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FORM 8-K

Burger King Worldwide, Inc. - N/A

Filed: August 01, 2012 (period: August 01, 2012)

Report of unscheduled material events or corporate changes.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): August 1, 2012

Commission file number: 001-35511

BURGER KING WORLDWIDE, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

45-5011014
(IRS Employer
Identification No.)

**5505 Blue Lagoon Drive, Miami,
Florida**
(Address of Principal Executive Offices)

33126
(Zip Code)

(305) 378-3000
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On August 1, 2012, Burger King Worldwide, Inc. (the “Company”) issued a press release and supplemental financial and operational information regarding results for the quarter ended June 30, 2012. The press release and supplemental financial and operational information are furnished hereto as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

Exhibit 99.1 Press release and supplemental financial and operational information regarding results for the quarter ended June 30, 2012 issued by the Company on August 1, 2012.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BURGER KING WORLDWIDE, INC.

/s/ Daniel S. Schwartz

Daniel S. Schwartz
Chief Financial Officer

Date: August 1, 2012



Burger King Worldwide, Inc. Reports Second Quarter 2012 Results

Burger King Worldwide Expands Menu and Grows System-wide Comparable Sales by 4.4%

MIAMI – August 1, 2012 – Burger King Worldwide, Inc. (NYSE: BKW) today reported financial results for its second quarter ended June 30, 2012.

Second Quarter Highlights:

- System-wide comparable sales increased 4.4% and system-wide sales increased 6.4% on a constant currency basis
- Adjusted EBITDA increased 19% on an organic basis to \$172.0 million
- Adjusted diluted EPS increased 29% to \$0.17
- Established master franchise joint ventures in Russia and China to aggressively expand brand presence
- Listed Burger King Worldwide on NYSE

“I am pleased with the progress made this quarter, with system-wide comparable sales up 4.4% and adjusted EBITDA up 19% year over year on an organic basis,” said Bernardo Hees, chief executive officer. “In the U.S. and Canada, our focus on menu, restaurant image, operations, and marketing communication is beginning to generate tangible results. Internationally, we are laying the foundation for accelerated development worldwide through the formation of partnerships in Russia and China. We are excited to have listed on the NYSE this quarter and believe BKW is well positioned for long-term growth.”

Consolidated Financial Highlights

| | Results | | Variance | |
|--|-----------------------------|----------|---------------------------|--------|
| | Three Months Ended June 30, | | \$ | % |
| | 2012 | 2011 | Favorable / (Unfavorable) | |
| System-wide Comparable Sales Growth ¹ | 4.4% | (2.2%) | | |
| System-wide Sales Growth | 6.4% | 0.4% | | |
| Net Restaurant Growth | 70 | 35 | 35 | 100.0% |
| Total Revenues | \$ 540.8 | \$ 595.4 | (\$ 54.6) | (9.2%) |
| Adjusted EBITDA ² | \$ 172.0 | \$ 149.9 | \$ 22.1 | 14.7% |
| Adjusted EBITDA Margin ² | 31.8% | 25.2% | nm | 6.6% |
| Adjusted Net Income ² | \$ 61.3 | \$ 46.5 | \$ 14.8 | 31.8% |
| Diluted Adjusted Earnings Per Share ² | \$ 0.17 | \$ 0.13 | \$ 0.04 | 29.5% |
| Net Income | \$ 48.2 | \$ 30.2 | \$ 18.0 | 59.6% |
| Diluted Earnings Per Share | \$ 0.14 | \$ 0.09 | \$ 0.05 | 56.8% |

- (1) System-wide comparable sales growth and system-wide sales growth are calculated on a constant currency basis and include sales at franchise restaurants and company-owned restaurants.
- (2) Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income and Diluted Adjusted Earnings Per Share are non-GAAP financial measures. Please refer to “Non-GAAP Reconciliations” for further detail.

Organic revenue growth was 5.4%, excluding the impact of refranchising and FX headwinds. On a reported basis, total revenues decreased 9.2% to \$540.8 million, compared to \$595.4 million in the prior year period due to refranchising transactions in the U.S. and Canada and EMEA and unfavorable FX impact, partially offset by comparable sales growth across all segments and increased franchise and property revenues.

Organic Adjusted EBITDA growth was 19.0%, excluding the impact of refranchising and FX headwinds. On a reported basis, Adjusted EBITDA increased 14.7% to \$172.0 million, compared to \$149.9 million in the prior year period due to improved results in all operating segments. Results were particularly strong in the U.S. and Canada due to the positive impact from our new product launches and accompanying advertising campaign.

Adjusted net income and diluted adjusted EPS increased 31.8% and 29.5%, respectively, compared to the prior year, primarily due to an increase in income from operations, partially offset by increases in interest expense and income tax expense.

