



**Chairman's Address, 8th Annual Meeting of Burger Fuel Worldwide Ltd,
1.30pm Wednesday 19 August 2015.**

Today represents somewhat of a milestone in our history as a public company in that we are able to hold our first AGM here in the BurgerFuel Worldwide offices.

Whilst the company had been operating from the floor above here for around the past 5 years, as well as from an office across the road - it was not until about 2 years ago that we were able to secure long-term tenure of this building, enabling us to take over the ground floor as well. This has allowed us to combine all departments and create the kind of space that was needed to facilitate the growing international operations of the company - as well as properly represent us as an international company – particularly our brand and culture – which is uniquely BurgerFuel. We always want our restaurants to be vibrant and energetic and that culture starts here at the BurgerFuel HQ.

As a board it's exciting to be able to host you here today – the company will continue to operate in the background and hopefully that won't disturb the proceedings – but will give you a live feed into a day in the life of BurgerFuel Worldwide.

I would now like to overview the main events of the past financial year for the BurgerFuel Group of companies.

I am pleased to advise that the Group results for the year ended 31. March 2015 reported an after tax profit of \$532,170 which is up 33% on the previous year's result. The Group remained in profit whilst investing for future growth and more revenue. As at 31 March 2015 the Group had cash reserves of \$7.7M and no debt.

The results were well ahead of budget and our prior market guidance which had anticipated losses due to further investment, as we commenced the establishment of the US entry. We did note in our latest annual report that previously proposed expenditure would likely occur in this financial year – so the board is expecting the company to report some losses in this current financial year as we ramp up global expansion – commencing with entry into the USA. As always, our investment will be measured.

The reported results were achieved on total system sales of \$82.7M - an increase of 25% on the previous year (being \$66.2M) and Group Operating Revenue of \$18.7M, an increase of 30% on the previous year from \$14.4M.



The 30.0% increase in Group Operating Revenue over the same period last year was largely comprised of sales revenue & long-term recurring royalties from existing and newly opened BurgerFuel restaurants. The 25% increase in BurgerFuel (unaudited) System Sales for the 12 month period represented a solid performance based on additional stores & increased sales.

It was a record year for new store openings; In total 17 new restaurants were opened between 1 April 2014 and 31 March 2015, against 12 in the previous year and the total number of BurgerFuel restaurants operating as at 31 March 2015 was 72. Of significance was the fact that we opened 2 restaurants in 2 different countries in the same week, and in December we opened stores in Brisbane and Sydney on the same day. This gives some insight into how our operations have developed over the years to allow such a feat to occur.

In New Zealand, expansion will continue, with the opportunity to open more outlets above our current number of 44. In fact, on Monday we opened another two new restaurants on the same day, in Christchurch & Takapuna.

The Middle East will provide continued expansion, although we do see this area consolidating over the next 12 months – with less numerical numbers of new stores opening than last year – due only to the fact that the market – particularly the UAE is reaching its optimum number of BurgerFuel outlets. Saudi Arabia has more potential but the current “Saudiisation” programme that is occurring in that country is definitely affecting our ability to ramp up outside management as we were able to do in previous years, so it is likely a slower expansion will occur there over the next 12-24 months.

As at March 31, 2015, we operated 9 stores under Master Licence Agreements in Saudi Arabia, 13 in the UAE, 2 in Kuwait and 2 in Egypt. We will keep you advised on any forthcoming new store openings expected in the Middle East markets.

FY15 has also been a big year for expansion into Australia. We opened 5 new franchised stores in the 12 month period to 31 March 2015. Three of those stores were in the new territory of Queensland and another 2 stores in NSW with our existing franchisee.

In the year to 31 March 2015, overseas markets contributed 38.6% to the Group’s total system sales.

While BurgerFuel has continued to advance in all of our existing markets, expansion into the USA has been the biggest focus. We are learning that entry into this country with its many individual state laws, does require lengthy preparation and as a board, although we would like to have been selling burgers there already – the reality is that we need to allow time to better understand what could become our largest world market.

