

Famous Brands feels the squeeze of low consumer spending

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Famous Brands shares fell as much as 14% as markets reacted to a restaurant chain's trading update indicating a decline in first-half earnings. Famous Brands has Wimpy, Mugg & Bean and Europa in its portfolio of brands.



In a statement late on Monday, after the market close, the company said headline earnings per share were expected to decline by up to 63% to R1.87 in the six months to August, from R4.11 a year ago.

Higher finance costs and recently [acquired UK-based Gourmet Burger Kitchen](#) were the main drag in the overall performance. Finance costs rose to R138m, from R8m, while Gourmet Burger Kitchen recorded a loss 872,000. But the company said it was "fixing" the UK-business, which, it said would return to profit in the next financial year.



Famous Brands acquires 100% of Gourmet Burger Kitchen, "the biggest deal the group has ever concluded"

2 Sep 2016



Famous Brands said profit before interest and tax in the main South African business was expected to record "satisfactory improvement". Famous Brands shares retraced slightly to a loss of 11.7% to R104.37 in mid-morning trade on the JSE, valuing the company at R10.4bn.

Source: BDpro

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