Operational and Segment Highlights

System-wide comparable sales growth was positive across all segments. The U.S. and Canada delivered 4.4% comparable sales growth driven by strong sales and product volumes from the largest expansion of menu items in BKW's history, including smoothies, frappes, and wraps, introduced in April. Latin America and the Caribbean ("LAC") delivered double-digit comparable sales growth of 10.5%, driven by strong performance in Brazil and Mexico. EMEA delivered comparable sales growth of 3.3%, driven by successful promotions in Germany, and APAC delivered comparable sales growth of 2.1%, primarily driven by the impact of an extra trading week in the quarter in Australia.

As part of BKW's global refranchising strategy, the company refranchised 386 company-owned restaurants domestically and 78 company-owned restaurants internationally during the quarter. This includes 278 restaurants that were sold to Carrols Restaurant Group, BKW's largest franchisee, in return for a 28.9% equity stake and total cash payments of approximately \$16.2 million. In connection with this quarter's refranchising transactions, BKW's U.S. and Canadian franchisees have agreed to remodel 564 restaurants, bringing the total remodel commitment in the region to more than 1,500 restaurants as of June 30, 2012.

As part of BKW's international expansion strategy, the company announced the establishment of two joint ventures with proven franchisees in Russia and China. In Russia, the joint venture has committed to open several hundred restaurants over the next few years. In China, the joint venture has committed to open 1,000 restaurants over the next five to seven years, representing the largest multi-unit development agreement in the brand's history.

Cash and Liquidity

At quarter end, total debt was \$3.1 billion and net debt was \$2.7 billion. During the six months ended June 30, 2012, BKW repurchased and retired Senior Notes with an aggregate face value of \$3.0 million and repurchased Discount Notes with an aggregate accreted value of \$61.1 million, which represents 13.6% of the original issuance. As a result of the improvement in net debt and in trailing twelve month adjusted EBITDA, the net debt to adjusted EBITDA ratio improved to 4.2x at June 30, 2012 from 4.6x at December 31, 2011.

Public Offering

On June 20, 2012, Burger King Worldwide Holdings, Inc. announced the consummation of its business combination with a subsidiary of Justice Holdings Limited. As a result of this transaction, the shares of Burger King Worldwide were listed on the New York Stock Exchange under the ticker symbol "BKW." Following the listing, the investment fund affiliated with 3G Capital Partners Ltd. continued to hold approximately 71% of the outstanding shares.

Investor Conference Call

The company will host an investor conference call and webcast at 9:00 a.m. EDT, Wednesday, August 1, 2012, to review financial results for the quarter ended June 30, 2012. 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. The dial-in number is 866.244.4576 for U.S. callers and 703.639.1174 for international callers.

Contacts

Investors

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Media

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About Burger King Worldwide

Founded in 1954, BURGER KING® (NYSE: BKW) is the second largest fast food hamburger chain in the world. The original HOME OF THE WHOPPER®, the BURGER KING® system operates in over 12,600 locations serving over 11 million guests daily in 86 countries and territories worldwide. Approximately 94 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. To learn more about Burger King Worldwide, please visit the company's website at www.bk.com or follow us on [Facebook](#) and [Twitter](#).

Forward-Looking Statements

This press release contains certain forward-looking statements, which reflect management's expectations regarding future events and operating performance and speak only as of the date hereof. These forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties. These forward-looking statements include statements about the Company's expectations and belief regarding its ability to lay the foundation for accelerated development through strategic partnerships and capitalize on future opportunities in high growth markets; its expectations and belief regarding its ability to remain focused on its core business strategies; its expectations and belief regarding its ability to position itself for long-term growth; and its expectations and belief regarding the success of its newly-established joint ventures in Russia and China. The factors that could cause actual results to differ materially from the Company's expectations are detailed in the Company's filings with the Securities and Exchange Commission, such as its annual and quarterly reports and current reports on Form 8-K, including the following: risks related to the Company's ability to successfully implement its domestic and international growth strategy; risks related to global economic or other business conditions that may affect the desire or ability of customers to purchase the Company's products; risks related to the financial strength of the Company's franchisees; risks related to the Company's ability to compete domestically and internationally in an intensely competitive industry; and risks related to the effectiveness of the Company's marketing and advertising programs.

