



RESTAURANTS

EARNINGS PRESENTATION

Q3 & 9M 23 RESULTS

GREAT PEOPLE,
GREAT FOOD,
GREAT COMPANY

November 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



**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**

Q3 23 Performance dashboard



Restaurant Portfolio

2,338 stores

+76 gross new restaurants added
in Q3 23



Revenues \$655.5m

(vs. Q3 22)

+5.9% growth
+\$36m increase



LfL

(vs. Q3 22)

+3.8% LfL revenues growth



Adj. EBITDA \$154.8m

(vs. Q3 22)

15.0% growth
23.6% margin



Net Profit \$81.9m

(vs. Q3 22)

9.9% growth
12.5% margin



Capex \$38.7m

5.9% of revenue

Source: Company information

9M 23 Performance dashboard



Restaurant Portfolio

2,338 stores

+294 gross new restaurants added
(LTM¹)

92 under construction



Revenues \$1,897.0m

(vs. 9M 22)

+7.1% growth
+\$126m increase



LfL

(vs. 9M 22)

+6.0% LfL revenues growth



Adj. EBITDA \$446.5m

(vs. 9M 22)

10.4% growth
23.5% margin



Net Profit \$226.7m

(vs. 9M 22)

15.8% growth
12.0% margin



Capex \$107.7m

5.7% of revenue

Source: Company information

1 LTM is defined as period from 1 October 2022 to 30 September 2023

Q3 23 Key updates



Continued expansion of Pizza Hut in KSA

- In September 2023, successfully opened **50th Pizza Hut store¹ in the Kingdom**



All-Women led Pizza Hut

- Under our **“Unleash Her Greatness” initiative**, we opened our first All-Women led Pizza Hut store in the MENA



Krispy Kreme market entry in Kazakhstan

- Successful launch of **Krispy Kreme** in **Kazakhstan**; with the first store and commissary opening in Almaty



Launch of “Grow” – An Internal Development Program

- A comprehensive initiative to nurture and support growth of our **Restaurants General Managers** via series of workshops and specialized training sessions



Ebikes for food delivery

- Successfully launched a new fleet of **all electric bikes for delivery** in the UAE for Pizza Hut, KFC and Hardee's brands
- Delivered approx. **37,000 orders** in Q3 2023



Launched dynamic pricing in key markets

- Currently live for **KFC** in four countries and for **Hardee's** in three countries



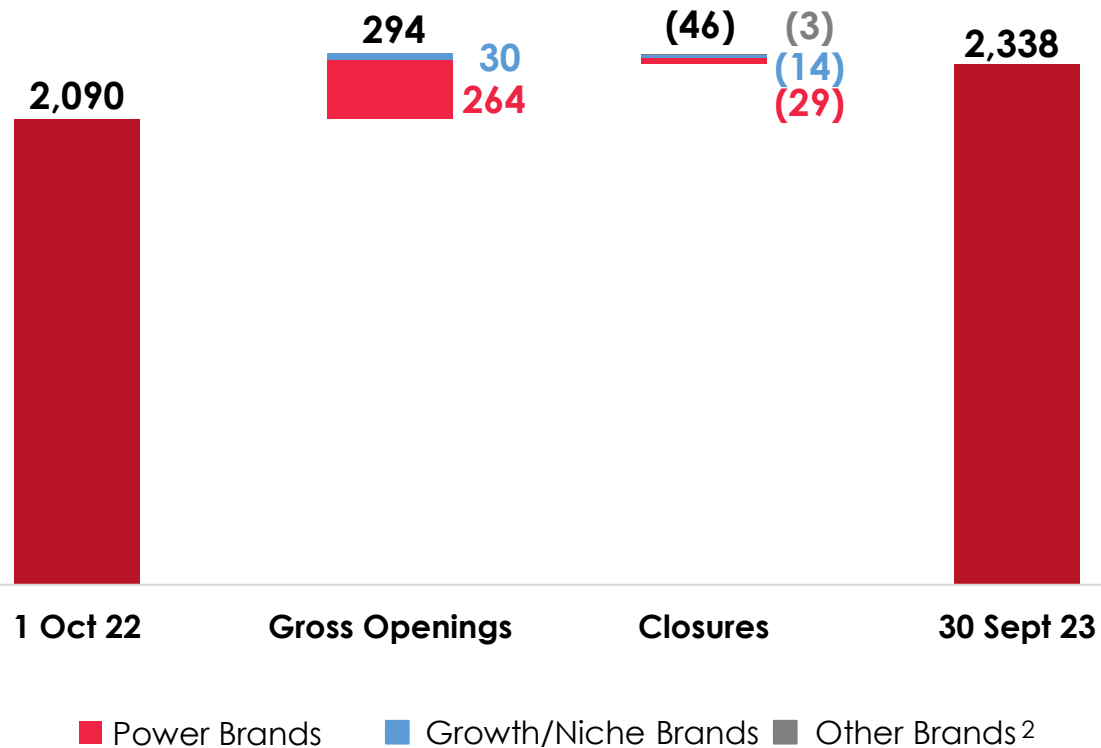
FINANCIAL

REVIEW

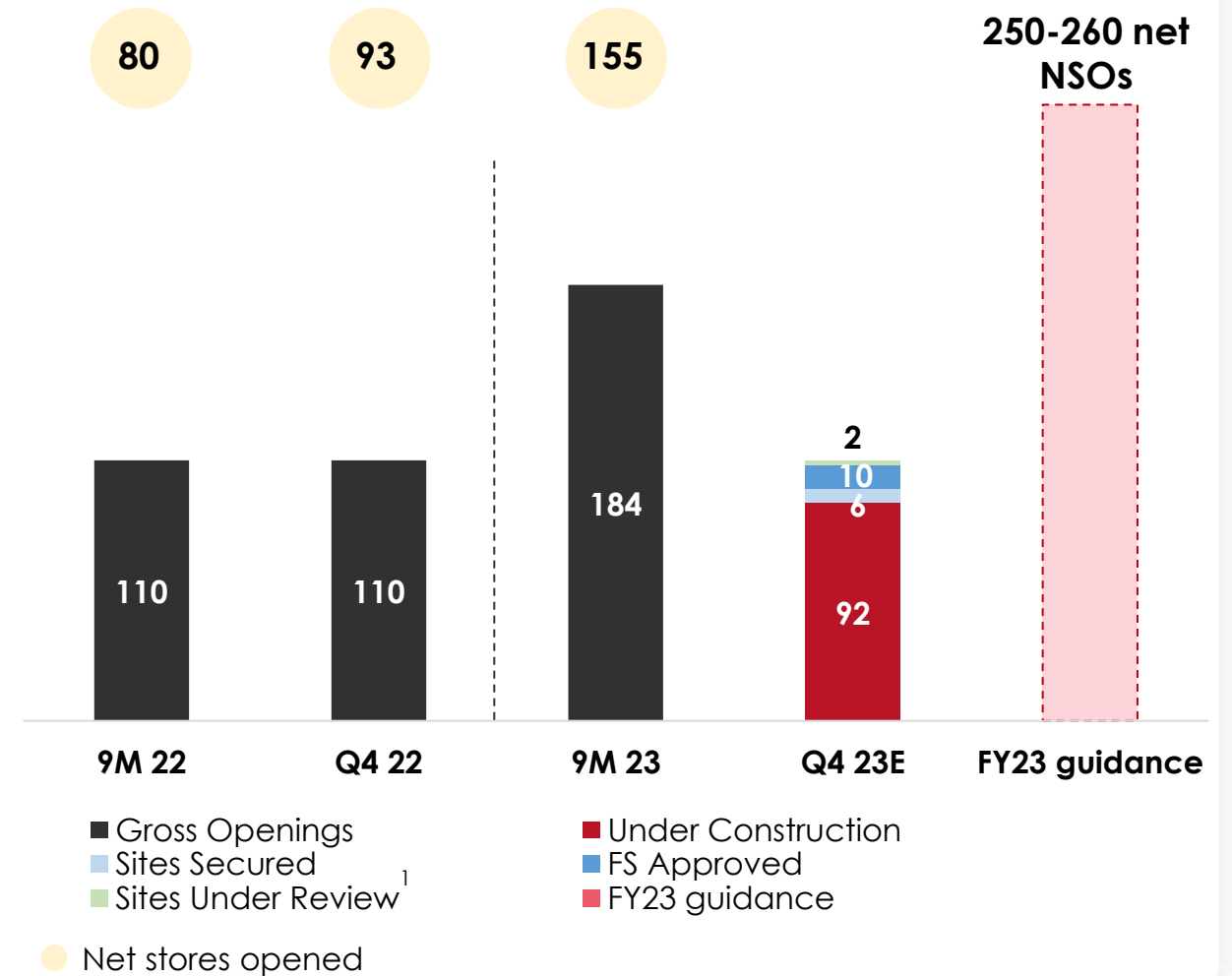
184 gross openings till Q3 2023; on track to open 250-260 net stores for FY2023

