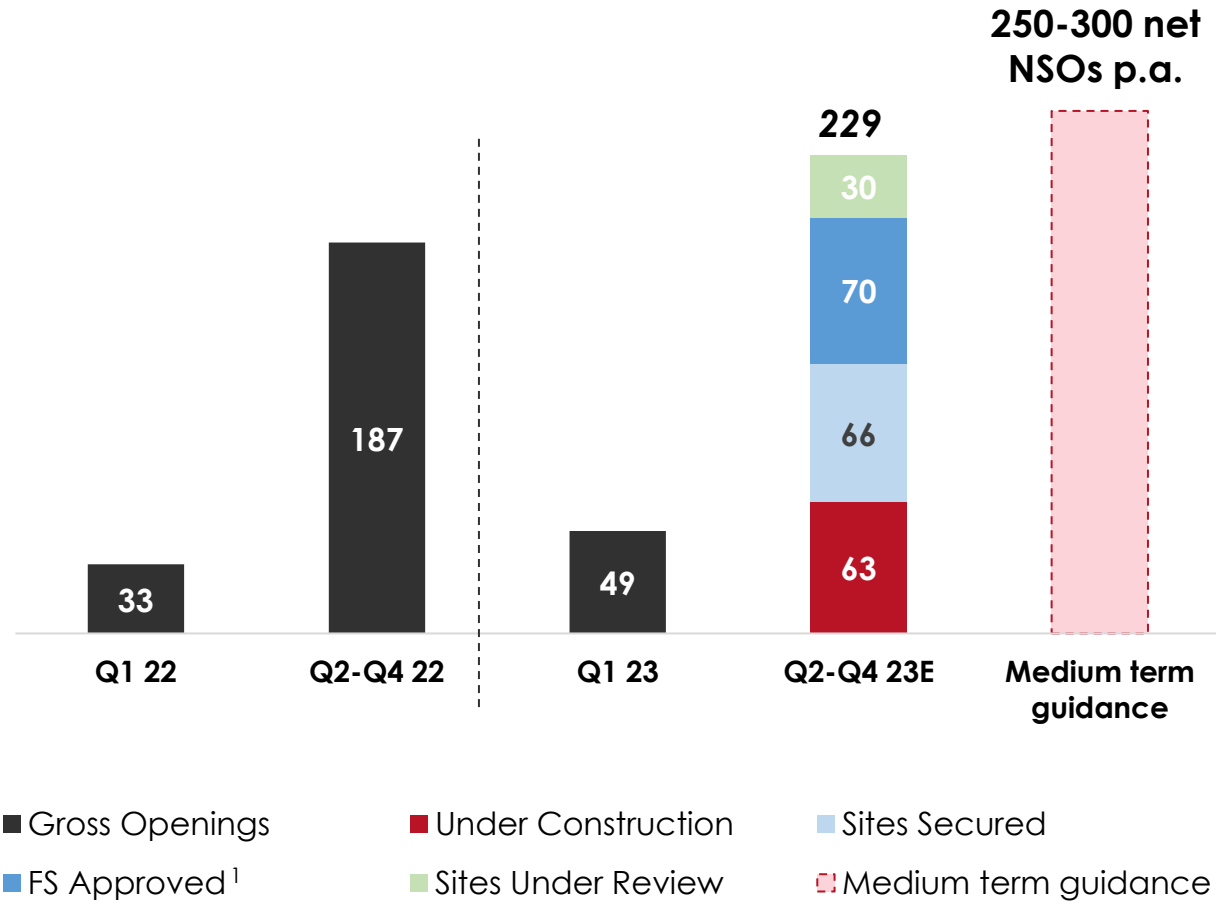
# Consistent new restaurant rollout; with robust and expanding pipeline of new openings

