



FRANCHISE BRANDS PLC

AN INTRODUCTION



STEPHEN HEMSLEY

EXECUTIVE CHAIRMAN
FRANCHISE BRANDS PLC





INTRODUCTION TO FRANCHISE BRANDS PLC

Established in 2008 by Stephen Hemsley and Nigel Wray

International multi-brand franchisor with **over 450 franchisees in 12 countries across four brands**

Highly experienced Board and senior management team who are significant shareholders (68.3%)

Admitted to AIM in August 2016 at a market capitalisation of £15.55m – now approximately **£60m**

Organic growth and buy & build: transformational acquisition of Metro Rod in 2017

Profitable, cash generative, progressive dividend policy



MULTI-BRAND FRANCHISOR



Franchisees

40

EBITDA

£2.5m



Franchisees

201

EBITDA

£1.9m



Franchisees

106

EBITDA

£0.3m



Franchisees

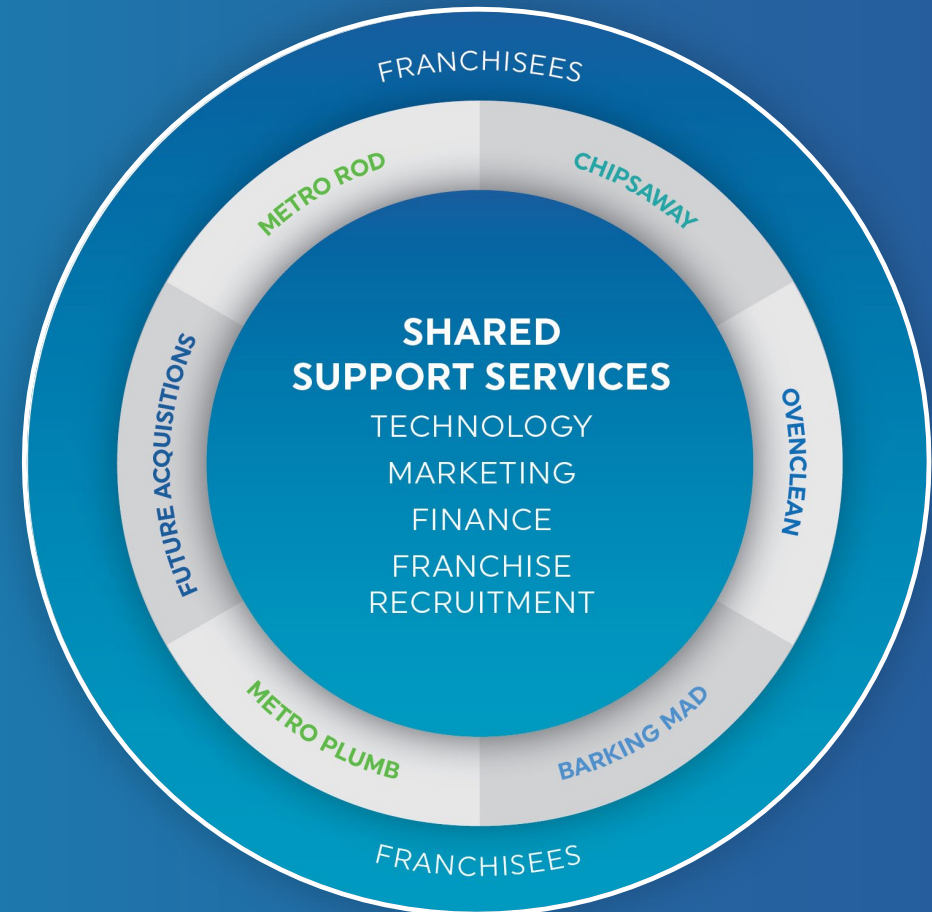
80

EBITDA

£0.2m

OUR STRATEGY & BUSINESS MODEL

Our strategy is to
develop established
franchise businesses
into market leaders



OUR SOURCES OF FEE INCOME AS FRANCHISOR

Monthly Management Service Fees (MSF) paid by franchisees

Fixed monthly fees or turnover related

Fees from the sale or resale of franchise territories

59 new franchisees recruited in 2018

Direct labour income

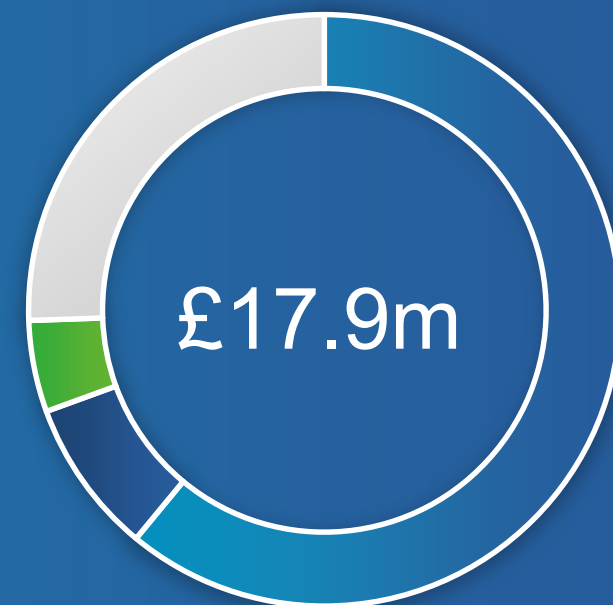
Specialist plumbing business and corporate Metro Rod franchise

