

## Famous Brands acquires 49.9% stake in commercial catering company

Advancing the Famous Brands' strategy outlined in 2014 to expand its business into the broader leisure and consumer product space, the Group has made its first foray into the food service leisure sector, acquiring a 49.9% stake in the award-winning commercial catering company, By Word of Mouth (Pty) Ltd.



Kevin Hedderwick, Karen Short and Adrian Short.

The purchase consideration falls below the threshold of a categorised transaction in terms of the Listings Requirements of the JSE Limited. The transaction is subject to Competition Commission approval, after which all suspensive conditions will have been fulfilled.

Kevin Hedderwick, Famous Brands' strategic advisor responsible for M&A activity, says, "Having explored an extensive range of investment opportunities in the food service leisure and hospitality sector, we are delighted to announce our partnership with the owners of By Word of Mouth, Karen and Adrian Short. This highly acclaimed business has impeccable credentials and meets our best-in-class criteria."

"Whilst this is Famous Brands' first foray into this category, we are confident that our core competencies will ensure that we create opportunities to elevate this brilliant business to even greater heights," he adds.

Hedderwick notes, "This transaction is the culmination of two years of intensive discussions and a process of gaining an

understanding of and mutual respect for each other's businesses. The Shorts are passionate about their company and determined to ensure that our partnership will be in the best long-term interests of By Word of Mouth; they will continue to manage the business, supported by Famous Brands."

By Word of Mouth was established in 1993 by Karen Short who identified a growing demand for high quality catering and professionally managed events. Karen's husband, Adrian Short, joined the business in 2003. Over the past 23 years the company has built a reputation for excellence in the industry, having won numerous local and international awards. By Word of Mouth offers a portfolio of services ranging from development of unique designer food and beverage menus to comprehensive event management, including conceptualisation, equipment and décor hire, floral design, and staffing requirements.

The company is based in Gauteng, in Linbro Park, and also manages a 400-seater venue, The Polo Room, at the Inanda Polo Club. The business employs a staff complement of over 200.

Founder Karen Short comments, "From the outset, By Word of Mouth has strived to be the leader in producing world class cutting-edge events which are recognised for their beautifully presented food that tastes sensational, served by knowledgeable well-dressed staff in a fabulous setting. Professionalism is our watchword in ensuring we deliver flawless, memorable events for our clients.

Our partnership with Famous Brands is a great fit for numerous reasons: quality and attention to detail are paramount to both of our companies; we have a shared understanding of entrepreneurial, family businesses; and we are confident that Famous Brands will provide the support that we need to take our business to the next level, including establishing an offering for our clients across the country."

"Importantly," she notes, "we are pleased that as founders of the business we remain the majority shareholders and can continue to personally deliver our high-end, boutique service, and drive our ambition to remain a dominant force in the industry." Hedderwick elaborates, "In the short term we will integrate By Word of Mouth's business into Famous Brands' infrastructure where synergies permit and leverage their existing state-of-the-art kitchen facilities at Linbro Park."

Over the medium term, the intention is to expand the business's existing presence in the premium corporate market, a fast-growing segment of the commercial catering category. Over the longer term, the goal is also to establish a footprint for By Word of Mouth in Cape Town and Durban.

Hedderwick notes, "A key aspect of this partnership is the opportunity to enter the home meal replacement retail space, through high-end stand-alone stores offering bespoke products created by Karen Short. This retail business model will resemble the hugely successful "COOK" company in the UK, which produces ready-made meals using ingredients and techniques that 'a good cook would use at home to ensure meals look and taste homemade'\*. I am particularly excited about the growth prospects of this component of the business because there is a strong and growing demand for an offering of this kind in the economically resilient upper-end of the South African market."

Hedderwick concludes, "Our partnership with By Word of Mouth is a significant achievement in terms of advancing the Group's strategic growth agenda: it boosts our portfolio of premium brands and extends the Group's presence into new categories."

\*Source: <http://www.cookfood.net/info/About-cook/>