## Restaurant portfolio evolution (Q2 22 to Q1 23)

No. of restaurants



## Robust pipeline of restaurants for 2023E

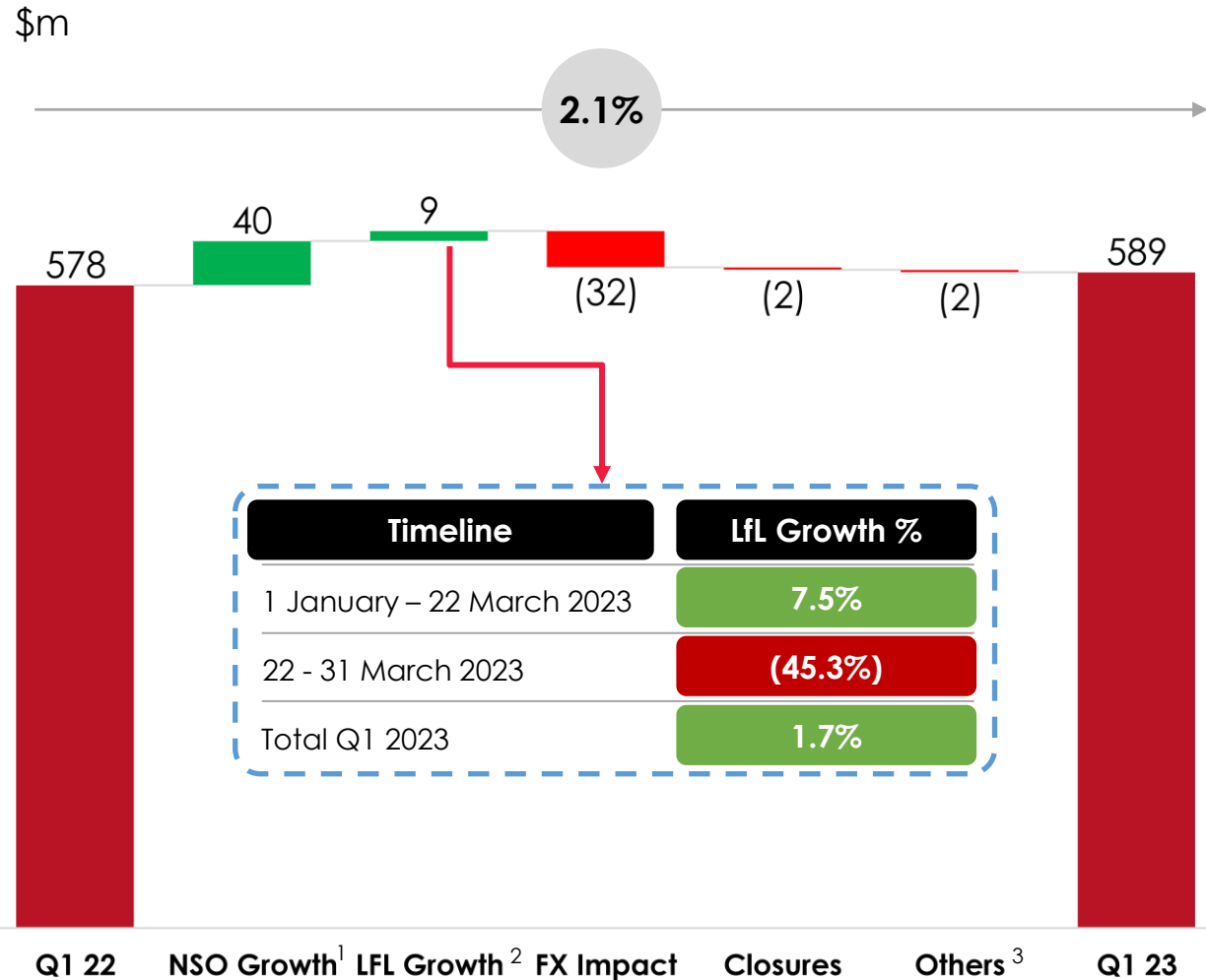


Source: Company information  
 1 Restaurant sites approved by leadership for signing lease and start construction work