Restaurant portfolio evolution (1 Oct 22 – 30 Sept 23)

No. of restaurants



NSO pipeline for 2023E



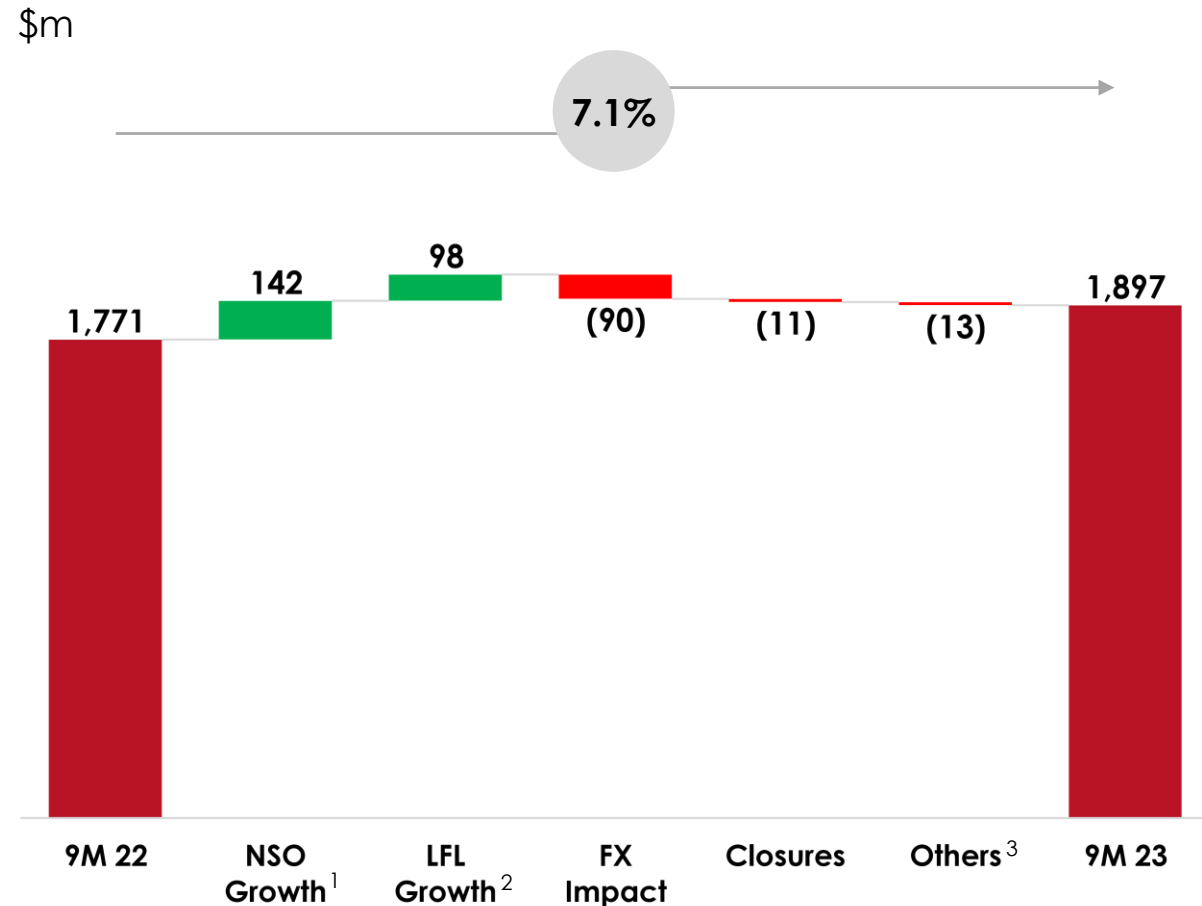
Source: Company information

¹ Restaurant sites approved by leadership for signing lease and start construction work

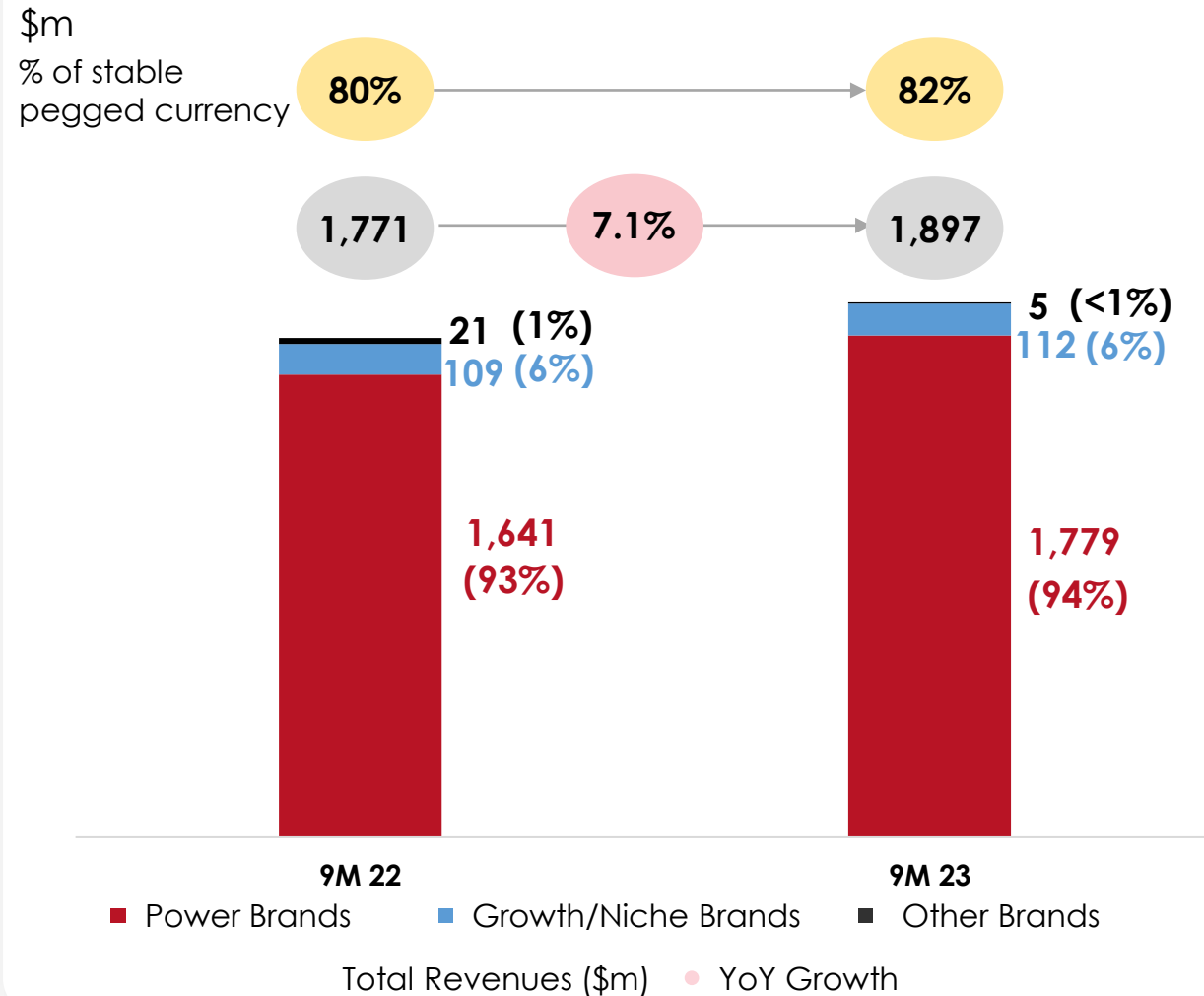
² 3 Fish Market stores were closed in Q4 2022

