



AN INTRODUCTION TO FRANCHISE BRANDS PLC

GLOBAL GROUP
UK INVESTOR SUMMIT 2021



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Stephen Hemsley

Executive Chairman

AN INTRODUCTION TO FRANCHISE BRANDS PLC



Established in 2008 by Stephen Hemsley and Nigel Wray (Non-executive Director).

Focused on building market-leading businesses in selected customer segments primarily via a franchise model.

Highly experienced Board and senior management team who are significant shareholders (57%).

IPO in 2016 at market cap of £15.6m, now approximately £130m. (AIM: FRAN).

Significant potential for organic growth and earnings-enhancing acquisitions.

Strategic financial targets: run-rate revenues of £100m and adjusted EBITDA of £15m by the end of 2023.

FRANCHISE BRANDS: GROUP AT A GLANCE

B2B



Metro Rod: commercial drainage expert providing one-stop solutions nationally via 50 B2B depots run by 42 franchisees.

Metro Plumb: specialist plumbing services with 36 franchise territories.

Kemac: also provides specialist plumbing services to several water utilities.

Management Service Fee of 15-22.5%.

ADJUSTED EBITDA H1 2021*

£2.3m (+54%)



Leading pump design, installation and servicing business, acquired in 2019.

Facilitating development of pump-related work for Metro Rod.

Also manages two Metro Rod corporate franchises.

ADJUSTED EBITDA H1 2021*

£0.9m (+13%)

*Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation and share-based payment expense and non-recurring items (COVID-19 related restructuring charge and bad debt provision)

B2C



Provide services to retail customers of a similar cohort.

Total of 393 franchisees most of whom are “one man, one van” operations.

Typically recruits between 60-80 franchisees per year.

Predominantly fixed monthly fees.

ADJUSTED EBITDA H1 2021*

£1.5m (+63%)

OUR BUSINESS BUILDING STRATEGY HAS FOUR ENGINES OF GROWTH

PURPOSE

We build market-leading businesses primarily via a franchise model.



SUPPORTING OUR FRANCHISES

- Support, training and specialist tools.
- Enables our franchisees to grow their businesses. If they grow, we grow.
- Added value from management expertise and Group resources.



EXPANDING OUR RANGE OF SERVICES AND CUSTOMER PENETRATION

- Actively look for opportunities to help B2B franchisees expand their range of services and customer base.
- Willow Pumps acquired for specialist pump expertise.
- Increase penetration and yield.



DEVELOPING A TECHNOLOGY PLATFORM

- Developing a digital platform across all our businesses.
- Enhance operational gearing.



GROWING OUR PORTFOLIO

- Acquisitions are a central part of our growth strategy.
- Complementary B2B and B2C franchise businesses.
- Additional franchise businesses of scale