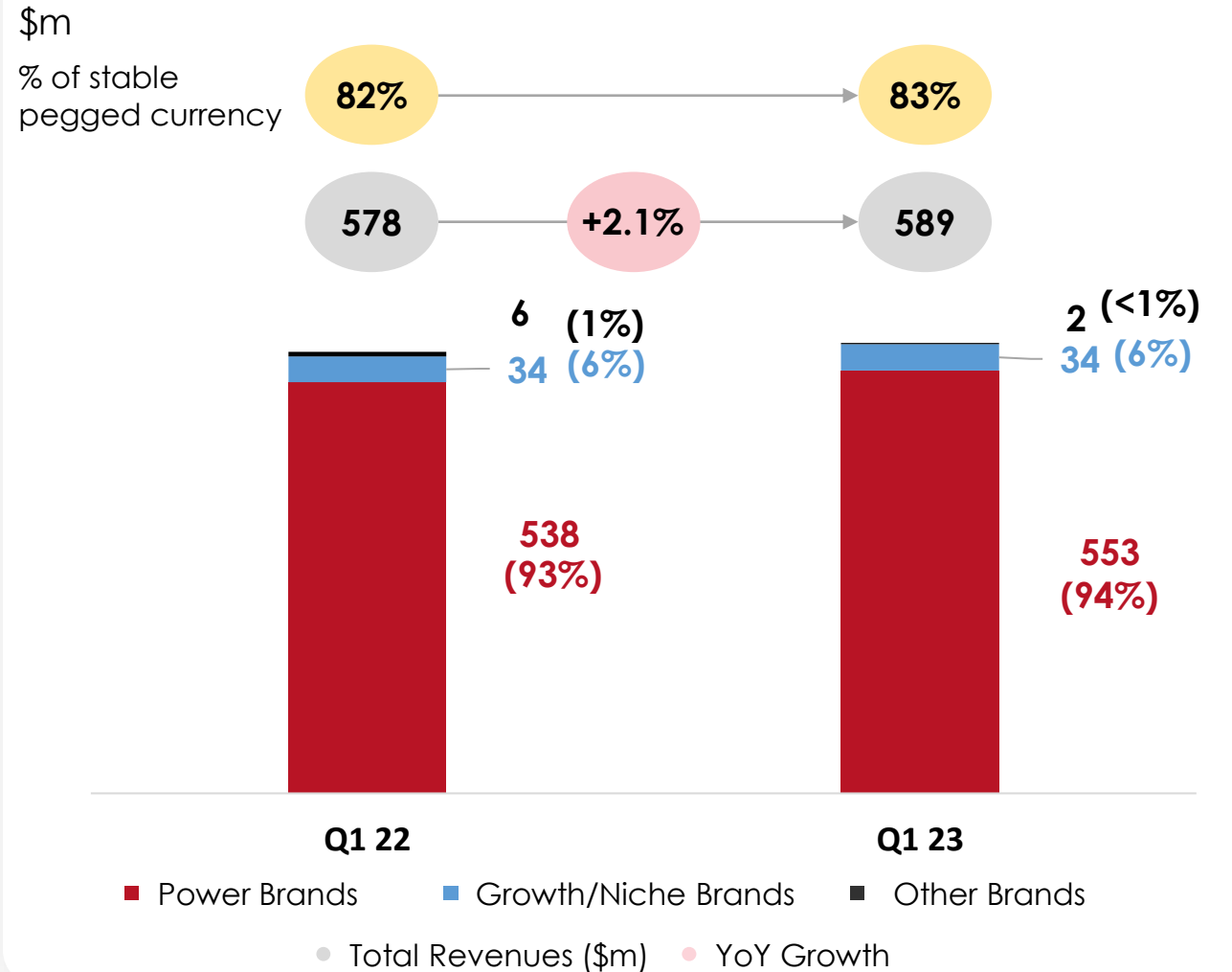


# Positive LfL growth despite partial shift of Ramadan to Q1 in 2023 and FX impact due to Egypt and Lebanon

## Revenue bridge (Q1 22 to Q1 23)



## Revenue mix



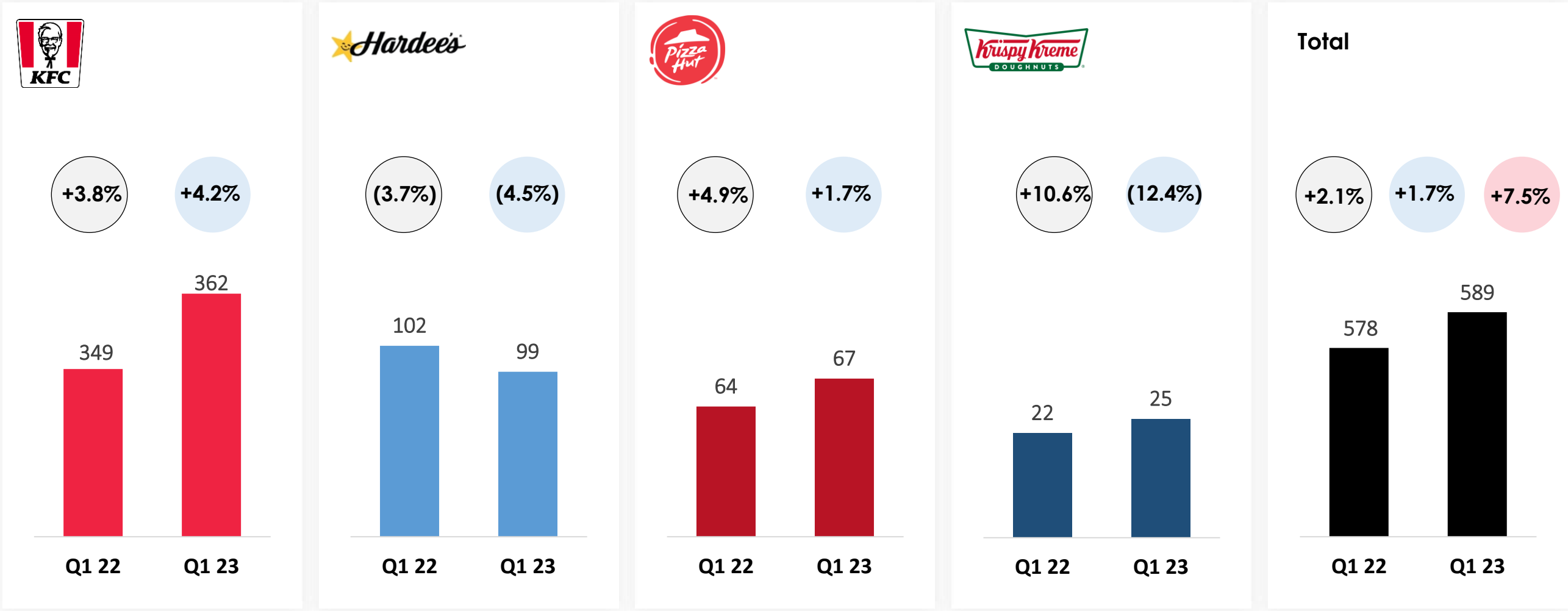
Source: Company information

1. Revenue contribution from stores opened during 2022 and Q1 23
2. LFL growth for stores that have completed 12 months of operations
3. Others include Lebanon hyperinflation impact, rentals and logistics