A great deal of time and resource has been invested into securing the right partners in the USA, as well as conducting in-depth market analysis. There is also a tremendous amount of regulatory requirements that need to be met. Although BurgerFuel is yet to announce the first store, the depth of this undertaking shows commitment to ensuring that we enter America well prepared and with the right offering to achieve success and long-term staying power.

We would also like to advise you that our relationship with Subway and Franchise Brands LLC is very much strengthening. As you can imagine it takes time to form such a working relationship with what is after all the largest franchised food company in the world with over 44,000 outlets. Your board sees this relationship as a major opportunity for BurgerFuel as it looks to start forming strategic partnerships with selective Subway development agents – like the one we recently announced with OhCal Foods in the USA.

The Company's Strategic Plan calls for continued investment into the business to facilitate global expansion. That means all available resource will go into the business, as opposed to paying dividends. We remind you that we always promoted BurgerFuel as a growth stock and in that regard shareholders have once again enjoyed a significant rise in the BFW share price. The share price as at 31 March 2015 was \$3.30, an increase of 43% on the 31 March 2014 value.

On behalf of the Board, I wish to record our thanks to all employees, franchisees, and other business partners for their efforts. I would also like to thank my Board colleagues for their support and the work that they have performed during the year.

Finally, the Directors would like to thank all shareholders for their ongoing support. We look forward to continuing our work to support management and direct the business for the year ahead so the Company can continue to grow.

Thank You

Peter Brook
Chairman

**Chief Executive's Address, 8th Annual Meeting of Burger Fuel Worldwide Ltd,
1.30pm Wednesday 19 August 2015.**

Good Afternoon everyone and welcome to our 8th AGM.

As Peter said it is a milestone that we are able to hold our first AGM here at the BurgerFuel HQ.

Last year I did promise you that we would meet here - not only to save costs, but also to allow you to get a feel for the culture and type of company that you have invested in. We have put enormous effort into developing a world class facility that will allow us to innovate and scale the business operationally. As I speak, the BFW R & D operations team is in the new test kitchen, re-engineering the model which we will ultimately launch into the USA. To be able to do this on site has revolutionised our development processes and also brought more into focus the fact that we are a quick service business and like any company, we must constantly be innovating and refining our offer to stay ahead of competitors.

This space also displays the rich history of the brand, giving visitors, international partners like Subway development agents, and future franchisees the chance to experience the unique culture of BurgerFuel. From here we broadcast Radio BurgerFuel live to the world from our own studio and radio station – www.radioburgfuel.com. As well we can now hold regular brand and team building events onsite utilising our own Burger School. All of these activities are supported by our in house café that can cater for a variety of different events such as this very AGM.

Today's great businesses are all about building a culture that gives back and provides a place that not only attracts great people but allows them an environment that they can enjoy whilst working. As well the team should feel inspired to contribute more toward achieving the company's objectives. I hope you leave here today with even more insight into who we are and how we operate – as well as an understanding of the depth of work required to succeed on a global scale.

As we progress as a company I feel it's important to look back on the journey and the milestones that we have achieved over what has been almost 20 years since Chris Mason opened his first store on Ponsonby Road and now 8 years since we went public. Next month it will be 5 years since I was appointed the Group CEO.

We have gone from that single Ponsonby Road store in 1995 with sales of \$250,000 per year to 72 restaurants in 6 countries (as at 31 March 2015) and system sales of \$82M. Soon we will have 80 restaurants and for all of us here - that is only just the beginning of our cause.

Our Annual Report details our numerical achievements of the past financial year.

This saw our Group Operating Revenue rise by 30% to \$18.7M. As you are aware and due to our business model, our revenue as a franchisor doesn't include the revenue of the franchised stores that we create and support to ensure their long term growth and performance. Store sales ultimately translate into BFW revenue and profits.

