



BURGERFUEL WORLDWIDE PRESS RELEASE

Wednesday, 12th November 2014

PRELIMINARY HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

OVERVIEW

The Directors of BurgerFuel Worldwide (BFW) are pleased to report unaudited results for the 6 months to September 2014.

Net profit after tax in the period was \$213,215, representing a 122% increase on the same period last year.

Group Operating Revenue was up 27.1% to \$8.5M with BurgerFuel Total System Sales up 29.4% to a record \$38.6M for the 6 month period. System sales growth continues and we are pleased to advise that BurgerFuel rolling weekly system sales are now in excess of \$1.5M per week.

Since our market announcement in February regarding US company, Franchise Brands LLC and the affiliated Subway® collaboration, it's been an extremely busy first half of the year with many projects being prepared and activated for global expansion.

We had previously advised the market that given the need for considerable investment this year, we expected expenditure in the year to be greater than revenue, resulting in a possible loss for the period. Accordingly, the net profit after tax result in the period of \$213,215 – a 122% increase on the same period last year, was a particularly good result. We do however expect development expenditure to continue through the second half of the year.

The 27.1% increase in Group Operating Revenue over the same period last year, was once again largely comprised of long term, recurring royalties from existing and newly opened BurgerFuel restaurants. There were no "one-off" new country fees taken in this period. Due to the Franchise Brands LLC and Subway® relationship, selling country licences is no longer a strategy for BFW. The 29.4% increase in BurgerFuel System Sales for the period is made up of both new and existing stores' sales growth.

We have increased our number of store openings, with 7 new restaurants added between 1 April and 30 September 2014. The total number of BurgerFuel restaurants operating as at 30 September 2014 was 62.

BFW RESULTS (UNAUDITED) FOR THE PERIOD 1 APRIL TO 30 SEPTEMBER 2014

	30 September 2014	30 September 2013
	\$000	\$000
Operating Revenue*	8,553	6,730
Operating Expenses**	(8,215)	(6,634)
Net Profit Before Tax	338	96
Net Profit After Tax	213	96

* Revenue includes; Operating revenue & interest income.

** Expenses include; Operating expenses, depreciation, amortisation & interest expense.

THE YEAR SO FAR

Since ratifying the Franchise Brands LLC deal in February, the Company has focused on developing distinct project teams whose functions are split between those operating in existing markets, with a view to more growth in those markets and those whose function is in the preparation of new markets.

Whilst the focus remains on opening new restaurants in both the Middle East and New Zealand, we have also made strong inroads into Australian development with our second store now open there. We also recently announced that we anticipate opening a further 5 restaurants in Australia, prior to 31 March 2015.

Our capital expenditure based projects to improve operating systems, staff training, store fit-out efficiencies (to manufacture and open future stores faster), product quality enhancements, cooking efficiencies and many other aspects of the business, continue to come to fruition and add value to the business in many ways, so as to allow future scalability. New recruitment also remains a constant necessity in the business so that we may meet the future demands of opening in new countries such as the USA as well as continuing to grow in existing markets.

Due to the requirement to both grow existing store sales and add new stores, we have significantly expanded our HQ premises in Grey Lynn, Auckland. These now include a permanently dedicated test kitchen and R & D facility, staff burger school for increased training and the re-location of our Australasian Operations team, back under the one roof. We now have a fantastic facility, with further room available to meet the demands of ongoing growth.

TOTAL SYSTEM SALES UP 29.4% TO \$38.6M

AUSTRALASIAN REGION

Sales across New Zealand (39 stores) & Australia (where 2 BurgerFuel restaurants now operate) have increased by 36.3%.

Once again we have experienced strong same store sales growth in New Zealand; and Australia is also growing with the addition of our second store there in Blacktown, Sydney.

The burger market in all countries, but especially New Zealand, remains highly competitive. Despite this and the growing presence of both multi-national chains like Carl's Jr. and a number of smaller, niche market burger concepts, BurgerFuel remains strong and is attracting a constant base of both new and more frequent, existing customers.

More restaurants are planned for New Zealand in both the North and South Islands. As previously advised, we expect Australia to continue to develop over the coming months and into FY16.

MIDDLE EASTERN REGION

Sales across the Middle East have increased 18.0%. There are now 21 BurgerFuel restaurants operating in the region of which 3 have opened in this 6 month period.

Egypt opened 2 within the period and the 3rd store to open was in Saudi Arabia. Whilst parts of the Middle East remain volatile, we are comfortable that the countries we currently operate in are all stable at this stage. Egypt's sales are relatively low, but we can see potential there to continue to grow the brand over time. This potential is supported by the fact that we are experiencing incremental monthly sales growth in our first Egyptian store and the opening of our second there should also add to the brand's ability to attract new customers. Both restaurants are based in Cairo.

Other markets such as Dubai remain healthy despite increased competition. Saudi Arabia in particular, has the potential to add many more units over time.

We previously advised the market that we had closed our single store in Iraq in the period and it is unlikely further development will continue in Iraq, given the ISIS situation there.

The opening of Kuwait in September this year was a positive move for us and further increases our presence in the Middle East. It's early days there, but it looks as though we have a market that can steadily develop over time.

Exposure to the BurgerFuel brand, particularly in Dubai, has proven to be a very strong and strategic opportunity for BFW. The increasing number of tourists that are exposed to the brand in that market augment our overall objective of international exposure.

In summary, we are confident that the Middle East will remain a strong and steady market for BFW and with total sales there up 18% in the period, we expect growth to steadily continue.

GROUP OUTLOOK

BFW continues to be well set up for continued growth both in our existing and new markets. Project investment and enhanced process improvement will ensure that we can support increased future growth and efficiency.

During the past 6 months we have also introduced online ordering in NZ and are now preparing rollout for that in the Middle East. That platform is gaining increased usage week on week and demonstrates that our "tech savvy" customers wish to utilise this efficient method to order their burgers.

Since February of this year we have been preparing for BurgerFuel's entry into the US market. The USA requires considerable legal and market preparation before entry can occur. In this regard we are obtaining constant support and guidance from our Franchise Brands LLC partners and Subway®.

Preparations for entry into this massive market are being spearheaded by Group CEO Josef Roberts and Founding Director Chris Mason. This project requires considerable effort and strategic planning in addition to legal and other regulatory required initiatives. The Company is on track to launch in the USA next year and will make a more detailed announcement about that in the near future.

SUMMARY

It's been a very busy time at the BurgerFuel HQ and there are no signs of things slowing down. The Company has had an epic year so far and we have a feeling things are only just getting started. The business continues to grow organically, but that organic growth is likely to enter a new phase next year, as the preparation and hard wiring into the Subway® system starts to actually take effect.

The Directors remain very positive about BurgerFuel's future and have management focused on increasing growth through more restaurants and bigger system sales year on year.

We are delighted that we can continue to remain in profit whilst continuing our considerable investment programme and preparations for future growth and more revenue.

The Group has no debt and as at 30 September 2014 had cash reserves of \$8.2M.

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

We wish all our shareholders, staff and franchisees and of course our valued customers, a safe and Merry Christmas and a prosperous New Year.

Best regards



Peter Brook
Chairman



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