# Solid mid single digit LfL growth up until the start of Ramadan

## Revenues by power brands

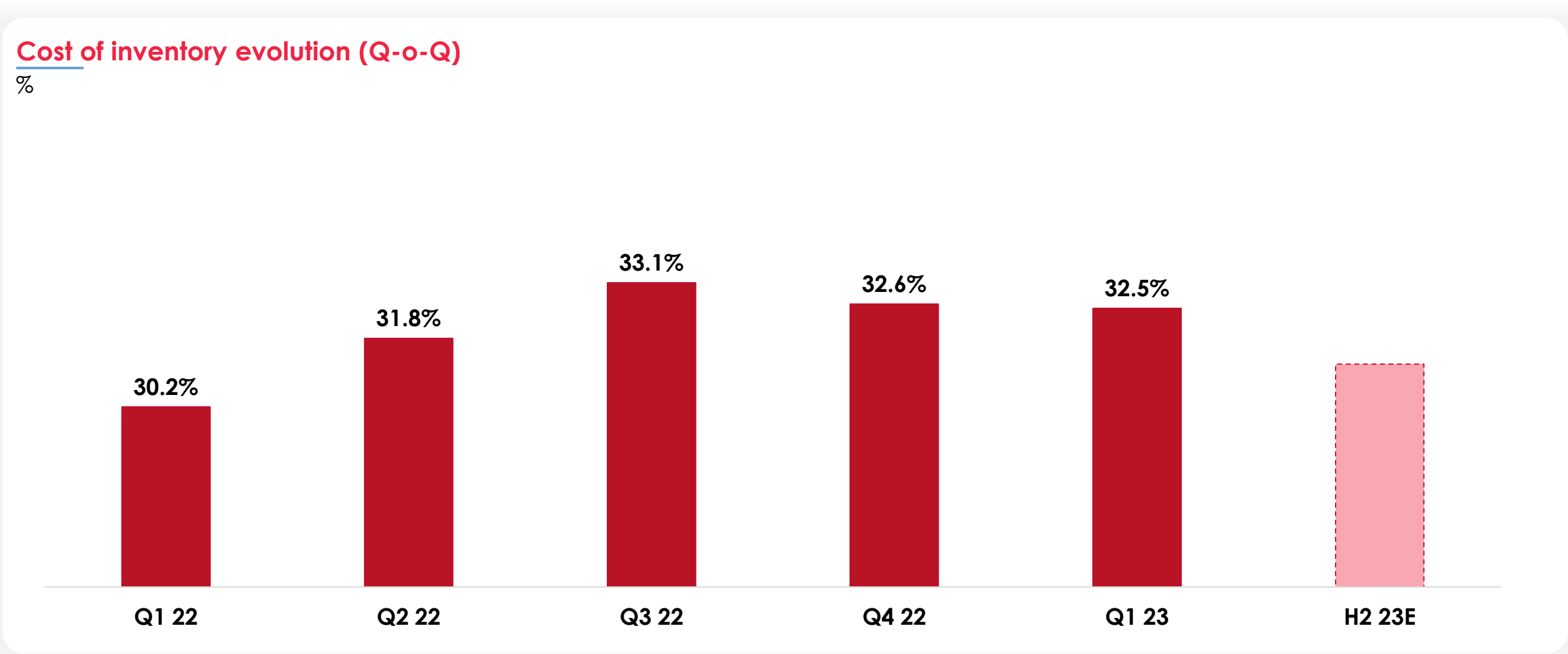
\$m



Q1 23 growth    
  Q1 23 LfL growth    
  LfL growth till 22 March (until start of Ramadan)