It's important for all shareholders to recognise that in fact our system sales in the period were around \$1.6M per week (\$82.7M P.A) and as we continue to expand both in NZ, and internationally, we are very focussed on hitting our next big milestone of \$2M per week , generating store sales in excess of \$100M per year. As a company this will be the achievement of our next major numerical milestone.

We advised that our Net Profit after Tax was \$532K. By comparison last year that was \$401K. Peter mentioned that we hadn't expected to achieve that last year because we were anticipating more expenditure to do with the US entry. These costs will hit us this year and we are quite prepared for that with adequate cash and no debt. There are factors such as the weakening NZ\$ against the US which will affect our establishment costs in America. The upside of course is that when we do generate revenue in that currency, we will eventually see the benefits of the weaker exchange rate here in our NZ profit results.

The recent partnership secured with OhCal Foods in the USA is obviously a big component of our current workload and investment as we embark on the US entry. To support both current and future growth we have continued, in a prudent and well considered manner, to invest in talent at an HQ level, as well as dedicate resource to brand improvements, R & D, special projects and additional facilities, all of which we see as integral ingredients for a well prepared and successful entry into the American market. To follow are a selection of just some of the major initiatives we have undertaken in the past 12 months:

- **OhCal Foods** Our biggest project over the last year has been our continued preparation for USA Market Entry. We have always felt strongly that securing the right partners on the ground was integral to our success in any new market. This was something we were prepared to invest some time in and we recently signed a deal with Subway's largest Development Agent, OhCal Foods, who we believe will be hugely instrumental in a successful entry to market. We're now heavily involved with securing the right site for our first store, and continue to work through the considerable regulatory requirements. We expect to announce our first location to shareholders as soon as possible.

- **Market Research:** has been a large undertaking in our preparation to enter America. We wanted to understand the US landscape in as much detail as possible, before settling on a strategic entry plan, and the intel we have collected has had a huge impact on the development of a refined BurgerFuel model for this highly competitive, but potentially massive market.
- **Research & Development:** R & D for our USA model is well underway and much effort is going in to enhancing our offering, from the menu, operational model and kitchen layout, through to store design and the customer service experience. The market research we have completed has made us well aware of just how high the bar has been set in the USA in our category and we're committed to investing the required time and resource into ensuring BurgerFuel enters the market successfully to both meet and exceed expectations.
- **Increased focus on training and development** - no matter how good our burgers are, BurgerFuel is nothing without exceptional, well trained store staff in place to deliver all the process we work so hard to perfect. Because of this, it is essential that we have world class, scalable training systems in place and we have made excellent headway in this area over the last year. The purchase of BurgerFuel Henderson as a second company owned store was a strategic decision that has given us valued access to additional on-the-job training facilities.
- **Digitisation of training materials:** This year we have begun the process of digitising all of our training materials through the BurgerFuel Underground Network, our internal online hub. This has created tremendous efficiencies in the business and also allows us to monitor and enhance the development of our staff all over the globe.
- **Increased focus on Operations:** A key driver of success in a business like ours is an effective, and economical operational model. As a company with sights set on global growth, we're very aware that everything we do must be scalable and ready to meet the needs of a far larger store count that we have now. Thus we've increased talent within the operations team, undertaken many special projects to improve our current systems, and taken steps to upgrade and economise our distribution model.
- **Marketing:** Our marketing mix has taken a more digital skew in recent times. As the world increasingly consumes media online, on-the-go and on devices, we're constantly developing scalable strategies in-line with these global trends that allow us to be where our customers are or where we think they are going.

- **Online Ordering** We launched Online Ordering in NZ just over a year ago and we are pleased to report that we have exceeded our initial targets. More recently it's been launched in two states in Australia and last month in the UAE. We have continued to see the benefits of this system – our customers love the convenience, and it has allowed for a more streamlined and focused delivery of customer service in store.