BURGER KING WORLDWIDE, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(Unaudited)

| | Three Months Ended June 30, | | Increase / (Decrease) | |
|--|--------------------------------|----------------|-----------------------|--------------|
| | 2012 | 2011 | \$ | % |
| (In millions, except %'s) | | | | |
| Revenues: | | | | |
| Company restaurant revenues | \$ 345.9 | \$ 419.0 | \$ (73.1) | (17.4)% |
| Franchise and property revenues | 194.9 | 176.4 | 18.5 | 10.5% |
| Total revenues | 540.8 | 595.4 | (54.6) | (9.2)% |
| Company restaurant expenses: | | | | |
| Food, paper and product costs | 115.0 | 135.4 | (20.4) | (15.1)% |
| Payroll and employee benefits | 100.2 | 122.2 | (22.0) | (18.0)% |
| Occupancy and other operating costs | 90.5 | 111.6 | (21.1) | (18.9)% |
| Total Company restaurant expenses | 305.7 | 369.2 | (63.5) | (17.2)% |
| Franchise and property expenses | 28.5 | 23.2 | 5.3 | 22.8% |
| Selling, general and administrative expenses | 95.8 | 99.3 | (3.5) | (3.5)% |
| Other operating (income) expense, net | (17.1) | 4.7 | (21.8) | NM |
| Total operating costs and expenses | 412.9 | 496.4 | (83.5) | (16.8)% |
| Income from operations | 127.9 | 99.0 | 28.9 | 29.2% |
| Total interest expense, net | 57.2 | 56.1 | 1.1 | 2.0% |
| Loss on early extinguishment of debt | 7.7 | — | 7.7 | NM |
| Income before income taxes | 63.0 | 42.9 | 20.1 | 46.9% |
| Income tax expense | 14.8 | 12.7 | 2.1 | 16.5% |
| Net income | <u>\$ 48.2</u> | <u>\$ 30.2</u> | <u>\$ 18.0</u> | <u>59.6%</u> |

NM - not meaningful

BURGER KING WORLDWIDE, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(Unaudited)

| | Six Months Ended June 30, | | Increase / (Decrease) | |
|--|------------------------------|----------------|-----------------------|----------------|
| | 2012 | 2011 | \$ | % |
| | (In millions, except %'s) | | | |
| Revenues: | | | | |
| Company restaurant revenues | \$ 742.1 | \$ 811.5 | \$ (69.4) | (8.6)% |
| Franchise and property revenues | <u>368.6</u> | <u>335.9</u> | <u>32.7</u> | <u>9.7%</u> |
| Total revenues | 1,110.7 | 1,147.4 | (36.7) | (3.2)% |
| Company restaurant expenses: | | | | |
| Food, paper and product costs | 245.0 | 262.4 | (17.4) | (6.6)% |
| Payroll and employee benefits | 219.7 | 242.2 | (22.5) | (9.3)% |
| Occupancy and other operating costs | <u>195.0</u> | <u>221.3</u> | <u>(26.3)</u> | <u>(11.9)%</u> |
| Total Company restaurant expenses | 659.7 | 725.9 | (66.2) | (9.1)% |
| Franchise and property expenses | 52.3 | 46.3 | 6.0 | 13.0% |
| Selling, general and administrative expenses | 190.8 | 199.7 | (8.9) | (4.5)% |
| Other operating (income) expense, net | <u>(4.1)</u> | <u>12.5</u> | <u>(16.6)</u> | <u>NM</u> |
| Total operating costs and expenses | <u>898.7</u> | <u>984.4</u> | <u>(85.7)</u> | <u>(8.7)%</u> |
| Income from operations | <u>212.0</u> | <u>163.0</u> | <u>49.0</u> | <u>30.1%</u> |
| Total interest expense, net | 116.3 | 106.3 | 10.0 | 9.4% |
| Loss on early extinguishment of debt | <u>11.2</u> | <u>19.6</u> | <u>(8.4)</u> | <u>(42.9)%</u> |
| Income before income taxes | 84.5 | 37.1 | 47.4 | 127.8% |
| Income tax expense | <u>22.0</u> | <u>12.8</u> | <u>9.2</u> | <u>71.9%</u> |
| Net income | <u>\$ 62.5</u> | <u>\$ 24.3</u> | <u>\$ 38.2</u> | <u>157.2%</u> |

NM - not meaningful

BURGER KING WORLDWIDE, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(Unaudited)