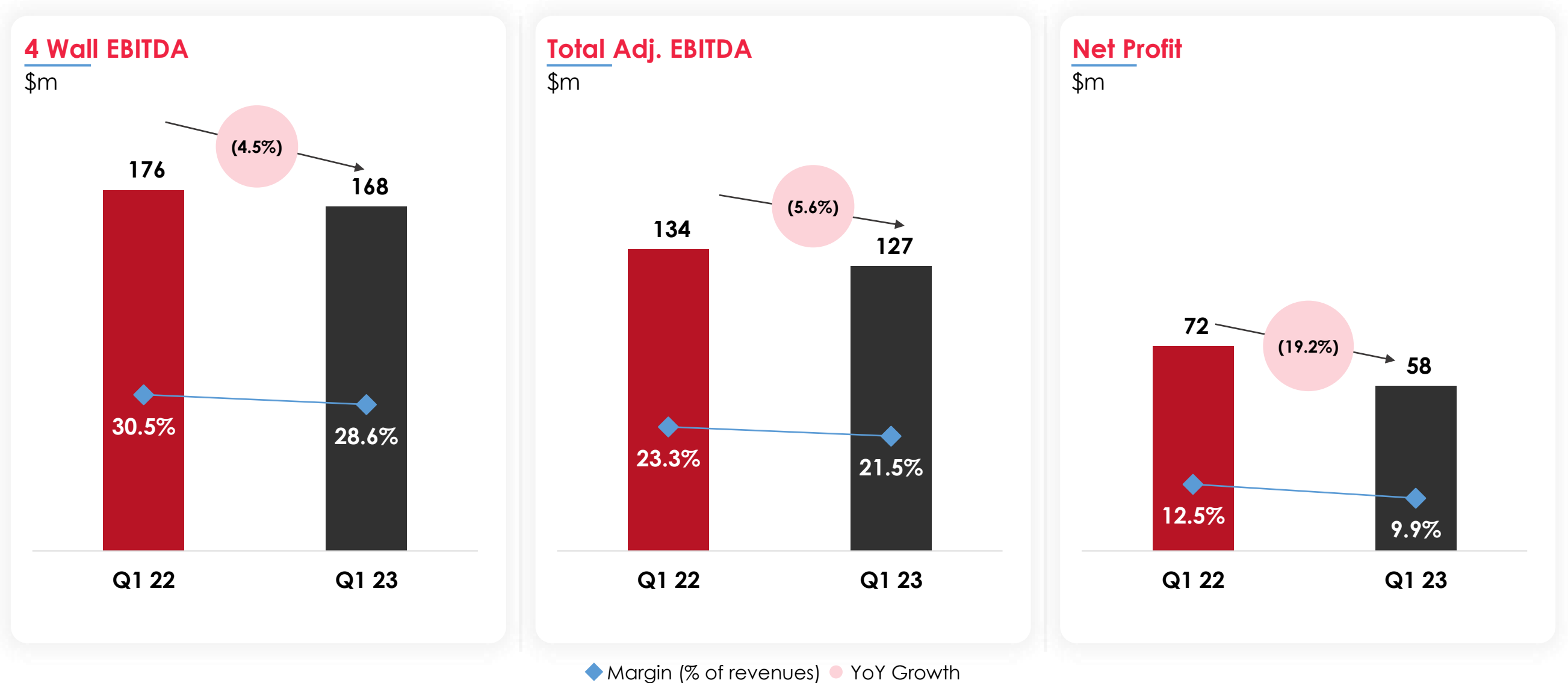
Source: Company information

# Expected reduction in cost of inventory by H2 23, once existing strategically built inventory is phased out

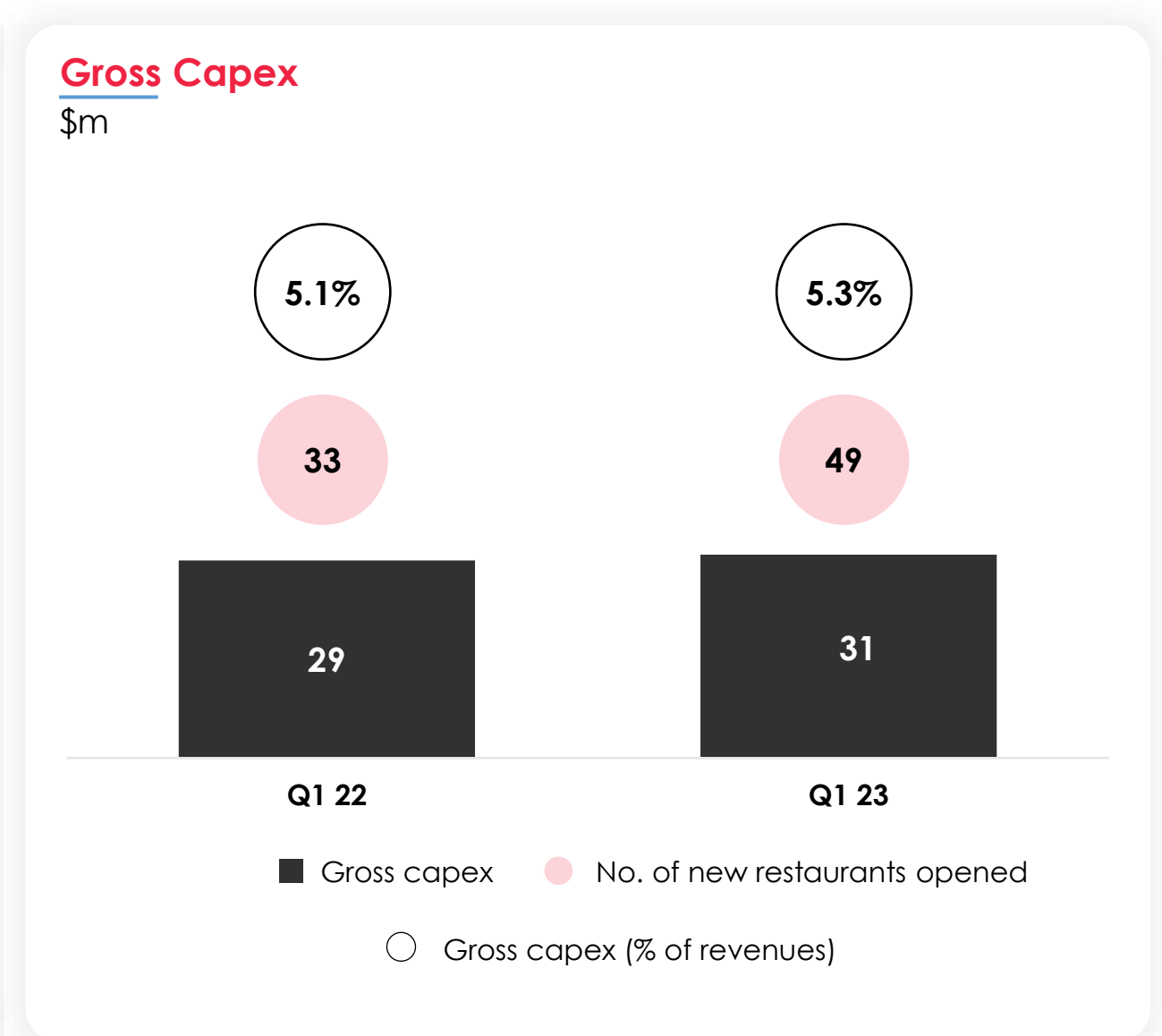
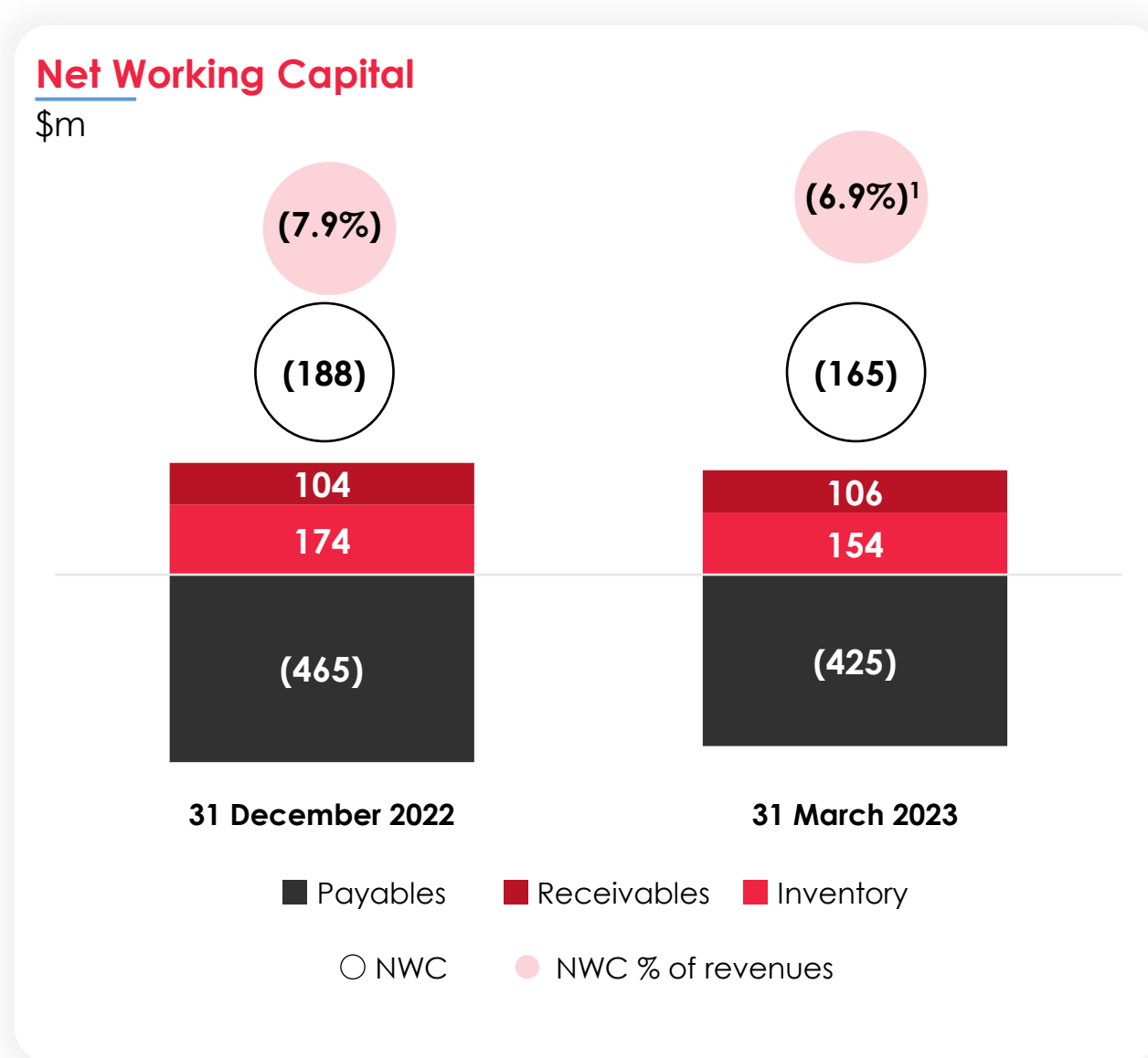


