

# Famous Brands dividends on hold

By [Colleen Goko](#)

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Famous Brands will not pay dividends until 2018 as the company pushes to meet internal growth targets.



Famous Brands CEO Darren Hele.

Picture: [Daylin Paul](#)

But group CEO Darren Hele does not expect investors to abandon ship because of this.

"It's relatively straightforward if you look at the size of the GBK [Gourmet Burger Kitchen] transaction and the amount that was invested," said Hele. "We are being cautious. We need to bed the gearing down."

Famous Brands purchased UK chain GBK for R2.1bn in September in the group's biggest acquisition yet. The transaction was funded by cash accumulated from business operations and debt facilities.

"We are taking a proactive rather than a reactionary approach to this. Shareholders have had a very good return on investment in the past 12 months and we believe it's very different when a company suspends dividend payments for reasons other than performance."

In the six months to end- August, Famous Brands reported a 23% rise in group revenue to R2.45bn. Aftertax profit climbed

62% to R411m compared with the prior year, boosted by a R121m one-off gain from a rand hedge in its acquisition of GBK.

Famous Brands was party to a number of transactions. Net cash outflow from investing activities of R162m was incurred, primarily on acquiring controlling stakes in Salsa Mexican Grill and Lupa Osteria, and the outright purchase of Lamberts Bay Foods. The company spent another R90m on the acquisition of tomato paste facility Cape Concentrate and investment in information technology systems and in the enhancement of supply chain capabilities.

But the company had not bitten off more than it could chew during its acquisition spree, Hele said. "We have stuck to our core competencies. We haven't rushed off into a new industry. We are always looking for acquisitions, but if there are any in the rest of this year, they will not be sizeable, due to GBK," he said.

Famous Brands' logistics division reported a 24% increase in revenue to R1.66bn, while operating profit grew 14% to R49m.

Its manufacturing division reported a 53% jump in revenue to R1.3bn and 64% profit growth to R166m.

**Source:** Business Day

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