Revenue growth driven by NSOs and LfL growth; adversely impacted by \$90m due to FX

Revenue bridge (9M 22 to 9M 23)



Revenue mix



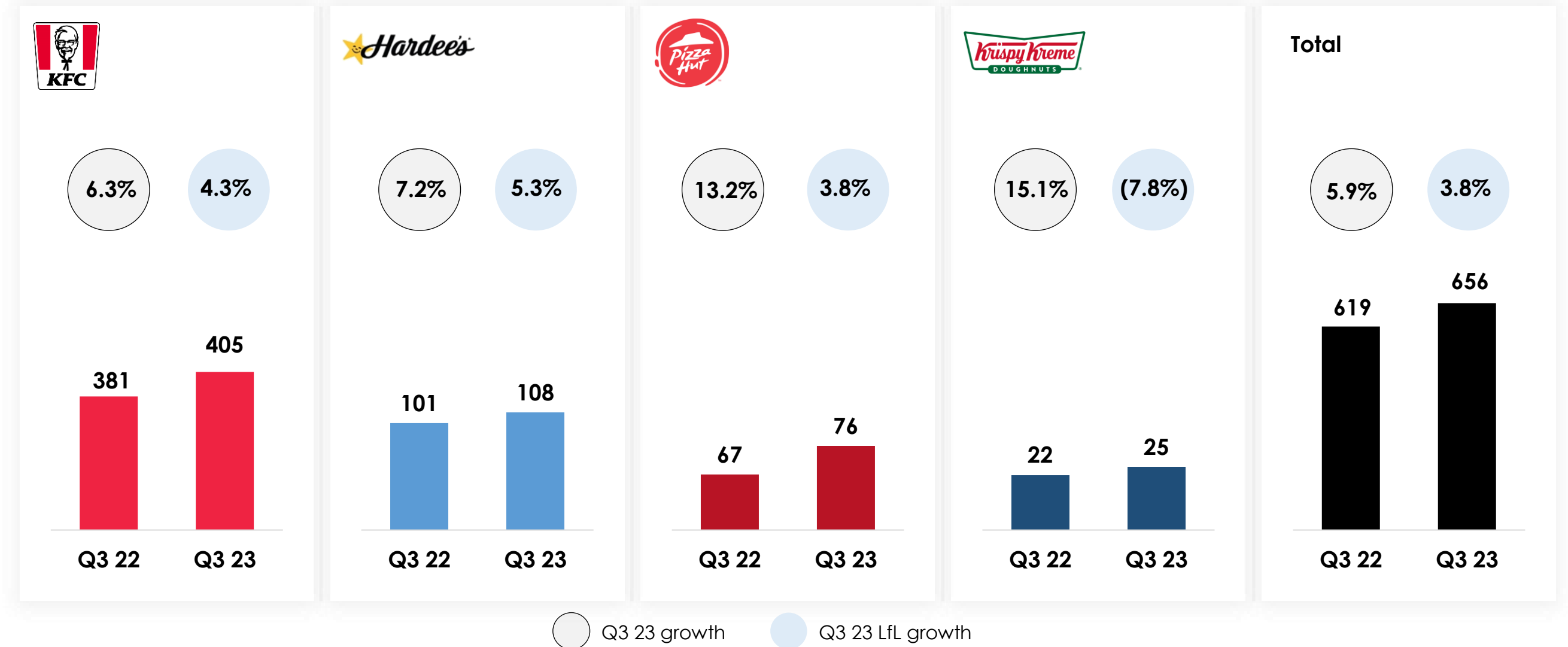
Source: Company information

1. Revenue contribution from stores opened during 9M 22 and 9M 23
2. LFL growth for stores that have completed 12 months of operations
3. Others include Lebanon hyperinflation impact, rentals and logistics

Q3 23 – Solid mid single digit growth in total revenues; partially offset due to seasonality impact of Eid-al-Adha in Q2 23 (vs. Q3 22 in prior year)

Revenues by Power Brands (Q3 22 and Q3 23)

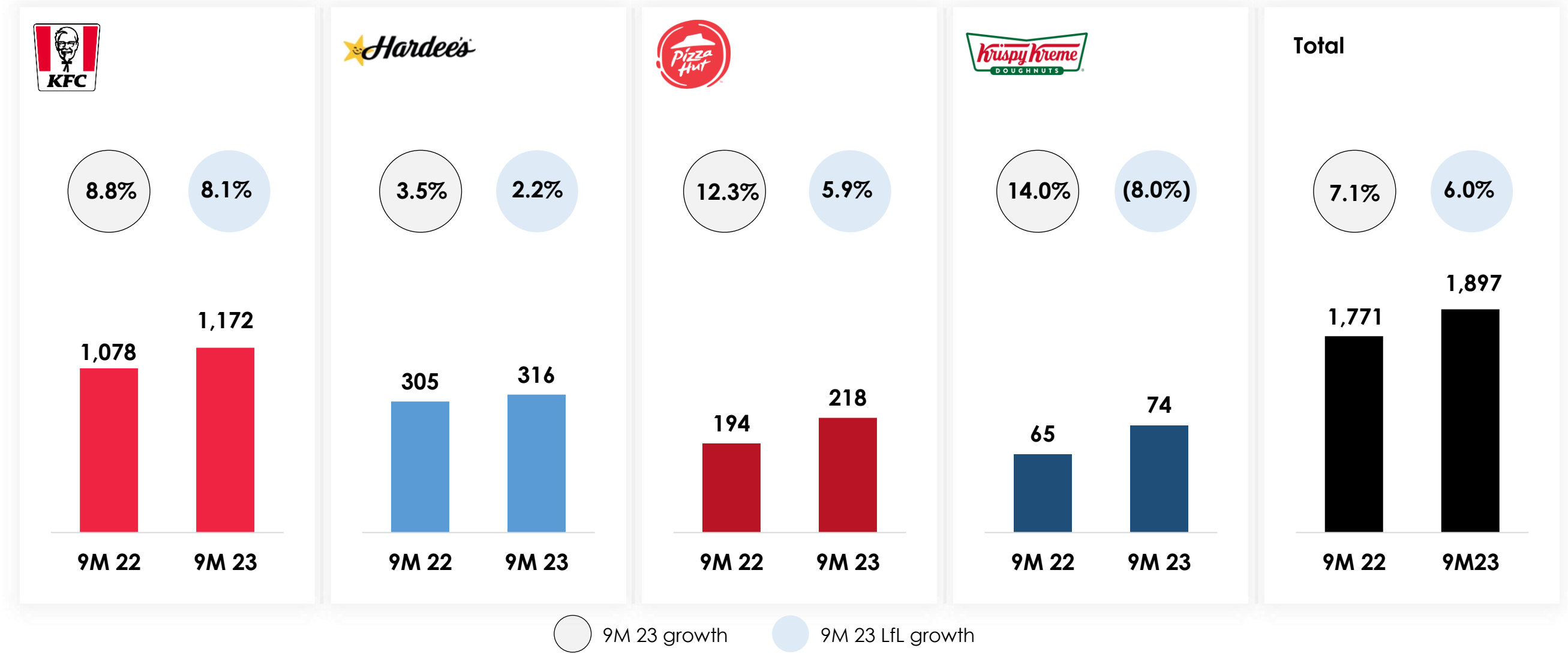
\$m



9M 23 – Total LfL revenue growth driven by KFC, Pizza Hut and Hardee’s performance