Source: Company information  
1 Cost of inventory refers to cost of materials, filing and packing materials

# Profitability impacted due to commodity driven inflationary headwinds and lower sales volumes in March, on account of Ramadan



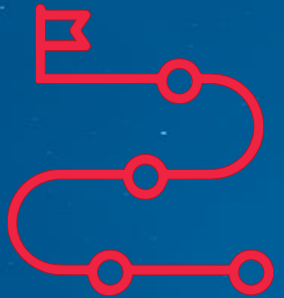
# Continue to maintain negative NWC; decline in inventory due to management efforts to optimize inventory levels



Source: Company information, Consolidated interim financial statements of Americana Restaurants for the three-month period ended 31 March 2023

<sup>1</sup> NWC as % of revenues for Q1 23 based on LTM revenues as of Mar 2023

<sup>2</sup> Trade payables as at 31 March 2023 exclude dividend amount of \$103.5m



**THE WAY**  
**FORWARD**

# 2023 Outlook and key focus areas



Expand restaurant portfolio with approx. **250-300** net new restaurants with KSA over indexing and Iraq providing greenfield opportunity



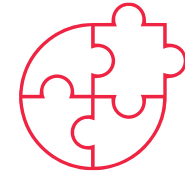
**Egypt** – Focus on operations, people transformation, franchisor support and cost efficiencies to weather the headwinds. Pullback on remodels and NSOs



**Improvement in GP margin** by H2 23, once existing strategically built inventory is phased out



Continue **developing digital capabilities** & optimizing off-premise revenue channels (ALMP, KFC loyalty program, etc.)



**Continue to scale up new brands** – Pizza Hut in KSA, Peet's Coffee.

Incubator brands/new launches can take 24 to 36 months to get to portfolio level margins as we invest in the initial stages of brand building and scale-up



