BURGERFUEL WORLDWIDE PRESS RELEASE

Wednesday, 14th June 2017

BURGER FUEL WORLDWIDE LTD PRELIMINARY FULL YEAR RESULT FOR THE YEAR ENDED 31 MARCH 2017

OVERVIEW - FY17

The Directors of BurgerFuel Worldwide (BFW) are pleased to present audited results for the 12 months to 31 March 2017.

Group Operating Revenue increased by 9.9% to $22.3M. BurgerFuel Total (unaudited) System Sales are up 5.78% to $102M* for the 12 month period, a key milestone for the Group.

(*Please note; taking foreign exchange rate movements' into account, the adjusted total system sales growth on a year-on-year basis is 4.0% equalling $100M).

Net Profit after tax for the period was $888,948 representing an increase of 178% on last year.

This result is particularly pleasing considering the costs associated with the annulment of the Franchise Brands relationship and the resulting expenditure that occurred in order for BFW to enter the USA on its own. It should, however, be noted that further costs for the support and opening of the USA store have occurred in the early months of FY18.

The Group has no debt, and cash reserves of $6.4M.

Our Group Operating Revenue increased by 9.9% on the same period last year. This revenue is largely comprised of long-term recurring royalties and sales. The 4.0% increase in BurgerFuel Total System Sales for the period is made up of both new and existing stores' sales growth.

We have added nine new restaurants between 1 April 2016 and 31 March 2017 within New Zealand as well as in Iraq and Egypt (relocation). As at 31 March 2017 there were 86 BurgerFuel stores operating worldwide.

BFW RESULTS FOR THE PERIOD 1 APRIL 2016 TO 31 MARCH 2017

	31 March 2017	31 March 2016
	$000	$000
Operating Revenue*	22,343	20,328
Operating Expenses**	(21,229)	(21,374)
Net Profit/(Loss) Before Tax	1,114	(1,046)
Net Profit/(Loss) After Tax	889	(1,144)

* Revenue includes; Operating revenue and interest income.

** Expenses include; Operating expenses, depreciation, amortisation and interest expense

TOTAL (UNAUDITED) SYSTEM SALES UP 4.0% TO $100M.

AUSTRALASIAN REGION

System sales across New Zealand (54 restaurants) and Australia (5 restaurants) increased by 15%.

In New Zealand, we continue to strengthen our growth position. BurgerFuel remains the largest gourmet burger chain in this market, and the third largest burger concept overall.

As well as functioning as a highly successful business unit in its own right, the New Zealand business continues to act as an incubator and testing ground for the global business. Constant focus on operational excellence, the development of world class training technology and system development will all continue to benefit the global business.

The three NZ-based company-owned stores have performed well, and we continue to see potential in this area. With strong cash reserves and no debt, the Group is well placed to facilitate further key BurgerFuel restaurant purchases, should opportunities arise that fit the BFW criteria for company-owned stores.

While sales continue to grow year-on-year, the board notes that the market should expect store openings in New Zealand to slow down as this market approaches its full potential – especially in the North Island. BFW still sees the opportunity for further expansion in the South Island and this will be explored during FY18.

While focus will remain on the protection and growth of the existing New Zealand business, BFW will continue in its exploration of diversification opportunities. The board will be considering all options for continued expansion within the New Zealand Market, both inside and outside the BurgerFuel brand.

The Australian market remains difficult, and alongside an extremely competitive landscape, we continue to face high operating costs such as rent and labour.

Sales and royalty income derived from Australia has seen a reduction in comparison to FY16, due to the reduced store numbers, and a move to sourcing locally produced products, rather than exporting from NZ. In the long term, this move will improve profitability for the Group and the remaining franchised Australian stores.

As we seek to explore new markets in new countries our strategy has always incorporated our ability to both open and if necessary close or re-locate locations if the need arises. In early FY18, the franchised Parramatta store in Sydney was closed due to a less than expected trading performance. This will have no material impact on BFW results.

As previously communicated, we are aware that it will require significant time and investment to establish the brand to a profitable level in Australia. At this stage we will continue to operate in the Australian market but it remains under review and accordingly monthly performance will be closely monitored with view to our long term commitment to Australia

MIDDLE EASTERN REGION

In the Middle East, despite facing the ongoing effects of low oil prices as well as economic and political unrest, we have seen significant growth in certain areas and continue to make progress in this market.

As of the 31st March 2017, we now have a total of 27 BurgerFuel stores across the Middle East.

Most notably, our business in Saudi Arabia has seen significant growth in sales in the last six months, and this can be largely attributed to the recent revitalisation of the Saudi economy as well as efforts to increase marketing activity in that region.

The UAE, as a whole, is seeing a downturn in the retail sector and this has been reflected in our sales. We are also facing a densely populated competitor market, with over 55 burger concepts now competing. Despite these challenges, our business in the UAE continues to operate reasonably well, and Dubai remains a strong focus for us in the Middle Eastern region.

The largest problem facing all retail brands in Dubai is the continued upward movement of occupancy costs with retail rents rising obliviously against a slowdown in actual retail consumer spending. These out of proportion occupancy costs take the shine off trading results and remove incentives to develop further. This is a trend that is occurring in nearly all developed world markets (including New Zealand) and can only lead to both the failure of some concepts as well as the increased ticket prices of all retail goods sold in store, including food.

In Egypt, we relocated a store in September 2016. While we remain optimistic about this market, the reality is that due to ongoing political turmoil, store turnover is very low and this market will require close monitoring. Our partners continue to look for expansion opportunities in Egypt and have our support in this endeavour.

In Iraq, where we have one store in Baghdad, sales are strong, and our partners are actively looking at expansion opportunities.

In summary, while revenue is down for the MENA region, it continues to be a good contributor for us, despite heavy competition, regional unrest and the economic effects of lower oil prices. We do caution the market every year that our outlook in any of these regions can change quickly due to the ongoing potential for volatility in the Middle East. As such, we will monitor all of these markets closely

THE YEAR TO DATE AND GROUP OUTLOOK.

Despite withdrawing from the collaboration agreement with Franchise Brands last year, in May 2017 we announced the opening of the first BurgerFuel store in the United States, located in Indianapolis. This is a 100% company owned and operated store.

Although it is early days, the store is operating well, and the initial public reaction has been extremely positive. The focus is now on ensuring the continued growth of this store, monitoring performance closely and preparing for further expansion in the American market.

Outside of the US, the group continues to protect and grow the existing business, as well as look for new expansion opportunities both inside and outside of the BurgerFuel brand.

Despite significant investment into the USA, cash reserves have increased, and BFW is in a strong position, not only financially, but also from a management, resource and intellectual property perspective. This places the Group in good stead for both further expansion and diversification into new opportunities.

The Board will be considering all options for the expansion of the Group both in New Zealand and internationally. In this regard and as always we will keep the market informed of any progress made.

The Group has no debt, and as of 31st March 2017 had cash reserves of $6.4M.

We would like to thank all our shareholders for their continued support, and we look forward to keeping you informed of our progress.

Best regards

Peter Brook
Chairman

Josef Roberts
Group CEO

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