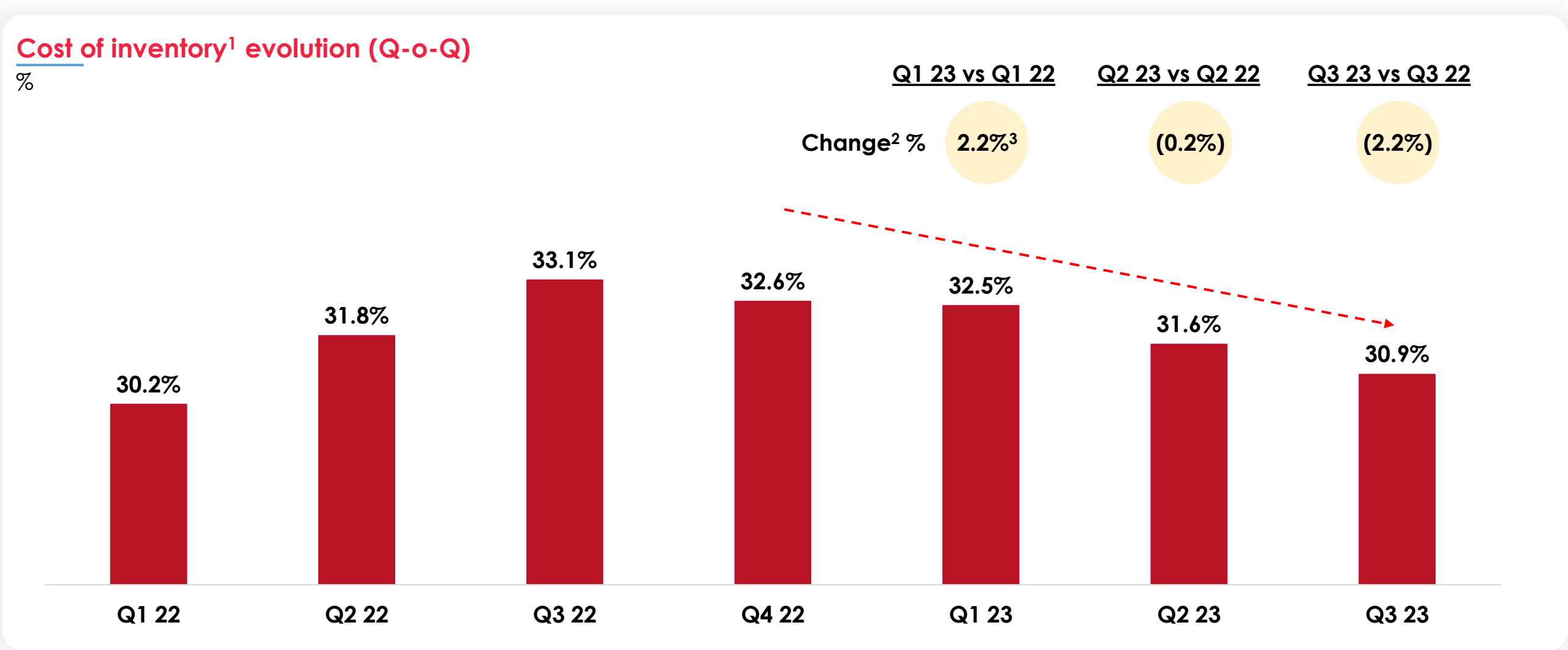
Revenues by Power Brands (9M 22 and 9M 23)

\$m



Source: Company information

Further reduction in cost of inventory in Q3 23 on the back of softening in prices of key commodities



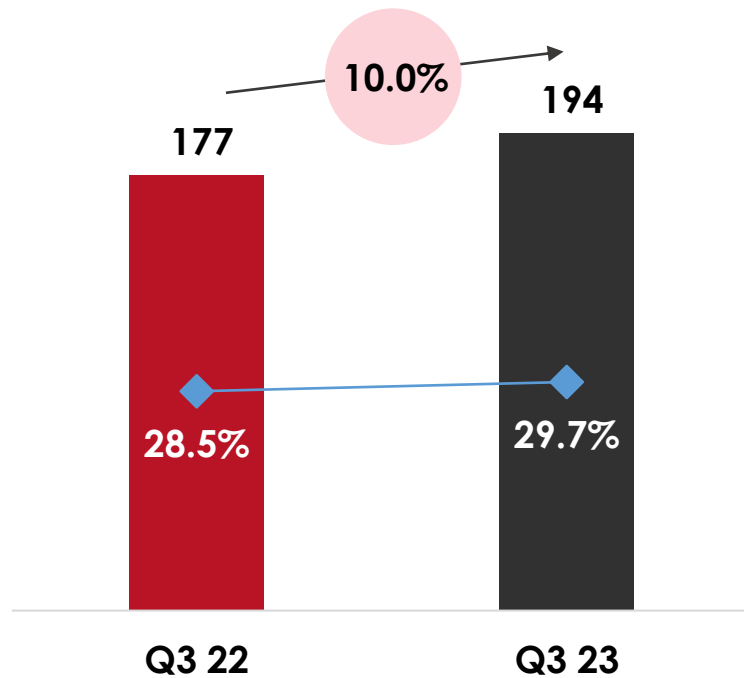
Source: Company information. Cost of inventory refers to cost of materials, filing and packing materials

- 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

Q3 23 – 4 wall EBITDA margin improvement driven by lower cost inventory; net profit grew 9.9% supported by operational efficiencies

4 Wall EBITDA (Q3 22 and Q3 23)

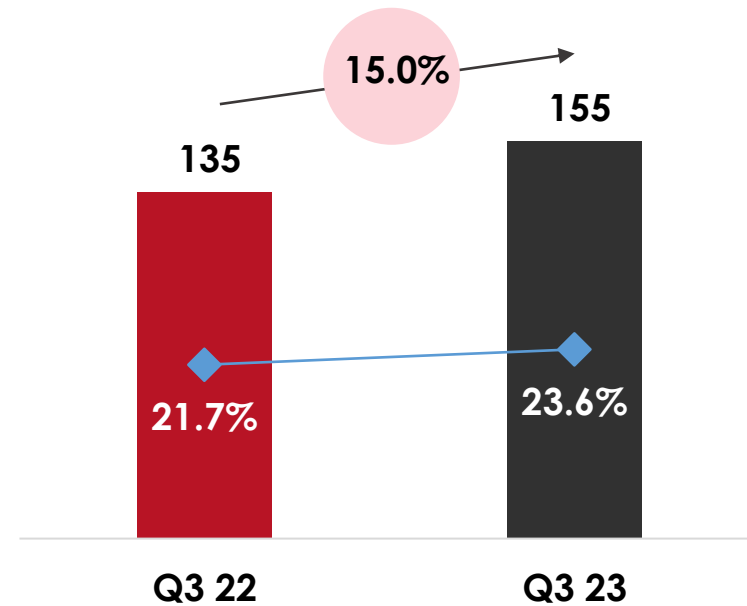
\$m



Margin improvement driven by favorable prices of key commodities

Total Adj. EBITDA (Q3 22 and Q3 23)