# CONCLUDING REMARKS AND Q&A

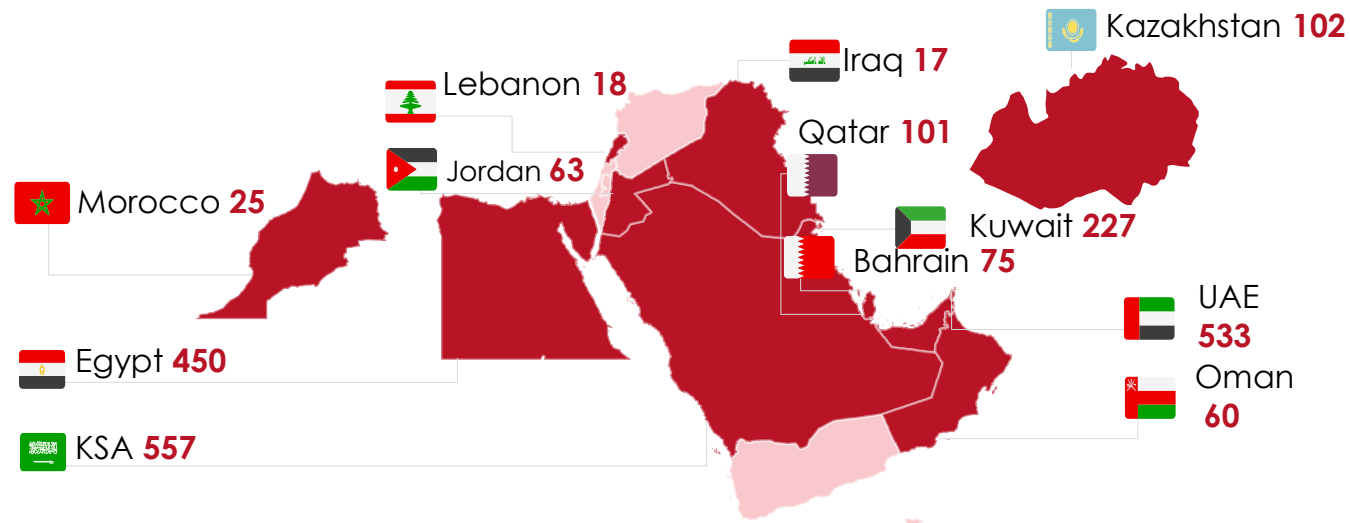




# APPENDIX

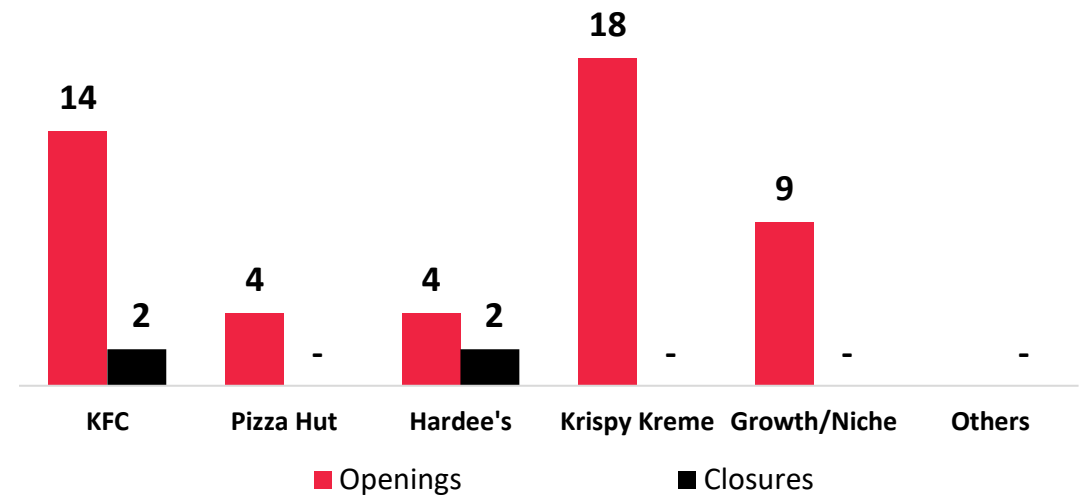
# Portfolio evolution

## No. of restaurants – by country and brands



## Openings & closures – Q1 23

No. of restaurants – by brand/ category

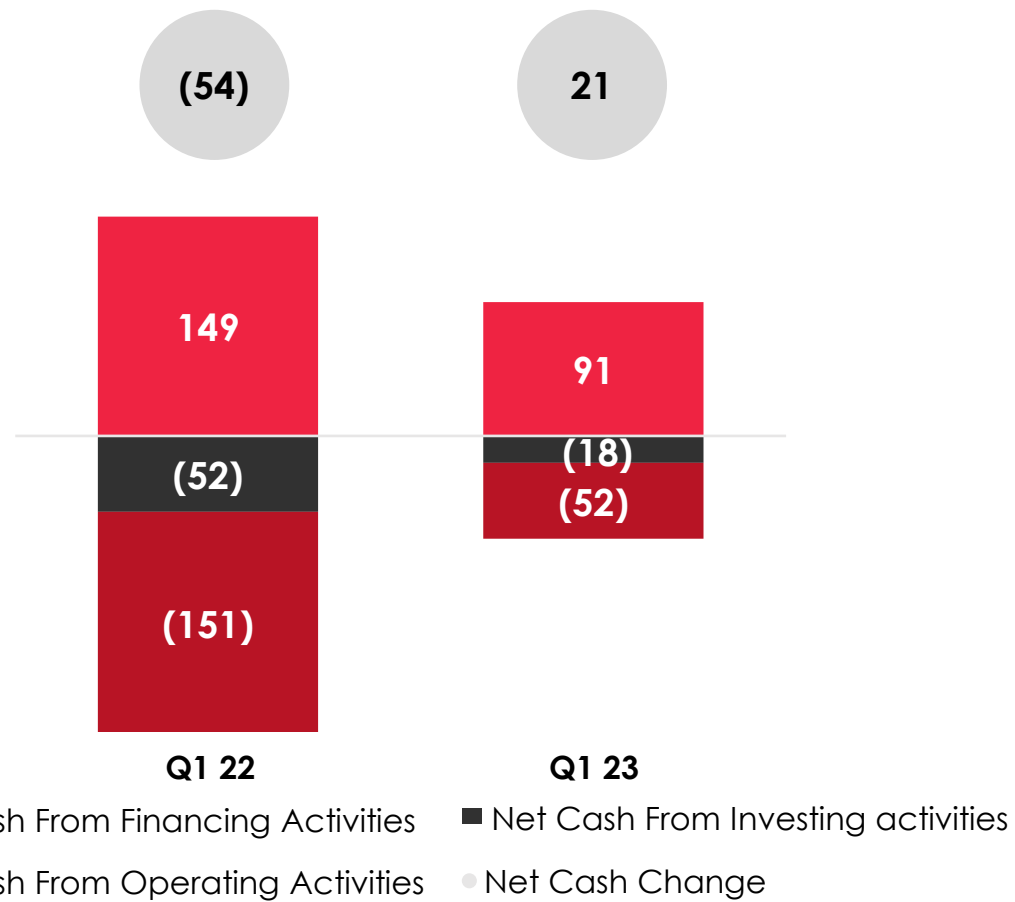


	KSA	UAE	Kuwait	Egypt	Others	Total
KFC	230	195	71	175	280	951
Hardee's	126	84	57	43	83	393
Pizza Hut	30	155	0	99	45	329
Krispy Kreme	153	75	21	21	32	302
<b>Growth / Niche Brands</b>	18	23	77	108	21	247
<b>Other Brands</b>	-	1	1	4	-	6
	<b>557</b>	<b>533</b>	<b>227</b>	<b>450</b>	<b>461</b>	<b>2,228</b>