| | As of | |
|---|----------------------------------|----------------------|
| | June 30, 2012 | December 31, 2011 |
| | (In millions, except share data) | |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 377.7 | \$ 459.0 |
| Trade and notes receivable, net | 150.5 | 152.8 |
| Prepays and other current assets, net | 146.1 | 69.2 |
| Deferred income taxes, net | 22.9 | 43.1 |
| Total current assets | 697.2 | 724.1 |
| Property and equipment, net of accumulated depreciation of \$193.6 million and \$150.1 million, respectively | 906.9 | 1,026.5 |
| Intangible assets, net | 2,784.6 | 2,823.3 |
| Goodwill | 639.8 | 657.7 |
| Net investment in property leased to franchisees | 232.9 | 242.2 |
| Other assets, net | 185.1 | 134.6 |
| Total assets | <u>\$ 5,446.5</u> | <u>\$ 5,608.4</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts and drafts payable | \$ 82.1 | \$ 98.4 |
| Accrued advertising | 93.8 | 97.4 |
| Other accrued liabilities | 192.5 | 242.7 |
| Current portion of long term debt and capital leases | 35.9 | 33.5 |
| Total current liabilities | 404.3 | 472.0 |
| Term debt, net of current portion | 2,911.7 | 3,010.3 |
| Capital leases, net of current portion | 106.1 | 95.4 |
| Other liabilities, net | 360.9 | 366.2 |
| Deferred income taxes, net | 568.3 | 615.3 |
| Total liabilities | <u>4,351.3</u> | <u>4,559.2</u> |
| Commitments and Contingencies | | |
| Stockholders' equity: | | |
| Preferred stock, \$0.01 par value; 200,000,000 shares authorized; no shares issued or outstanding | — | — |
| Common stock, \$0.01 par value; 2,000,000,000 shares authorized; 350,025,166 shares issued and outstanding at June 30, 2012; 348,245,293 shares issued and outstanding at December 31, 2011 | 3.5 | 3.5 |
| Additional paid-in capital | 1,199.6 | 1,186.6 |
| Retained earnings (accumulated deficit) | 34.9 | (27.6) |
| Accumulated other comprehensive loss | (142.8) | (113.3) |
| Total stockholders' equity | <u>1,095.2</u> | <u>1,049.2</u> |
| Total liabilities and stockholders' equity | <u>\$ 5,446.5</u> | <u>\$ 5,608.4</u> |

BURGER KING WORLDWIDE, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Unaudited)

| | Six Months Ended June 30, | |
|---|------------------------------|-----------------|
| | 2012 | 2011 |
| | (In millions) | |
| Cash flows from operating activities: | | |
| Net income | \$ 62.5 | \$ 24.3 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 67.4 | 68.8 |
| Loss on early extinguishment of debt | 11.2 | 19.6 |
| Amortization of deferred financing cost and debt issuance discount | 29.4 | 15.8 |
| Loss (gain) on remeasurement of foreign denominated transactions | (3.6) | 1.5 |
| Amortization of prior service costs | (0.9) | — |
| Realized loss on terminated caps/swaps | 0.9 | — |
| Gain on refranchisings and dispositions of assets | (2.7) | (1.7) |
| Bad debt expense, net of recoveries | 1.5 | 1.1 |
| Share-based compensation | 7.6 | 0.6 |
| Deferred income taxes | 8.0 | 17.7 |
| Changes in current assets and liabilities, excluding acquisitions and dispositions: | | |
| Trade and notes receivables | (4.2) | 8.7 |
| Prepays and other current assets | (35.1) | 19.4 |
| Accounts and drafts payable | (15.8) | (33.0) |
| Accrued advertising | (45.4) | 4.1 |
| Other accrued liabilities | (47.1) | (35.3) |
| Other long-term assets and liabilities | 3.2 | (16.7) |
| Net cash provided by operating activities | <u>36.9</u> | <u>94.9</u> |
| Cash flows from investing activities: | | |
| Payments for property and equipment | (13.8) | (23.5) |
| Proceeds from refranchisings, disposition of assets and restaurant closures | 36.5 | 11.7 |
| Payments for acquired franchisee operations, net of cash acquired | (15.3) | — |
| Return of investment on direct financing leases | 6.6 | 7.3 |
| Other investing activities | — | (4.4) |
| Net cash provided by (used for) investing activities | <u>14.0</u> | <u>(8.9)</u> |
| Cash flows from financing activities: | | |
| Proceeds from term debt | — | 1,860.0 |
| Proceeds from discount notes | — | 401.5 |
| Repayments of term debt and capital leases | (19.0) | (1,852.4) |
| Extinguishment of debt | (105.9) | — |
| Payment of financing costs | — | (32.6) |
| Proceeds from issuance of shares | — | 1.8 |
| Net cash provided by (used for) financing activities | <u>(124.9)</u> | <u>378.3</u> |
| Effect of exchange rates on cash and cash equivalents | (7.3) | 5.1 |
| Increase (decrease) in cash and cash equivalents | (81.3) | 469.4 |
| Cash and cash equivalents at beginning of period | 459.0 | 207.0 |
| Cash and cash equivalents at end of period | <u>\$ 377.7</u> | <u>\$ 676.4</u> |

BURGER KING Worldwide, INC. AND SUBSIDIARIES
Key Business Metrics

We evaluate our restaurants and assess our business based on the following operating metrics.

System-wide sales growth refers to the change in sales at all Company-owned and franchise restaurants in one period from the same period in the prior year. System-wide comparable sales growth refers to the change in restaurant sales in one period from the same prior year period for restaurants that have been open for thirteen months or longer. Comparable sales and sales growth are measured on a constant currency basis, which means that results exclude the effect of foreign currency translation and are calculated by translating current year results at prior year exchange rates. We analyze key operating metrics on a constant currency basis as this helps identify underlying business trends, without distortion from the effects of currency movements ("FX Impact").