On top of the demands of expanding the business internationally and all the projects and obstacles that go with this ambition, we remain focused on protecting and growing the restaurants that we have. The market has become incredibly competitive in the gourmet hamburger sector as small operators open in all cities around the world, with local concepts to provide consumers with more choice and different products. BurgerFuel has to continue to be better than any of those and provide our customers with an experience that goes well beyond an exceptional burger. Let's remember we are here to build a global brand and that always means that we have to dig deeper by improving our systems and constantly looking to how we scale every aspect of a BurgerFuel store and the customer experience.

I will now take you through the regional results:

Australasia

System sales are up 32% across Australia and New Zealand.

Australia has been a focus for us and since September we have taken our Australian store numbers from one in Sydney, to a current total of seven, opening two more locations in Sydney, three in Brisbane and one on the Gold Coast. Additionally, we have been able to reduce distribution costs in the long term by opening our own Satellite Kitchen in Sydney, a production facility making and distributing some of our key ingredients.

Australia has always been a difficult market for any kiwi brand to win over and we see the road ahead as slow but steady. We're committed to our success in this potentially substantial market and we are continuing to push forward by implementing strategic marketing initiatives developed with these particular challenges in mind, investing in operational resource and continuing to work closely with franchisees to grow our footprint and profitability. It will however take time and investment to win that market. We see Australia as growing organically, store by store, as New Zealand did.

In New Zealand, we have continued to perform well despite increased competition as evidenced in our store sales, and the continued growth of our store numbers. The four new stores we opened here this year takes us to a total of 44 in NZ and we have several new sites currently underway.

New Zealand has also become an increasingly competitive market for fast food and especially burgers. As well as the increasing number of boutique burger bars popping up, we have seen an increasing proliferation of Mexican dining establishments. It is worth noting however, that although we monitor the activity of our competitors closely and they keep us on our toes, we constantly strive to remain ahead of the game and have not noticed an effect on our sales. We take this as an endorsement from our customers that they appreciate our gourmet/premium/ethical and wholesome position in the market, as well as the full brand experience that we deliver.

Middle East

Our Middle Eastern restaurants were up 14% in sales.

Despite ongoing turmoil in the Middle East, we have managed to continue to increase our footprint in the region. We expanded into two new countries - Egypt and Kuwait, and opened 8 new restaurants in MENA, taking our total in the region to 28.

We have continued to compete strongly against the influx of western brands into the UAE, and while some of our competitors have suffered, we have remained the strongest in our category with 14 stores in Dubai and Abu Dhabi.

Last year we opened our first two stores in Egypt with our Master Franchisees there and more recently, two in Kuwait, with existing UAE partners AKI. It is early days for both with revenues lower than our norm, however we are taking a long term view of establishing the brand in both these locations and our partners are keen to establish more stores in Egypt at least.

In summary, the MENA region continues to be a good performer for us, despite heavy competition and surrounding regional unrest. We see Dubai and Saudi Arabia, where we are well established, as the biggest focus in that region and we are confident we can continue to successfully build the brand in these countries as we have done over the last 5 years.

Peter previously talked of "Saudiisation". This is a term describing that country's objective of growing a local work force of Saudi people, instead of using imported labour. The relevance of this is that the skill level and enthusiasm for work in general is at a lower level than what we have had in the past, with more motivated, imported labour and there have been consequences of this government lead objective to all retail businesses. We expect that it will take some years to achieve a positive integration, so we do not expect major growth in that country in the next 12 months. Having said that, Saudi Arabia does remain a large market for us to expand over time and we will continue to do what we can to ensure new stores open there.

I recall well when 7 years ago amidst the onset of the GFC we were heavily questioned in the media for going to the Middle East. Well in fact that move was the best thing we could have done to establish our brand internationally, in a place of wealth and prosperity, when other countries were collapsing under the weight of instrumental leveraging and debt. We put ourselves on the map with an exhibition store in Dubai and now BurgerFuel is highly regarded as the number one gourmet burger brand in that region. This was by design not by accident.