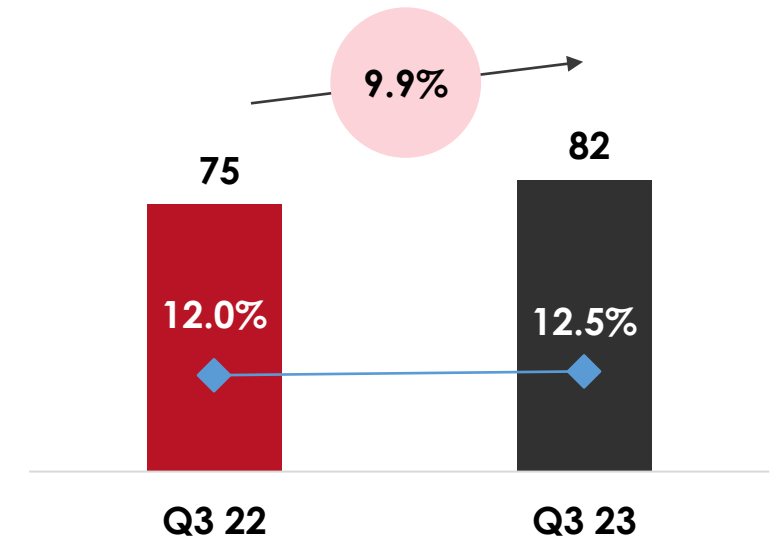
\$m



Growth driven by operational efficiencies

Net Profit (Q3 22 and Q3 23)

\$m



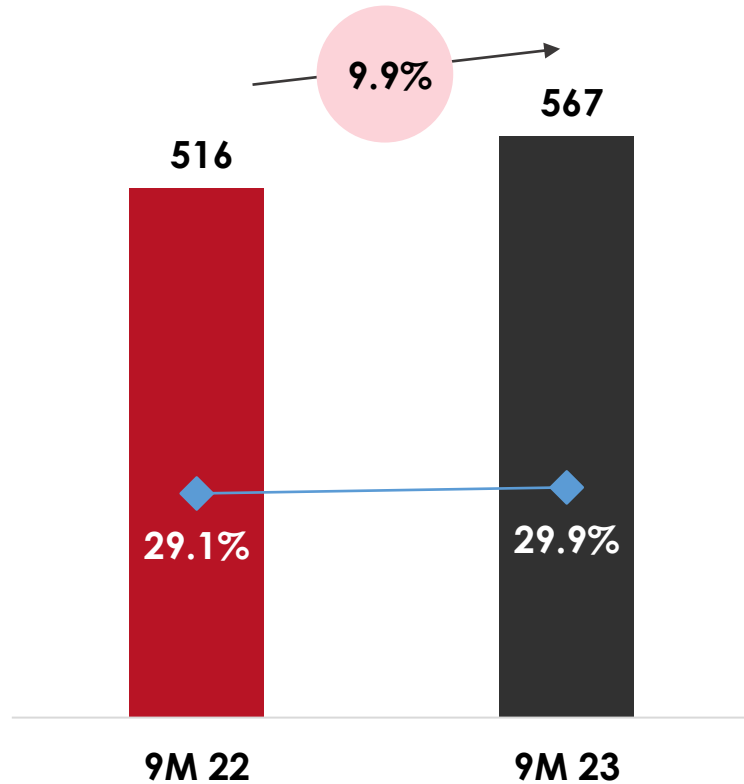
Net profit improvement supported by operational initiatives

◆ Margin (% of revenues) ● YoY Growth

9M 23 – Growth in profitability through efficiencies achieved by labor optimization and ZBB initiatives driving net profit margin expansion

4 Wall EBITDA (9M 22 and 9M 23)

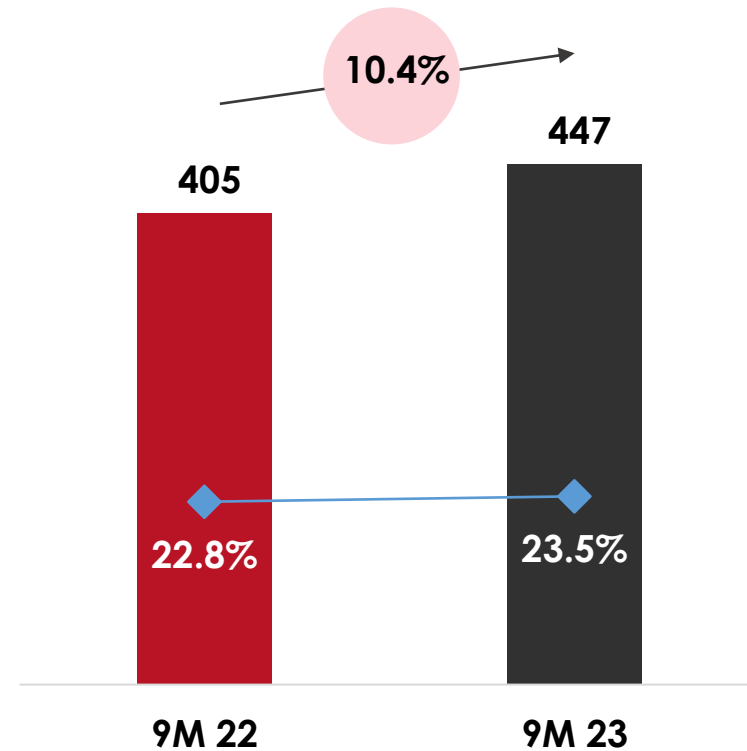
\$m



Margin improvement on the back of depletion of higher priced inventory, labor optimization, as well as reduction in rentals

Total Adj. EBITDA (9M 22 and 9M 23)

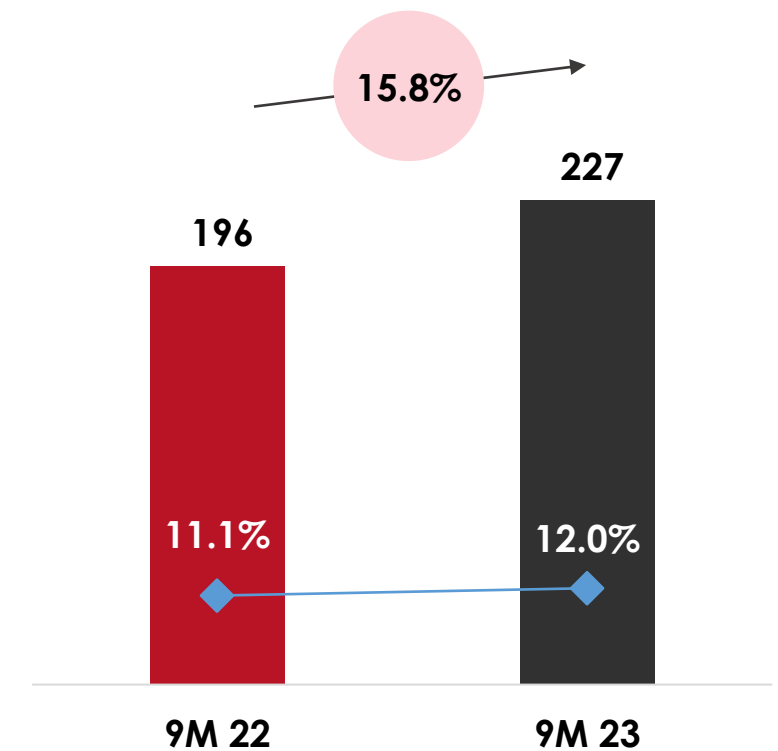
\$m



Adj. EBITDA margin expansion driven by operational efficiencies

Net Profit (9M 22 and 9M 23)