Franchise sales represent sales at all franchised restaurants and are revenues to our franchisees. We do not record franchise sales as revenues; however, our franchise revenues include royalties based on a percentage of franchise sales. Average restaurant sales refer to the total sales divided by total store months for all Company-owned and franchise restaurants open during the period. Net refranchisings refer to sales of Company-owned restaurants to franchisees, net of acquisitions of franchise restaurants by us.

Consolidated BKW

Key Business Metrics

| | Three Months Ended June 30, | |
|---|------------------------------------|-------------|
| | 2012 | 2011 |
| System-wide sales growth | 6.4% | 0.4% |
| Franchise sales | \$ 3,636.3 | \$ 3,449.0 |
| Comparable sales growth | | |
| Company | 5.1% | (1.6)% |
| Franchise | 4.3% | (2.2)% |
| System | 4.4% | (2.2)% |
| Average restaurant sales (in thousands) | \$ 319.1 | \$ 314.5 |
| Net Restaurant Growth (NRG) | | |
| Company | (3) | (3) |
| Franchise | 73 | 38 |
| System | 70 | 35 |
| Net refranchisings | 464 | 6 |
| Restaurant counts at period end | | |
| Company | 818 | 1,330 |
| Franchise | 11,786 | 11,006 |
| System | 12,604 | 12,336 |
| CRM % | 11.6% | 11.9% |

Key Business Metrics

| | Three Months Ended June 30, | |
|---------------------------------|-----------------------------|--------|
| | 2012 | 2011 |
| | Favorable / (Unfavorable) | |
| System-wide sales growth | 3.9% | (5.5)% |
| Comparable sales growth | | |
| Company | 4.5% | (3.7)% |
| Franchise | 4.4% | (5.5)% |
| System | 4.4% | (5.3)% |
| NRG | | |
| Company | (2) | (1) |
| Franchise | (17) | (17) |
| System | (19) | (18) |
| Net refranchisings | 386 | 2 |
| Restaurant counts at period end | | |
| Company | 546 | 978 |
| Franchise | 6,923 | 6,550 |
| System | 7,469 | 7,528 |

| | Three Months Ended June 30, | | Variance Favorable / (Unfavorable) |
|---|-----------------------------|----------|---------------------------------------|
| | 2012 | 2011 | |
| Company: | | | |
| Company restaurant revenues | \$ 242.4 | \$ 302.1 | \$ (59.7) |
| CRM | 29.3 | 37.9 | (8.6) |
| CRM % | 12.1% | 12.5% | (0.4)% |
| Company restaurant expenses as a % of Company restaurant revenue: | | | |
| Food and paper | 33.7% | 32.8% | (0.9)% |
| Payroll and benefits | 29.9% | 30.0% | 0.1% |
| Depreciation and amortization | 5.5% | 5.6% | 0.1% |
| Other occupancy and operating | 18.8% | 19.0% | 0.2% |
| Franchise: | | | |
| Franchise and property revenues | \$ 115.3 | \$ 102.3 | \$ 13.0 |
| Franchise and property expenses | 21.7 | 16.3 | (5.4) |
| Franchise sales | 2,052.3 | 1,910.6 | 141.7 |
| Segment income | 128.5 | 122.0 | 6.5 |
| Segment margin | 35.9% | 30.2% | 5.7% |

Key Business Metrics

| | Three Months Ended June 30, | |
|---------------------------------|------------------------------------|-------------|
| | 2012 | 2011 |
| System-wide sales growth | 12.7% | 3.6% |
| Comparable sales growth | | |
| Company | 6.2% | 4.9% |
| Franchise | 3.1% | 3.1% |
| System | 3.3% | 3.2% |
| NRG | | |
| Company | — | (1) |
| Franchise | 45 | 32 |
| System | 45 | 31 |
| Net refranchisings | 56 | 4 |
| Restaurant counts at period end | | |
| Company | 134 | 193 |
| Franchise | 2,827 | 2,603 |
| System | 2,961 | 2,796 |

| | Three Months Ended June 30, | | Variance |
|---|------------------------------------|-------------|----------------------------------|
| | 2012 | 2011 | Favorable / (Unfavorable) |
| Company: | | | |
| Company restaurant revenues | \$ 67.6 | \$ 81.6 | \$ (14.0) |
| CRM | 7.3 | 7.7 | (0.4) |
| CRM % | 10.8% | 9.4% | 1.4% |
| Company restaurant expenses as a % of Company restaurant revenue: | | | |
| Food and paper | 30.3% | 28.9% | (1.4)% |
| Payroll and benefits | 32.7% | 32.1% | (0.6)% |
| Depreciation and amortization | 3.6% | 3.7% | 0.1% |
| Other occupancy and operating | 22.6% | 25.9% | 3.3% |
| Franchise: | | | |
| Franchise and property revenues | \$ 51.6 | \$ 49.3 | \$ 2.3 |
| Franchise and property expenses | 6.6 | 6.3 | (0.3) |
| Franchise sales | 935.1 | 922.7 | 12.4 |
| Segment income | 42.8 | 35.3 | 7.5 |
| Segment margin | 35.9% | 27.0% | 8.9% |