What's also exciting is that the Middle East in a lot of ways is a gateway to Europe and there are many links between the two regions. People travel a lot these days and our brand is visible and visibility is everything in the retail sector that we operate in. I can tell you that a couple of years ago when I was negotiating the Subway deal with Mr. Fred De Luca, the Founder of Subway – he received a txt from one of his regional directors who had no knowledge of our discussions. –That txt read "sitting in BurgerFuel Dubai – an amazing gourmet hamburger concept from New Zealand that I think you would love!" So although we were questioned about our Middle East move some years ago, our strategy of both store development and international brand exposure is working.

Whilst we are very proud of what we have created so far – we are by no means satisfied. Together with my colleagues I am constantly travelling and working to build this company into something that we can all be very proud of. I know of no other way to do this but the way we are doing it now – and we can't speed it up. I do however firmly believe that there will come a time when we too will reach a tipping point of acceleration and where the lines of revenue and costs will finally start to depart further and further from each other. That's what we all want and I'm confident that that will happen.

Chris Mason and I just returned from Subways 50th conference held in Las Vegas – where we were invited to participate and be part of the Subway family. There were around 5000 franchisees, executives from Subway HQ and Subway development agents, who all came together to discuss both the achievements, the obstacles and the new world of technology and competition that all big brands are facing these days – the good the bad and the awesome as we like to call it.

It was incredibly inspiring for us to be a part of this and to see just what can be achieved in a company after 50 years of operation. For companies like Subway and even Starbucks it was the first 20 years that set the platforms for their futures, with similar growth paths to our own in those first 20 years.

We continue to work hard every day to hit the strategic goals that will lead to BurgerFuel being available in many countries all over the world. This is possible, especially with the support of our partners Subway and Franchise

Brands. It is incredible that we have this partnership and distribution opportunity and we will do everything possible to leverage that relationship.

From a global perspective - I am constantly staggered at the changes that are occurring in every industry – I mean did anyone see Uber coming? Almost overnight this brilliant, consumer centric company appeared and is rapidly wiping out the tightly held traditional taxi industry, globally! Wow what a phenomena! I am blown away at the simplicity of that idea and the execution of it, in most of the cities in the world that I have travelled to. Just two weeks ago that company was valued at US\$50B! The reality is that these sorts of disrupters are happening everywhere, in every industry.

In our industry, to get a fresh, hot hamburger you still have to go to a retail location or have your product delivered quickly, so it is less likely someone can wipe us out from a garage in Silicon Valley. However, we do face other challengers that mean we must constantly innovate, invest and stay relevant to today's highly connected millennial market, who demand an awesome experience, as well as an awesome product. I think at BurgerFuel we have this capability and we are in-touch with our customer's requirements.

Whilst the barriers to opening a single burger joint are not that high, taking that first one from 1-5 units is very challenging – from 5-10 even more so – from 10 -20 most can't do it. From 20 -30 less again. From 30-50 in the gourmet burger space globally – you can certainly count them on one hand. From 50-70 requires yet another level of brand skill and business acumen. There are 3 chains that I know of that have achieved this. We are currently at 79 restaurants and we are determined to reach our aspirations of having over 1000.

Each day, myself and the team of people that make up BurgerFuel; that's my fellow directors, our talented team of staff here at BurgerFuel HQ, our franchisees and all our system staff including those in our company owned stores, come to work to try and build a bigger and stronger business. We will always have a long list of challenges to overcome – everyday, but we are a company that has demonstrated our ability to overcome many challenges in our time. We've always had big aspirations and you can be sure that there are no signs of those aspirations declining. In fact we are more determined than ever to become the world's leading gourmet hamburger brand.

I want to take this opportunity to thank you all - our shareholders for your continued support. Also, our Board of Directors for their guidance and support.

I also wish to thank our Franchisees, our staff at HQ and all of the BurgerFuel staff worldwide, because without their enthusiasm and passion for our customers, we could never do what we are doing each day - serving

thousands of hamburgers, to thousands of customers in New Zealand and across the globe .

Ladies and gentlemen that concludes my address. Thanks again for your support and I look forward to sharing our developments with you as we continue on our mission of world domination!

Josef Roberts
CEO BurgerFuel Worldwide