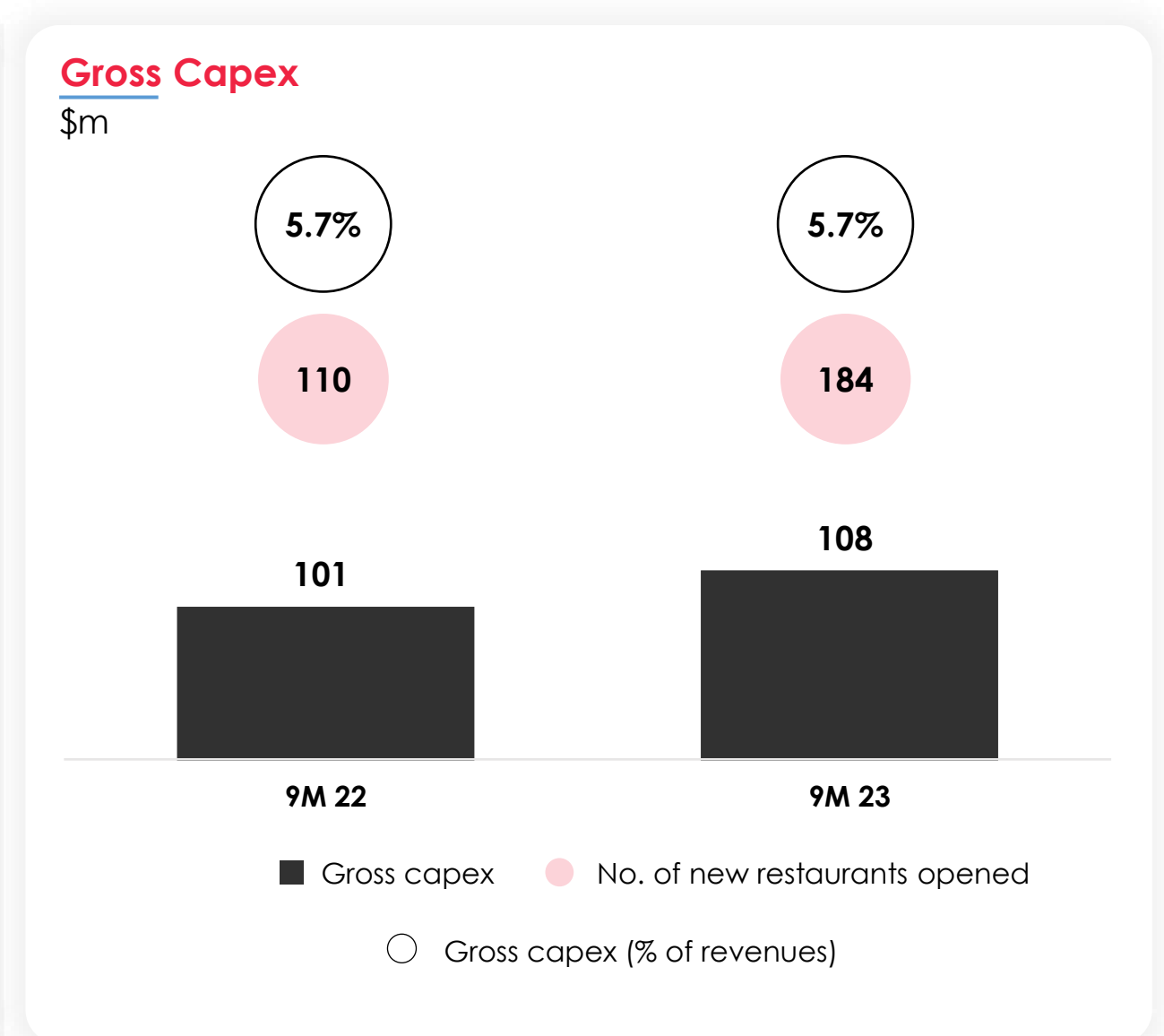
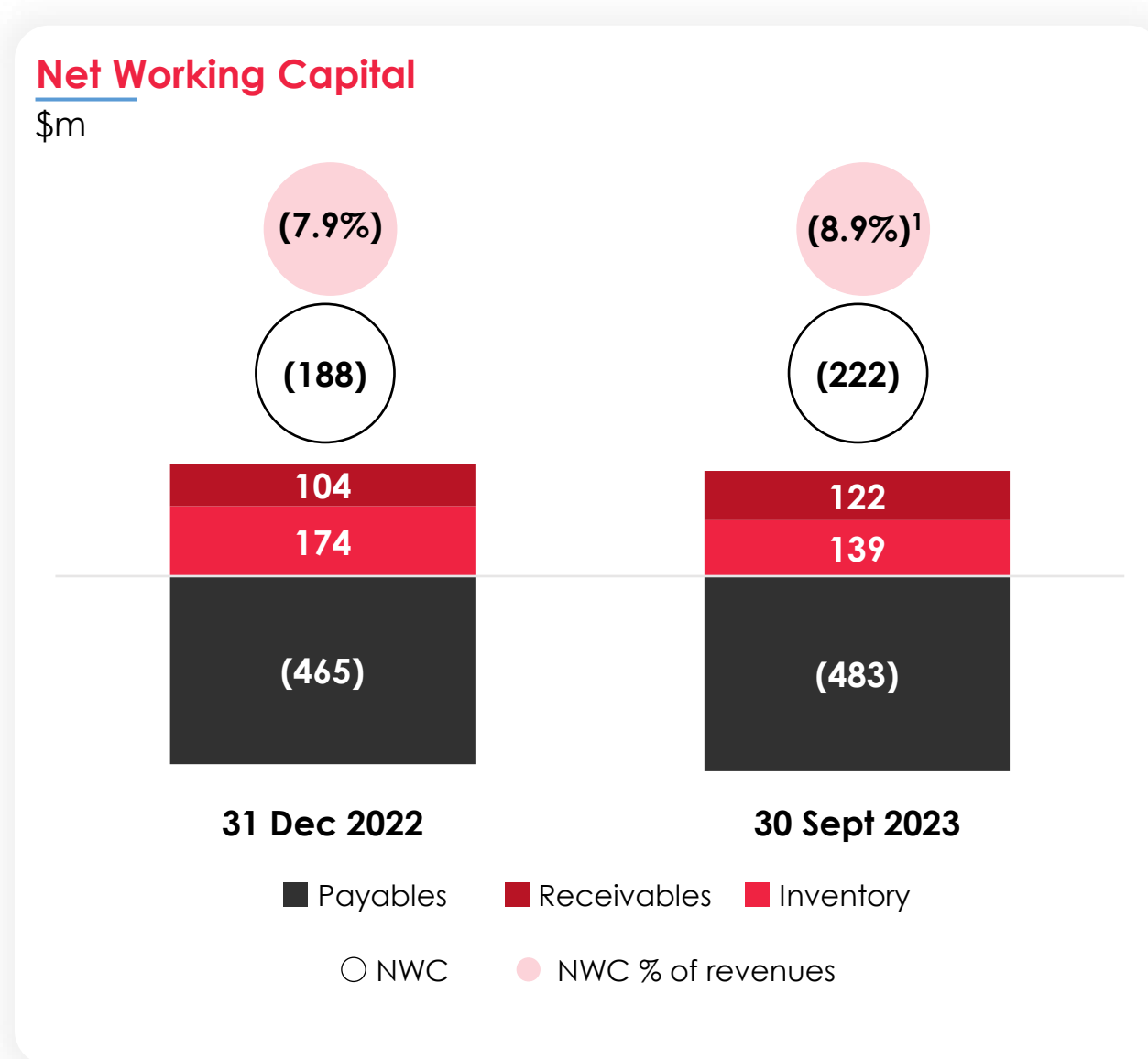
\$m



