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Burger King Holdings, Inc. Reports Second Quarter Results

MIAMI - August 11, 2011 - Burger King Holdings, Inc. today reported 2011 second quarter adjusted EBITDA of $150.6 million compared to $117.1 million in the same quarter of 2010, a 29% improvement primarily driven by cost savings following a global restructuring and from the company’s previously disclosed zero-based budgeting (ZBB) program. The company posted an improvement in global company restaurant margin of 140 basis points (bps) and increased international restaurant count by 56 net new restaurants in the second quarter. Comparable sales grew by 6.8% in Latin America and 2.2% in Europe, Middle East, Africa and Asia Pacific (EMEA/APAC) and declined by 5.3% in the U.S. and Canada compared to the same period last year. Softness in the U.S. and Canada led to system-wide comparable sales of negative 2.2%. Adjusted net income was $50.3 million for the quarter compared to $48.2 million in the same period last year.

The company had net income of $42.8 million for the quarter compared to net income of $49.0 million for the same period in the prior year, primarily due to a significant increase in interest expense as a result of debt incurred in connection with the sale of the company to an affiliate of 3G Capital in October 2010 and $12.0 million in transaction costs, global restructuring costs and related professional fees.

"This quarter, we achieved our highest adjusted EBITDA margin in over a decade," said Daniel Schwartz, chief financial officer. "We continued to experience robust growth in adjusted EBITDA and adjusted EBITDA margin primarily due to the benefits derived from our global restructuring and zero-based budgeting program. We also continued to generate strong and stable cash flow and our balance sheet reflects the highest cash balance in five years. Going forward, our focus remains on growing our comparable sales, improving our company restaurant margin and expanding our global footprint through franchisee development."

The company reported revenues of $596.2 million for the second quarter of 2011, down 4% from the same quarter last year, due to refranchising activity over the past 12 months and negative comparable sales growth. Company restaurant margin improved by 140 bps, as the benefits from improved labor margins, a shift in product mix away from lower-margin value menu items and selective price increases outweighed increased commodity costs and the deleveraging effect of negative comparable sales growth on fixed costs in the U.S.

Second quarter general and administrative (G&A) expenses before non-cash and other items decreased by 29% or $25.6 million compared to the prior year. These expense reductions are directly attributable to the benefits derived from the company’s global restructuring efforts and the implementation of the ZBB program and are consistent with the company’s expectations that overall G&A expenses will decrease on an annual run rate basis by approximately $85 million to $110 million. Total selling, general and administrative expenses for the second quarter decreased by 12% or $15.1 million compared to the same period in the prior year.

As of June 30, 2011 the company’s total net debt to adjusted EBITDA ratio was 5.1x for the trailing twelve month period, an improvement over the total net debt to adjusted EBITDA ratio of 5.6x as of December 31, 2010.

Internationally, the company’s growth strategy remains focused on continuing to grow comparable sales and net restaurants. During the second quarter, the company agreed to enter into a master franchise agreement in Brazil and expects to significantly accelerate the pace of future net restaurant growth in that country. Comparable sales growth also improved in Latin America and EMEA/APAC in the second quarter compared to the same period last year.

Looking ahead, the company believes its improved operating cost structure and delivering on its four priorities for North America - marketing communications, menu, operations and image - will position it to enhance the performance of the company and its franchisees.

Investor Conference Call

The company will host an investor conference call and webcast on Thursday, August 11, 2011 at 4:00 p.m. EDT to review second quarter 2011 financial results. During the call, Chief Financial Officer Daniel Schwartz, Executive Vice President and Chief Brand and Operations Officer Jonathan Fitzpatrick, and Controller and Chief Accounting Officer Jackie Friesner will discuss the company’s results for the second quarter of 2011.

The earnings call will be broadcast live via the company’s investor relations website at http://investor.bk.com and will be available for replay for 30 days. All persons interested in actively participating during the Q&A portion of the earnings call will need to contact Jackie Friesner at the phone number or e-mail address listed below by 3:00 p.m.
About Burger King Holdings, Inc.

Founded in 1954, BURGER KING® is the second largest fast food hamburger chain in the world. The original HOME OF THE WHOPPER®, the BURGER KING® system operates more than 12,300 locations serving over 11 million guests daily in 78 countries and territories worldwide. Approximately 90 percent of BURGER KING® restaurants are owned and operated by independent franchisees, many of them family-owned operations that have been in business for decades. In October 2010, Burger King Corp. was purchased by 3G Capital, a multi-billion dollar, global investment firm focused on long-term value creation, with a particular emphasis on maximizing the potential of brands and businesses. For more information on 3G Capital, please go to http://3gcapital.com/. To learn more about Burger King Corp., please visit the company’s website at www.bk.com or follow us on Facebook and Twitter.

Source: Burger King Holdings, Inc.

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