# Free cash flows

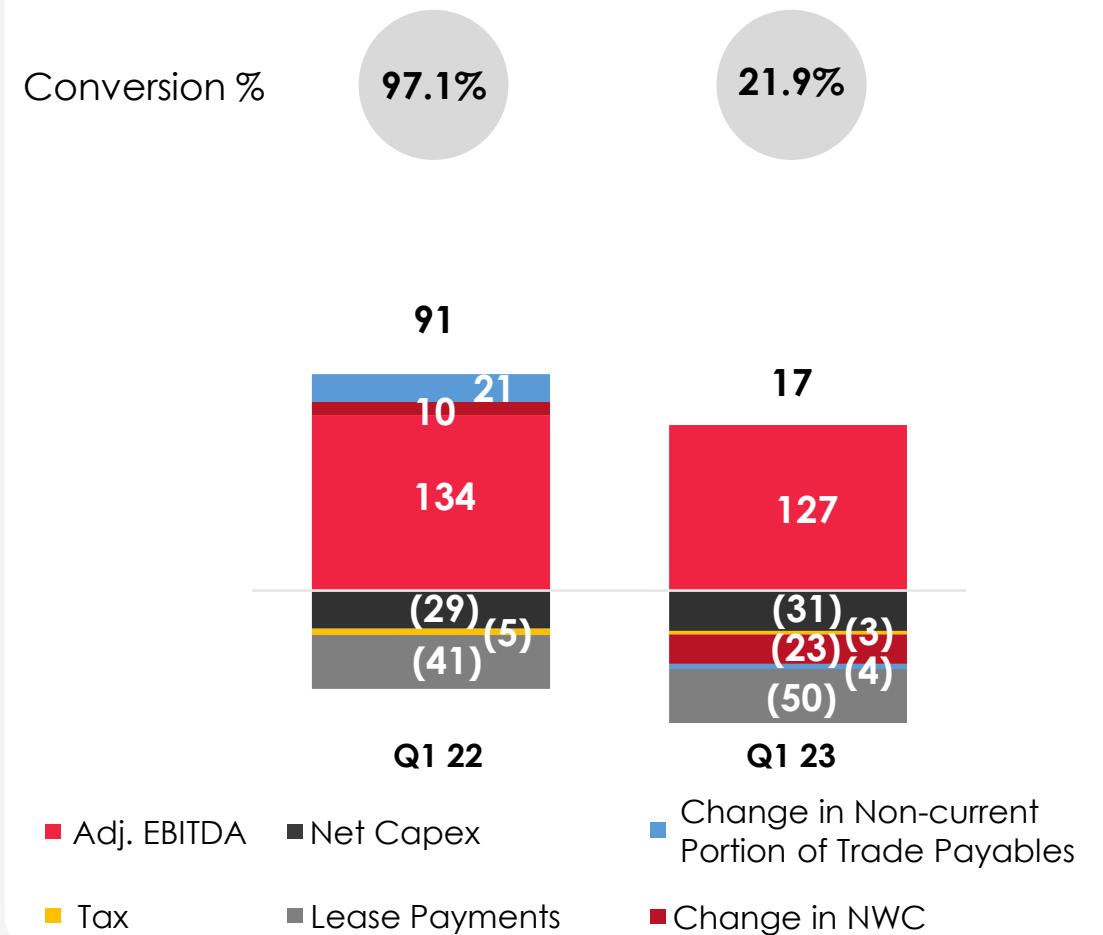
## Movement in Cash & Cash Equivalents

\$m



## Adj. Free Cash Flow (FCF)

\$m



# EBITDA & Adj. EBITDA reconciliation

## Post IFRS-16 basis

\$k	Q1 22	Q1 23
<b>Net profit for the year</b>	<b>72,900</b>	<b>58,791</b>
Income tax, zakat, and contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")	4,975	2,871
Finance cost (net) excluding finance costs on lease liabilities	(233)	(1,525)
Depreciation and amortization (excluding depreciation related to RoU assets) <sup>1</sup>	16,150	18,293
Depreciation on RoU assets	34,318	41,222
Finance costs on lease liabilities	4,470	5,957
Impairment charges	573	431
<b>EBITDA</b>	<b>133,153</b>	<b>126,040</b>
Other Adjustments <b>A</b>	1,284	839
<b>Adj. EBITDA</b>	<b>134,437</b>	<b>126,879</b>

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

<b>A</b> \$k	Q1 22	Q1 23
Staff restructuring costs	611	-
Lebanon IAS 29 adjustment	673	839

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

Source: Company information, Consolidated interim financial statements of Americana Restaurants for the three-month period ended 31 March 2023

1. Calculated as: Charge for the year (PPE) plus amortisation of intangible assets, and depreciation of investment properties

# 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 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)

- **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**

[Investor.Relations@americanarestaurants.com](mailto:Investor.Relations@americanarestaurants.com)