Net profit increase driven by EBITDA performance and one-off tax claim charge in Egypt in 9M22

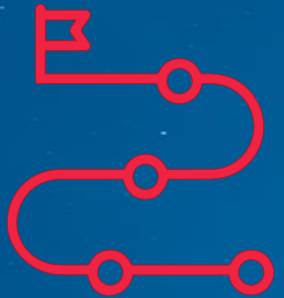
◆ Margin (% of revenues) ● YoY Growth

Negative NWC due to optimized inventory levels; and increase in trade payables



Source: Company information

1. NWC as % of revenues for 9M 23 based on LTM revenues as of 30 September 2023



THE WAY
FORWARD

Guidance 2023

- 1** AMR expects to continue its expansion plan and add 250-260 net new restaurants during 2023, with a focus on Saudi Arabia
- 2** The Company also looks to improve profitability in 2023 on account of commodity price decrease and improved operational efficiencies
- 3** Recent geopolitical developments may have some impact on short term performance, the Company, however, remains positive about the general business environment and its outlook for continued growth and medium-term performance
- 4** We expect to pay 2023E dividend in accordance with our policy, subject to final recommendation of the Board



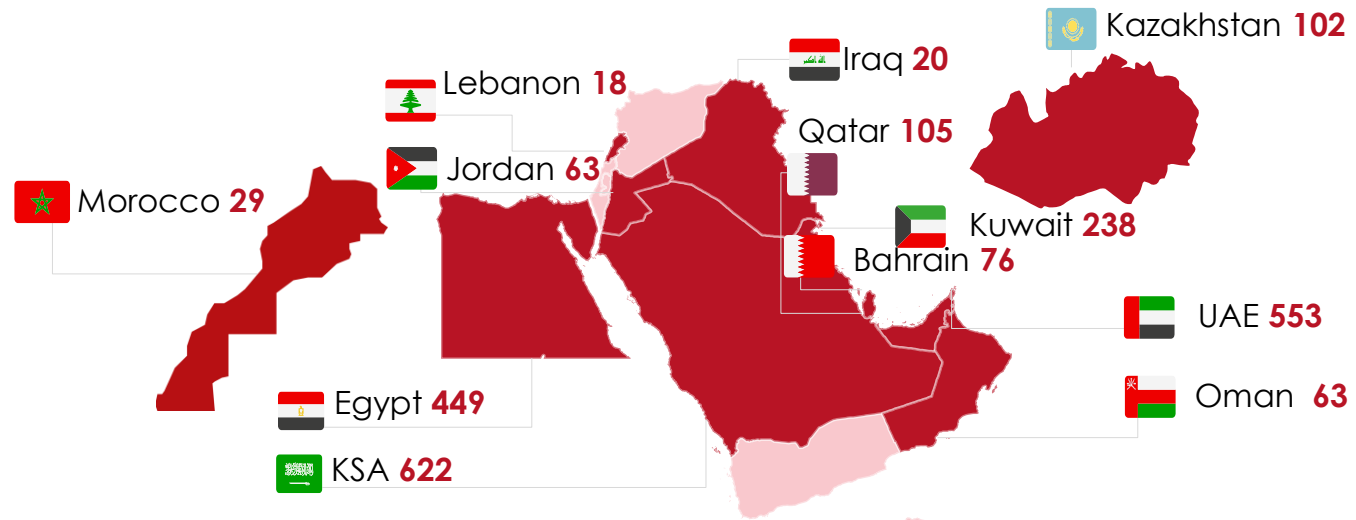
CONCLUDING REMARKS AND Q&A



APPENDIX

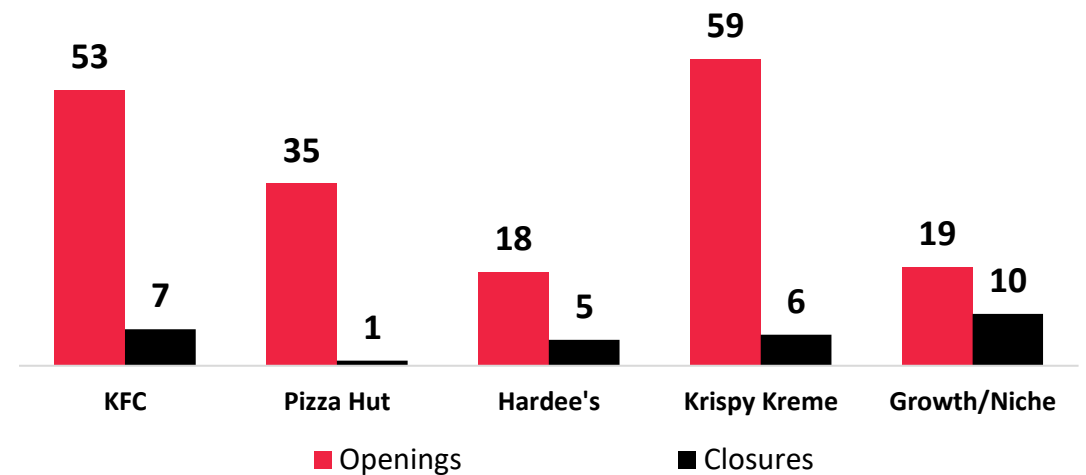
Portfolio evolution – 9M 23

No. of restaurants – by country and brands



Openings & closures – 9M 23

No. of restaurants – by brand/ category

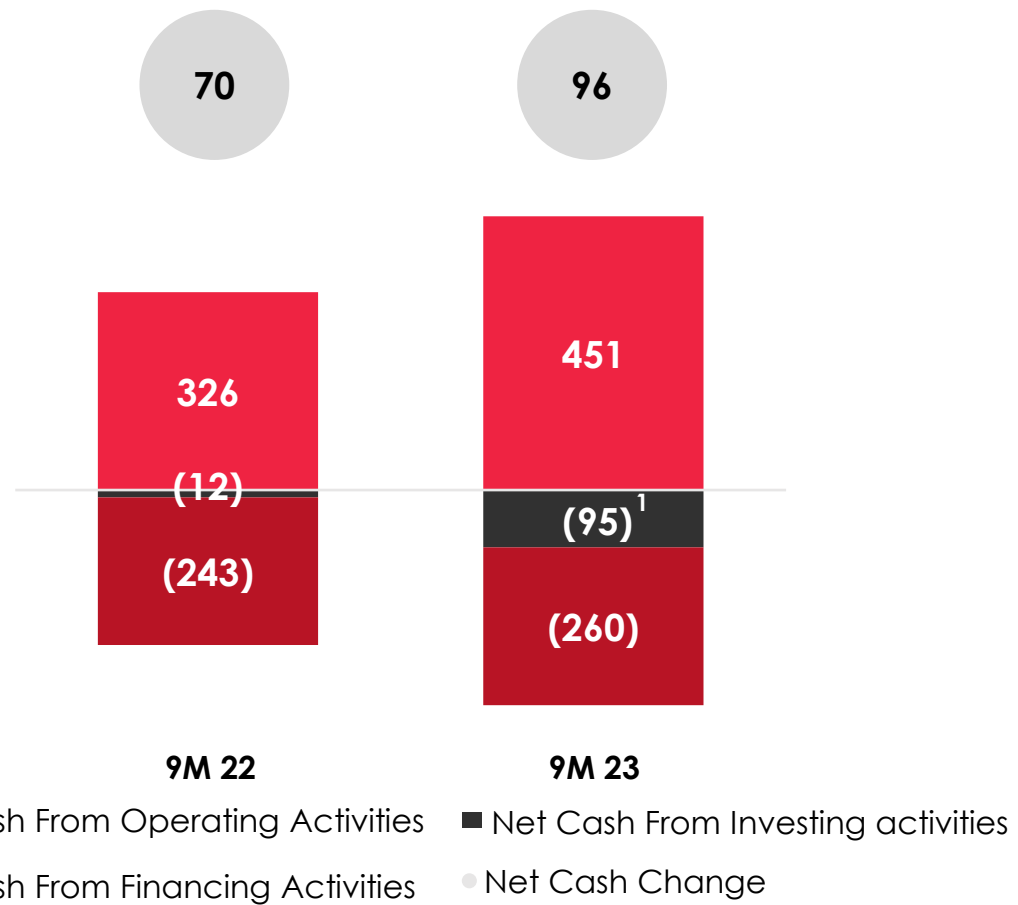


| | KSA | UAE | Kuwait | Egypt | Others | Total |
|------------------------------|------------|------------|------------|------------|------------|--------------|
| KFC | 248 | 200 | 73 | 174 | 290 | 985 |
| Hardee's | 132 | 87 | 58 | 42 | 85 | 404 |
| Pizza Hut | 52 | 162 | - | 99 | 46 | 359 |
| Krispy Kreme | 170 | 80 | 27 | 26 | 34 | 337 |
| Growth / Niche Brands | 20 | 23 | 79 | 104 | 21 | 247 |
| Other Brands | - | 1 | 1 | 4 | - | 6 |
| | 622 | 553 | 238 | 449 | 476 | 2,338 |

Free cash flows

Movement in Cash & Cash Equivalents

\$m



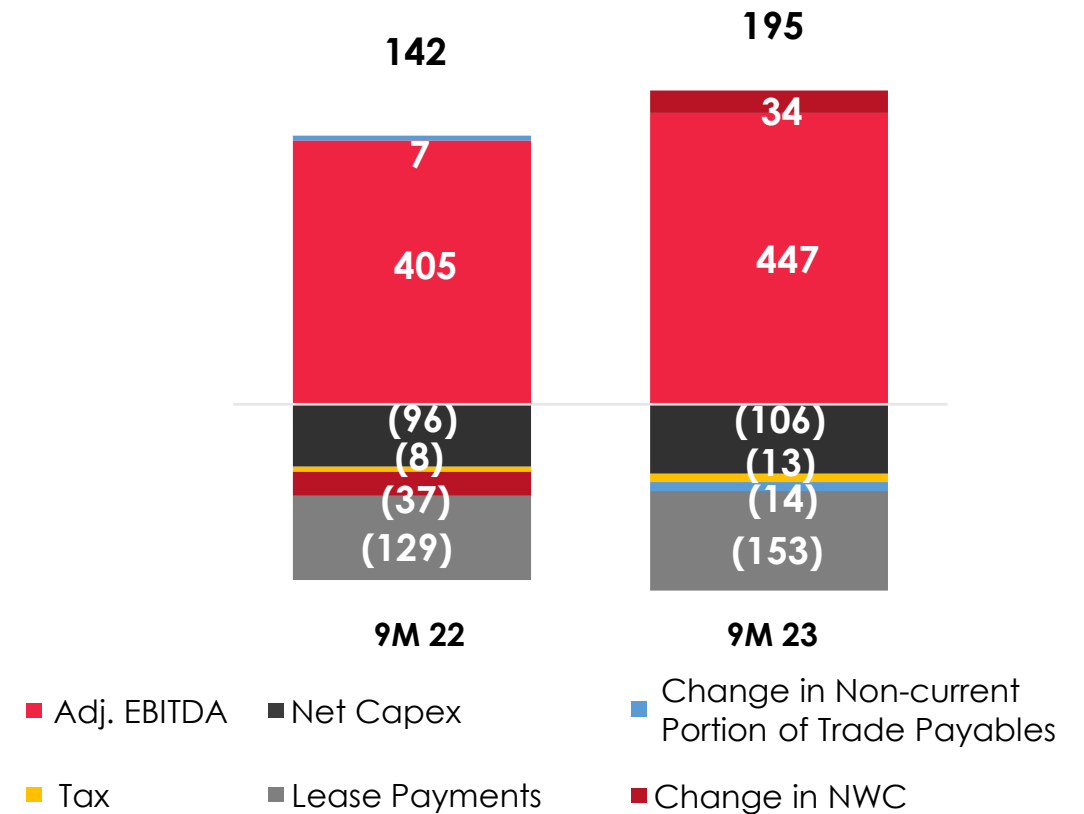
Adj. Free Cash Flow (FCF)

\$m

Conversion %

51.6%

66.3%



Source: Company information

1. Excluding short term fixed deposit of \$259.8m

EBITDA & Adj. EBITDA reconciliation – Q3 22 and Q3 23