Key Business Metrics

| | Three Months Ended June 30, | |
|---------------------------------|------------------------------------|-------------|
| | 2012 | 2011 |
| System-wide sales growth | 9.4% | 16.6% |
| Comparable sales growth | | |
| Company | 5.8% | 4.6% |
| Franchise | 10.8% | 6.9% |
| System | 10.5% | 6.8% |
| NRG | | |
| Company | — | — |
| Franchise | 27 | 15 |
| System | 27 | 15 |
| Net refranchisings | — | — |
| Restaurant counts at period end | | |
| Company | 97 | 97 |
| Franchise | 1,158 | 1,068 |
| System | 1,255 | 1,165 |

| | Three Months Ended June 30, | | Variance |
|---|------------------------------------|-------------|----------------------------------|
| | 2012 | 2011 | Favorable / (Unfavorable) |
| Company: | | | |
| Company restaurant revenues | \$ 16.1 | \$ 17.6 | \$ (1.5) |
| CRM | 2.8 | 3.4 | (0.6) |
| CRM % | 17.4% | 19.3% | (1.9)% |
| Company restaurant expenses as a % of Company restaurant revenue: | | | |
| Food and paper | 39.1% | 37.5% | (1.6)% |
| Payroll and benefits | 11.8% | 11.9% | 0.1% |
| Depreciation and amortization | 9.3% | 9.7% | 0.4% |
| Other occupancy and operating | 22.4% | 21.6% | (0.8)% |
| Franchise: | | | |
| Franchise and property revenues | \$ 16.2 | \$ 14.6 | \$ 1.6 |
| Franchise and property expenses | (0.2) | — | 0.2 |
| Franchise sales | 323.7 | 295.3 | 28.4 |
| Segment income | 17.1 | 14.5 | 2.6 |
| Segment margin | 52.9% | 45.0% | 7.9% |

Key Business Metrics

| | Three Months Ended June 30, | |
|---------------------------------|------------------------------------|-------------|
| | 2012 | 2011 |
| System-wide sales growth | 2.1% | 19.4% |
| Comparable sales growth | | |
| Company | 8.6% | 7.0% |
| Franchise | 2.0% | (0.9)% |
| System | 2.1% | (0.6)% |
| NRG | | |
| Company | (1) | (1) |
| Franchise | 18 | 8 |
| System | 17 | 7 |
| Net refranchisings | 22 | — |
| Restaurant counts at period end | | |
| Company | 41 | 62 |
| Franchise | 878 | 785 |
| System | 919 | 847 |

| | Three Months Ended June 30, | | Variance |
|---|------------------------------------|-------------|----------------------------------|
| | 2012 | 2011 | Favorable / (Unfavorable) |
| Company: | | | |
| Company restaurant revenues | \$ 19.8 | \$ 17.7 | \$ 2.1 |
| CRM | 0.8 | 0.8 | — |
| CRM % | 4.0% | 4.5% | (0.5)% |
| Company restaurant expenses as a % of Company restaurant revenue: | | | |
| Food and paper | 34.3% | 33.3% | (1.0)% |
| Payroll and benefits | 18.2% | 18.1% | (0.1)% |
| Depreciation and amortization | 6.6% | 6.2% | (0.4)% |
| Other occupancy and operating | 36.9% | 37.9% | 1.0% |
| Franchise: | | | |
| Franchise and property revenues | \$ 11.8 | \$ 10.2 | \$ 1.6 |
| Franchise and property expenses | 0.4 | 0.6 | 0.2 |
| Franchise sales | 325.2 | 320.4 | 4.8 |
| Segment income | 11.0 | 6.7 | 4.3 |
| Segment margin | 34.8% | 24.0% | 10.8% |

Organic growth in Revenue and Adjusted EBITDA for the Three Months Ended June 30
(Unaudited)