EXPANDING OUR RANGE OF SERVICES AND CUSTOMER PENETRATION

2.1m commercial addresses

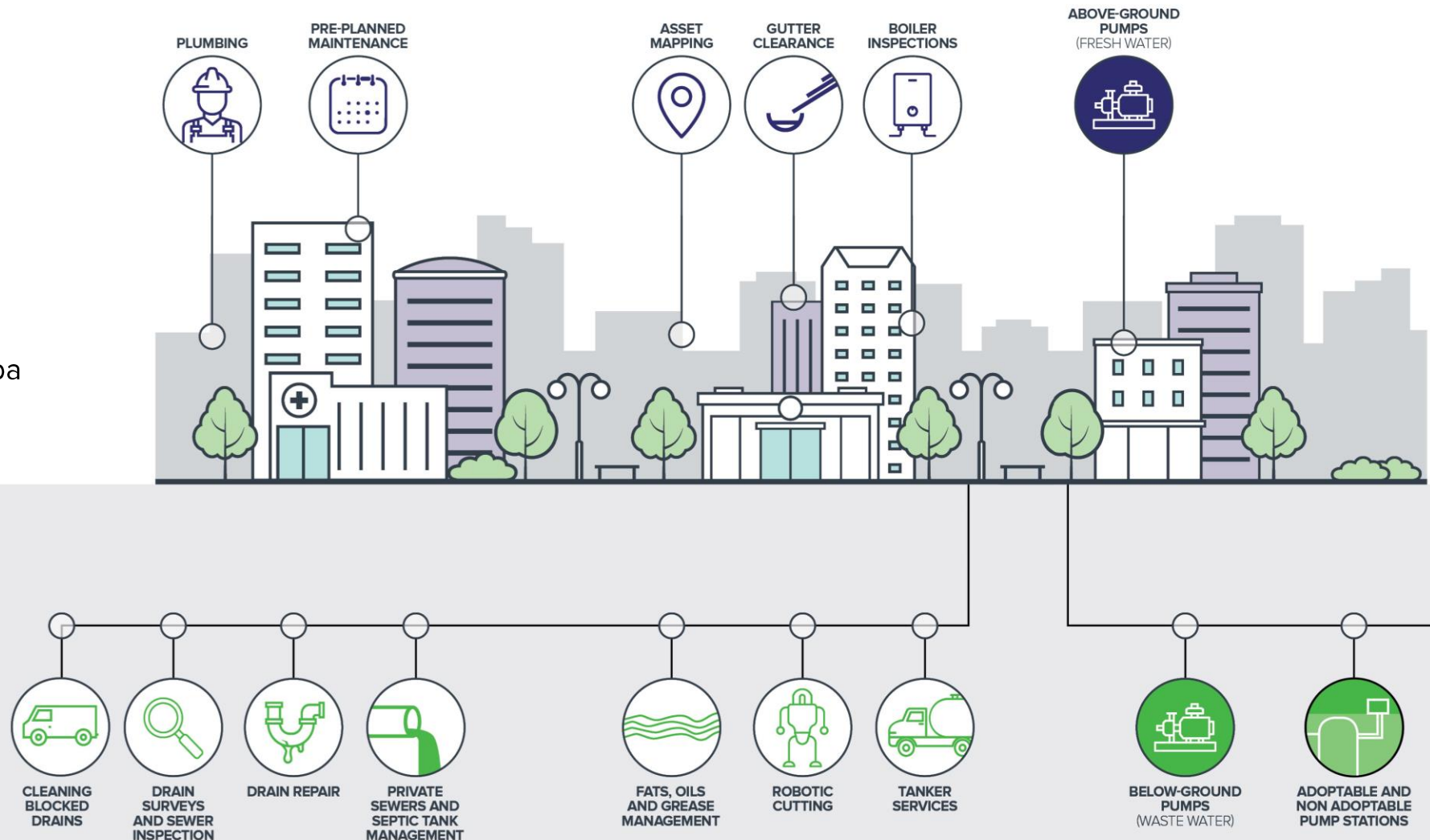
Currently:

3.8% average penetration
(best depot 7.7%)
£620 average yield
(best depot £1,134)
=£50m pa

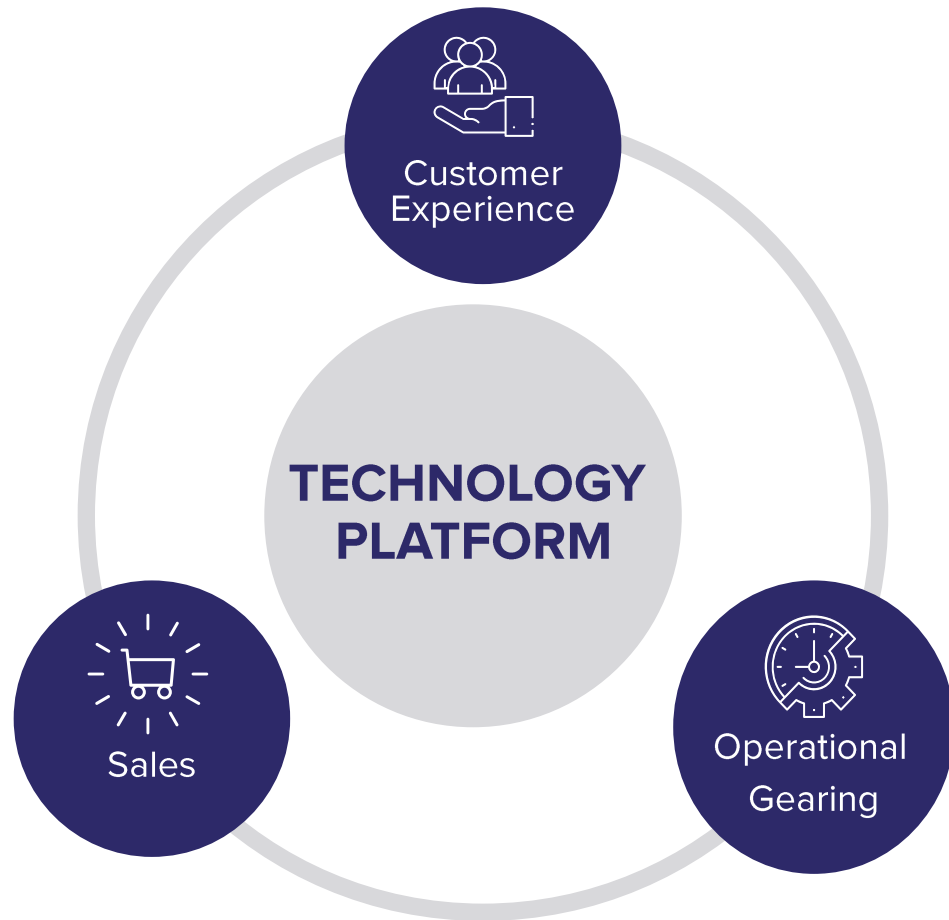
Potentially:

$2.1m \times 5\% \times £1,000 = £105m \text{ pa}$

WATER IN.
WASTE OUT.



DEVELOPING A TECHNOLOGY PLATFORM



It is our ambition to develop a common technology platform across all our businesses.

With core technology infrastructure in place, we are embarking on a further, more ambitious three-year digital transformation.

Our technology vision is to provide the tools that enables our businesses to:

- Enhance the end-to-end customer experience.
- Improve the efficiency and productivity of our customers, Support Centre and our franchisees.
- Assist our engineers in complying with customer requirements and improve lone-worker safety.
- Increase new customer sales and improve retention of existing business.

This will result in enhanced operational gearing.

STRONG REVENUE RECOVERY AND RECORD PROFIT GROWTH IN H1 2021

FINANCIAL HIGHLIGHTS (H1 2021)

REVENUE

+18%

£28.6m

H1 2021: £24.2m

ADJUSTED EBITDA*

+50%

£4.2m

H1 2020: £2.8m

PROFIT BEFORE TAX

+200%

£2.6m

H1 2020: £0.9m

ADJUSTED EARNINGS PER SHARE*

+46%

2.70p

H1 2020: 1.84p

DIVIDEND PER SHARE

+100%

0.60p

Interim 2020: 0.30p

NET CASH

£5.2m

31 Dec 2020: £4.9m

*Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation and share-based payment expense and non-recurring items (COVID-19 related restructuring charge and bad debt provision)

**Adjusted EPS is earnings per share before amortisation of acquired intangibles, share-based payment expense and non-recurring items (COVID-19 related restructuring charge and bad debt provision)

CONSENSUS* FORECASTS

Year to 31 December	2020A	2021E	2022E	2021 Change %	2022 Change %
Revenue (£'000)	50,673	58,200	63,950	15%	10%
Adjusted EBITDA (£'000)	6,640	8,425	9,600	27%	14%
Adjusted PBT (£'000)	4,069	6,400	7,550	57%	18%
Adjusted EPS (p)	4.35	5.43	6.40	25%	18%
Dividend per share (p)	1.10	1.50	1.83	36%	22%

*Consensus of Dowgate Capital and Allenby Capital forecasts

SUMMARY AND OUTLOOK



A strong 1H 2021 recovering from the COVID-impacted performance in 2020.

Core technology platform established.

Significant development in further increasing the functionality of the technology platform.

The Group's organic growth priorities are well supported and on track to deliver.

We are actively reviewing earnings-enhancing acquisition opportunities.

We look forward to the future with great optimism.