Post IFRS-16 basis

| \$k | Q3 22 | Q3 23 |
|---|----------------|----------------|
| Net profit for the year | 76,152 | 83,513 |
| Income tax, zakat, and contribution to Kuwait Foundation for the Advancement of Sciences (“KFAS”) | 1,484 | 2,859 |
| Finance cost (net) excluding finance costs on lease liabilities | 166 | (3,838) |
| Depreciation and amortization (excluding depreciation related to RoU assets) ¹ | 16,686 | 20,533 |
| Depreciation on RoU assets | 42,045 | 43,890 |
| Finance costs on lease liabilities | 5,910 | 6,741 |
| Impairment charges | (685) | (24) |
| EBITDA | 141,758 | 153,674 |
| Other Adjustments A | (7,222) | 1,088 |
| Adj. EBITDA | 134,536 | 154,762 |

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 | Q3 22 | Q3 23 |
|---------------------------|---------|-------|
| Tax provision | (582) | - |
| Staff restructuring costs | (79) | - |
| Lebanon IAS 29 adjustment | (6,561) | 1,088 |

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

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

EBITDA & Adj. EBITDA reconciliation – 9M 22 and 9M 23

Post IFRS-16 basis

| \$k | 9M 22 | 9M 23 |
|---|----------------|----------------|
| Net profit for the year | 199,363 | 230,422 |
| Income tax, zakat, and contribution to Kuwait Foundation for the Advancement of Sciences (“KFAS”) | 7,603 | 12,644 |
| Finance cost (net) excluding finance costs on lease liabilities | 187 | (6,572) |
| Depreciation and amortization (excluding depreciation related to RoU assets) ¹ | 49,219 | 57,801 |
| Depreciation on RoU assets | 112,040 | 128,473 |
| Finance costs on lease liabilities | 15,174 | 19,173 |
| Impairment charges | 1,532 | 753 |
| EBITDA | 385,118 | 442,694 |
| Other Adjustments A | 19,465 | 3,814 |
| Adj. EBITDA | 404,583 | 446,508 |

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 | 9M 22 | 9M 23 |
|---------------------------|---------|-------|
| Tax provision | 24,900 | - |
| Staff restructuring costs | 572 | - |
| Lebanon IAS 29 adjustment | (6,007) | 3,814 |

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

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