Income from selling products to franchisees

Predominantly ChipsAway

MSF income increased

32% in 2018



MSF income	61%
Area sales	8%
Product sales	5%
Direct labour	26%

METRO ROD'S VISION 2023 GROWTH STRATEGY

Acquired business where
franchisees dependent on HQ for systems and sales

Launched **Vision 2023 strategy** which returned responsibility to franchisees

Developed **new IT systems** to automate processes

Incentivised **growth of local sales** and reduced dependence on large national accounts

System sales growth of 10% in 2018

System sales

£37m

Jobs in 2018

174,000

No. engineers

370



CREATING A DIGITALLY ENABLED BUSINESS

Inherited systems put into the **Cloud** to increase speed and reliability

Automating manual, repetitive tasks using **robotics**

Most important system to be updated is the **Works Management System** and a linked CRM

Systems and functionality have **Group-wide applications**

Total Group IT
Spend in 2018

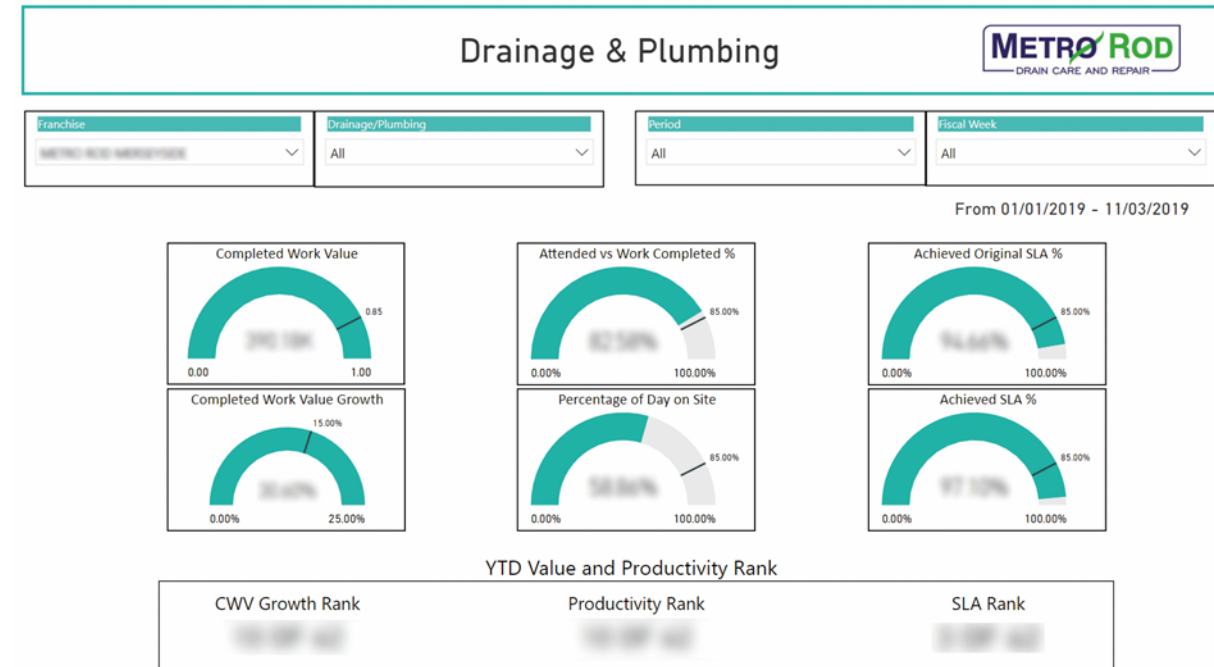
£1.5m

% of jobs logged
automatically

40%

Reduction in call
volumes from IVR

30%



MAXIMUM POTENTIAL MODEL: METRO ROD

Average penetration

2.8%

Average yield per
commercial address

£608

System Sales

£37m

Maximum penetration

4.6%

Maximum yield per
commercial address

£1,105

System Sales

£110m



CHIPS AWAY: A BRAND IN TRANSITION

The automotive market will experience **significant disruption**, ie:

- ADAS
- Electric and hybrid vehicles

Strategic shift for ChipsAway from a van-based operation to Car Care Centres

Corresponding transition to **turnover-related** as opposed to fixed fees

Number of Car
Care Centres

33

Franchisees with
expanded operations

45%

% MSF income that
is turnover related

30%



A STRONG PERFORMANCE IN 2018

Fee income

£17.9m +41%



Adjusted EBITDA

£3.7m +37%



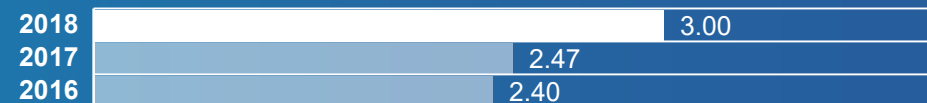
Profit/(loss) before tax

£2.9m



Adjusted earnings per share

3.0p +21%



Dividend per share

0.67p +34%



(Net debt)/Cash

£(5.0)m -21%

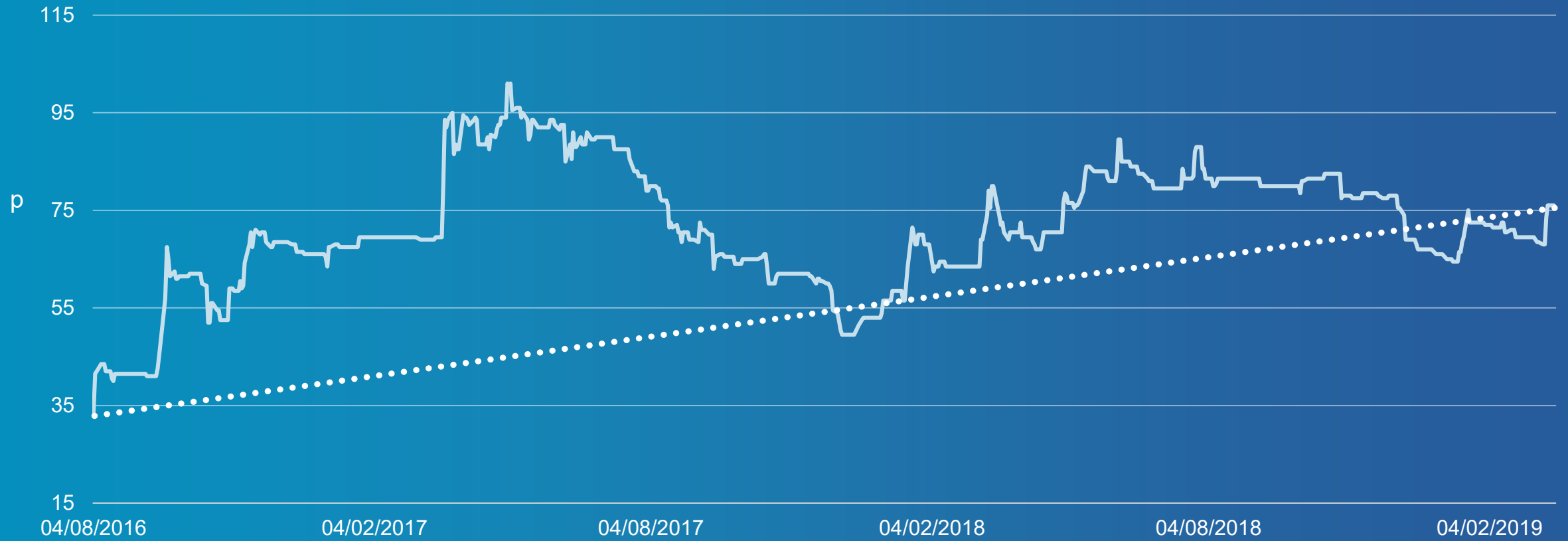


FINANCIALS: 2018 RESULTS & CONSENSUS FORECASTS

Year to December (£m)	2018 A	Consensus* 2019E	Consensus* 2020E
Revenues	35.5	37.5	41.3
EBITDA	3.7	4.7	5.4
Growth rate (%)		28%	15%
PBT	2.9	3.5	4.2
Growth rate (%)		22%	20%
EPS (p)	3.0	3.6	4.4
Growth rate (%)		22%	20%
DPS (p)	0.67	0.91	1.20
Growth rate (%)		36%	32%
Net debt	(5.0)	(3.2)	(0.6)

*Current consensus estimates by Allenby Capital Limited and Dowgate Capital Limited

SHARE PRICE SINCE IPO FRAN.L



OUTLOOK FOR FRANCHISE BRANDS

A strong performance in 2018 as we start to **unlock Metro Rod's significant potential**

Benefits of the Metro Rod investment to be **increasingly more visible** in the current year and beyond

Potential to transition ChipsAway from a mobile-based operation to **Car Care Centres**

Acquisitions back in focus now Metro Rod has been integrated

Reduction of debt and **progressive dividend policy**

2019 has started encouragingly, with a **good trading performance** across the Group's businesses

We look forward to the year ahead with confidence



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