\$ in millions

| Calculation: | Actual | | Q2' 12 vs. Q2' 11 | | Refran. | Adjusted | FX | Organic Growth | | |
|----------------------------|-----------|-----------|-------------------|---------|-----------|-----------|-----------|----------------|--------|--|
| | Q2' 12 | Q2' 11 | \$ | % | \$ | \$ | \$ | \$ | % | |
| | A | | B | | C | A+C=D | E | B-C-E=F | F/D | |
| Revenue | | | | | | | | | | |
| North America | \$ 357.7 | \$ 404.5 | (\$ 46.8) | (11.6%) | (\$ 57.7) | \$ 346.8 | (\$ 1.6) | \$ 12.5 | 3.6% | |
| EMEA | \$ 119.2 | \$ 131.0 | (\$ 11.8) | (9.0%) | (\$ 8.3) | \$ 122.7 | (\$ 13.2) | \$ 9.7 | 7.9% | |
| LAC | \$ 32.3 | \$ 32.1 | \$ 0.2 | 0.6% | — | \$ 32.1 | (\$ 2.3) | \$ 2.5 | 7.8% | |
| APAC | \$ 31.6 | \$ 27.8 | \$ 3.8 | 13.7% | — | \$ 27.8 | (\$ 0.2) | \$ 4.0 | 14.4% | |
| Consolidated | \$ 540.8 | \$ 595.4 | (\$ 54.6) | (9.2%) | (\$ 66.0) | \$ 529.4 | (\$ 17.3) | \$ 28.7 | 5.4% | |
| Adjusted EBITDA | | | | | | | | | | |
| North America | \$ 128.5 | \$ 122.0 | \$ 6.5 | 5.3% | (\$ 1.7) | \$ 120.3 | (\$ 0.1) | \$ 8.3 | 6.9% | |
| EMEA | \$ 42.8 | \$ 35.3 | \$ 7.5 | 21.2% | \$ 0.6 | \$ 35.9 | (\$ 4.6) | \$ 11.5 | 32.0% | |
| LAC | \$ 17.1 | \$ 14.5 | \$ 2.6 | 17.9% | — | \$ 14.5 | (\$ 0.3) | \$ 2.9 | 20.0% | |
| APAC | \$ 11.0 | \$ 6.7 | \$ 4.3 | 64.2% | — | \$ 6.7 | — | \$ 4.3 | 64.2% | |
| Unallocated Management G&A | (\$ 27.4) | (\$ 28.6) | \$ 1.2 | (4.2%) | — | (\$ 28.6) | — | \$ 1.2 | (4.2%) | |
| Consolidated | \$ 172.0 | \$ 149.9 | \$ 22.1 | 14.7% | (\$ 1.1) | \$ 148.8 | (\$ 5.0) | \$ 28.2 | 19.0% | |

BURGER KING Worldwide, INC. AND SUBSIDIARIES

Non-GAAP Financial Measures

(Unaudited)

To supplement its condensed consolidated financial statements presented on a U.S. Generally Accepted Accounting Principles (“GAAP”) basis, the Company reports the following non-GAAP financial measures: EBITDA, adjusted EBITDA, adjusted net income, adjusted income before income taxes, adjusted income tax expense, net debt, TTM adjusted EBITDA, net debt to TTM adjusted EBITDA ratio, Organic revenue growth and Organic Adjusted EBITDA growth.

EBITDA is defined as earnings (net income or loss) before interest, taxes, depreciation and amortization, and is used by management to measure operating performance of the business.

Adjusted EBITDA is defined as EBITDA excluding the impact of share-based compensation, other operating (income) expenses, net, and all other specifically identified costs associated with non-recurring projects, including Transaction costs, global restructuring and related professional fees, global portfolio realignment project costs and Business Combination Agreement expenses. Adjusted EBITDA is used by management to measure operating performance of the business, excluding specifically identified items that management believes do not directly reflect our core operations, and represents our measure of segment income.

Adjusted net income is used by management to evaluate and forecast earnings from ongoing operations excluding the impact of unusual items. This measure is used by management to evaluate and forecast earnings from ongoing operations, as further defined in the non-GAAP reconciliations. Adjusted Diluted EPS is calculated by dividing Adjusted Net Income by the number of diluted shares of the Company during the reporting period. Net debt to TTM adjusted EBITDA ratio is used by management to evaluate the Company’s current and prospective financial position.

Organic revenue growth and Organic Adjusted EBITDA growth are non-GAAP measures that exclude both FX Impact and refranchisings.

Non-GAAP Financial Measures
Reconciliation of EBITDA and Adjusted EBITDA to Net Income

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|----------------|------------------------------|----------------|
| | 2012 | 2011 | 2012 | 2011 |
| EBITDA and adjusted EBITDA: | | | | |
| U.S. and Canada | \$ 128.5 | \$ 122.0 | \$ 241.4 | \$ 224.8 |
| EMEA | 42.8 | 35.3 | 75.6 | 62.0 |
| LAC | 17.1 | 14.5 | 33.0 | 29.7 |
| APAC | 11.0 | 6.7 | 18.8 | 13.0 |
| Unallocated Management G&A | (27.4) | (28.6) | (53.6) | (59.6) |
| Adjusted EBITDA ⁽¹⁾ | 172.0 | 149.9 | 315.2 | 269.9 |
| Share-based compensation ⁽¹⁾ | 0.3 | 0.4 | 1.7 | 0.6 |
| 2010 Transaction costs ⁽²⁾ | — | 0.3 | — | 1.1 |
| Global restructuring and related professional fees ⁽³⁾ | — | 10.0 | — | 22.2 |
| Field optimization project costs ⁽⁴⁾ | — | 1.7 | — | 1.7 |
| Global portfolio realignment project ⁽⁵⁾ | 9.4 | — | 13.1 | — |
| Business combination agreement expenses ⁽⁶⁾ | 18.1 | — | 25.1 | — |
| Other operating (income) expense, net | (17.1) | 4.7 | (4.1) | 12.5 |
| EBITDA | 161.3 | 132.8 | 279.4 | 231.8 |
| Depreciation and amortization | 33.4 | 33.8 | 67.4 | 68.8 |
| Income from operations | 127.9 | 99.0 | 212.0 | 163.0 |
| Interest expense, net | 57.2 | 56.1 | 116.3 | 106.3 |
| Loss on early extinguishment of debt | 7.7 | — | 11.2 | 19.6 |
| Income tax expense | 14.8 | 12.7 | 22.0 | 12.8 |
| Net income | <u>\$ 48.2</u> | <u>\$ 30.2</u> | <u>\$ 62.5</u> | <u>\$ 24.3</u> |

