

Country Bird's first KFC outlet in Zimbabwe

By [Marc Hasenfuss](#)

12 Sep 2014

Poultry group Country Bird Holdings (CBH) has finally got its first KFC outlet up and running in Zimbabwe.



In recently released results to end-June, CEO Marthinus Stander confirmed the outlet was opened in July. He noted that initial demand and support for the KFC outlet had been encouraging, despite the difficult economic conditions still experienced in Zimbabwe.

No further detail was provided in the financial report. Stander seemed reluctant to discuss the matter with the Financial Mail, referring queries to KFC owner Yum Brands. At the time of writing, Yum Brands had not responded.

The KFC Zimbabwe franchise rights were awarded to CBH in 2011, but progress was hampered after stipulations that chicken be sourced from Zimbabwean poultry producers, rather than from SA. CBH also needed to secure local empowerment partners for the venture.

CBH has previously reported that it intended to establish 25 KFC stores over five years.

The per-store capital investment was estimated to be US\$713,236, with potential annual revenue of \$5,9m/store on an above-average operating margin.

CBH has stated that the KFC expansion formed part of the company's strategic diversification of its income stream. The company already enjoys a strong relationship with KFC SA.

The establishment of a chain of KFC outlets in Zimbabwe would differentiate CBH from other poultry producers on the JSE, perhaps offering the company an opportunity to work with KFC in other African countries.

KFC closed its branches in Zimbabwe, mainly in Harare and Bulawayo, about five years ago when the economy was ravaged by chronic hyperinflation. CBH has previously argued that Zimbabwe's economy has recovered and is able to support a chicken franchise. The new store has been greeted with long queues.

The timing of - and perhaps also the lack of detail around - the Zimbabwean KFC thrust coincides with news of an

"expression of interest" in the shares of CBH not already owned by majority shareholder Synapp International (which is associated with CBH prime mover and executive director Kevin James).

Market talk is that Synapp could be considering making an offer to buy out minority shareholders in CBH.

Last week, CBH reported a R108m operating loss off a 13% increase in turnover for the year to end-June.

The poor operational performance puts CBH in breach of certain covenants in respect of long-term loans from the International Finance Company and Investec Bank to the value of R358m.

The company has, however, obtained a waiver of the breaches from both lenders.

Source: *Financial Mail*

For more, visit: <https://www.bizcommunity.com>