STRATEGIC FINANCIAL TARGETS*

£100m

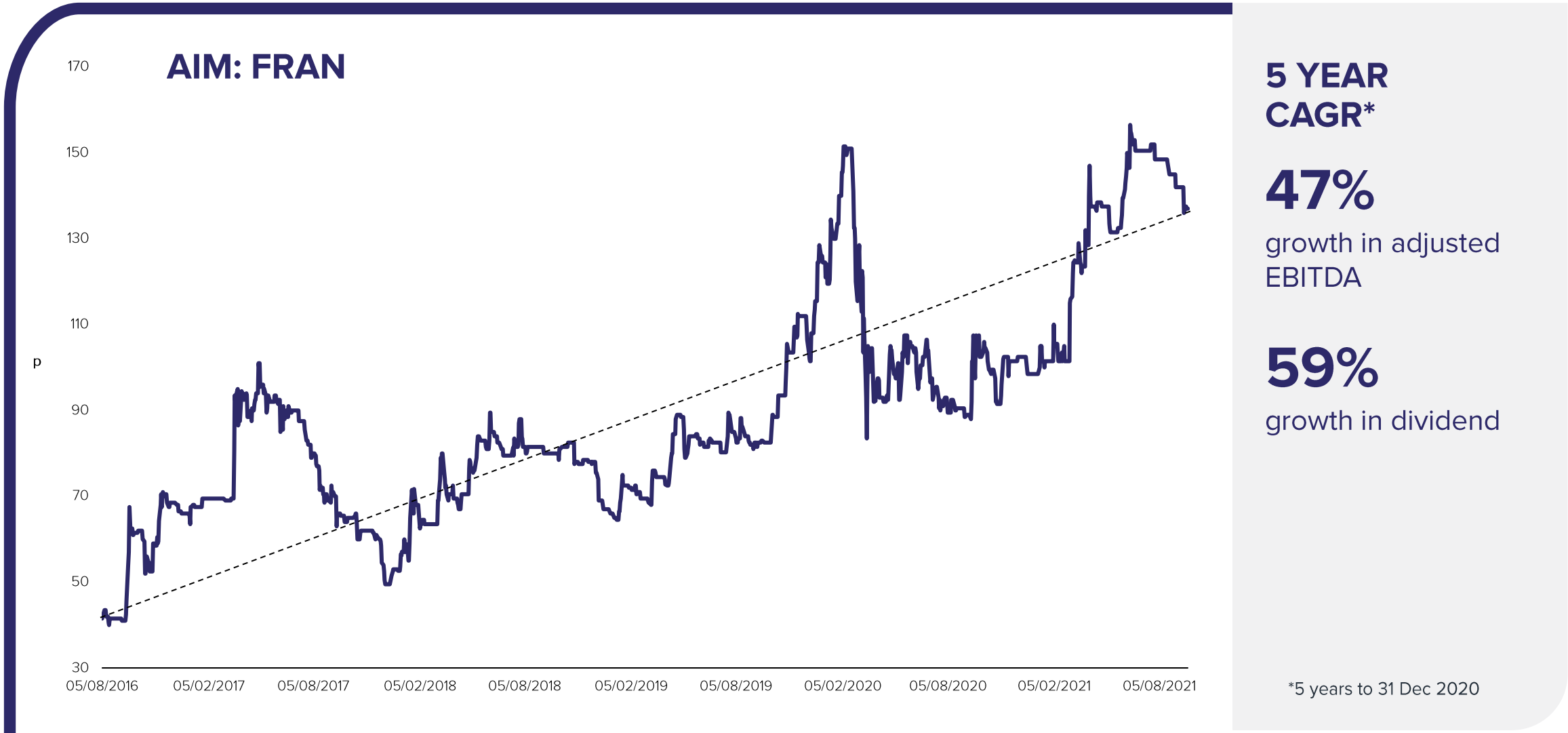
run-rate revenues

£15m

run-rate adjusted
EBITDA

*by the end of 2023

A STRONG TRACK RECORD OF PERFORMANCE SINCE IPO





FRANCHISE
BRANDS

www.franchisebrands.co.uk
@FB_PLC

Franchise Brands plc
Ashwood Court
Tytherington Business Park
Macclesfield
SK10 2XF

mail@franchisebrands.co.uk
01562 826705



www.metrorod.co.uk
@MetroRodUK



www.metrorod.co.uk
@MetroPlumbUK



www.willowpumps.co.uk
@WillowPumps



www.chipsaway.co.uk
@ChipsAwayUK



www.ovenclean.com
@Oven_Clean



www.barkingmad.uk.com
@BarkingMadHQ