| | Twelve Months Ended | |
|---|---------------------|----------------------|
| | June 30, 2012 | December 31, 2011 |
| EBITDA and adjusted EBITDA: | | |
| U.S. and Canada | \$ 472.8 | \$ 456.2 |
| EMEA | 159.6 | 146.0 |
| LAC | 67.2 | 63.9 |
| APAC | 32.5 | 26.7 |
| Unallocated Management G&A | (101.8) | (107.8) |
| Adjusted EBITDA ⁽¹⁾ | 630.3 | 585.0 |
| Share-based compensation ⁽¹⁾ | 7.5 | 6.4 |
| 2010 Transaction costs ⁽²⁾ | 2.6 | 3.7 |
| Global restructuring and related professional fees ⁽³⁾ | 24.3 | 46.5 |
| Field optimization project costs ⁽⁴⁾ | 8.9 | 10.6 |
| Global portfolio realignment project ⁽⁵⁾ | 20.7 | 7.6 |
| Business combination agreement expenses ⁽⁶⁾ | 25.1 | — |
| Other operating (income) expense, net | (5.3) | 11.3 |
| EBITDA | 546.5 | 498.9 |
| Depreciation and amortization | 135.0 | 136.4 |
| Income from operations | 411.5 | 362.5 |
| Interest expense, net | 236.7 | 226.7 |
| Loss on early extinguishment of debt | 12.7 | 21.1 |
| Income tax expense | 35.8 | 26.6 |
| Net income | <u>\$ 126.3</u> | <u>\$ 88.1</u> |

Non-GAAP Financial Measures
Reconciliation of Net Income to Adjusted Net Income

| <i>Adjusted net income</i> | Three Months Ended June 30, | |
|--|------------------------------------|----------------|
| | 2012 | 2011 |
| | (In millions) | |
| Net income | \$ 48.2 | \$ 30.2 |
| Income tax expense | 14.8 | 12.7 |
| Income before income taxes | 63.0 | 42.9 |
| Adjustments: | | |
| Franchise agreement amortization | 5.1 | 5.6 |
| Amortization of deferred financing costs and original issue discount | 3.5 | 3.5 |
| Loss on early extinguishment of debt | 7.7 | — |
| Other operating (income) expense, net | (17.1) | 4.7 |
| 2010 Transaction costs ⁽²⁾ | — | 0.3 |
| Global restructuring and related professional fees ⁽³⁾ | — | 10.0 |
| Field optimization project costs ⁽⁴⁾ | — | 1.7 |
| Global portfolio realignment project costs ⁽⁵⁾ | 9.4 | — |
| Business combination agreement expenses ⁽⁶⁾ | 18.1 | — |
| Total adjustments | 26.7 | 25.8 |
| Adjusted income before income taxes | 89.7 | 68.7 |
| Adjusted income tax expense ⁽⁷⁾ | 28.4 | 22.2 |
| Adjusted net income | \$ 61.3 | \$ 46.5 |

Non-GAAP Financial Measures
Reconciliation of Adjusted Net Income and Net Income, Net Debt / TTM Adj. EBITDA

| | Six Months Ended June 30, | |
|--|----------------------------------|---------------------|
| | 2012 | 2011 |
| | (In millions) | |
| <i>Adjusted net income</i> | | |
| Net income | \$ 62.5 | \$ 24.3 |
| Income tax expense | 22.0 | 12.8 |
| Income before income taxes | 84.5 | 37.1 |
| Adjustments: | | |
| Franchise agreement amortization | 10.3 | 11.1 |
| Amortization of deferred financing costs and original issue discount | 7.0 | 6.9 |
| Loss on early extinguishment of debt | 11.2 | 19.6 |
| Other operating (income) ⁽²⁾ expense, net | (4.1) | 12.5 |
| 2010 Transaction costs | — | 1.1 |
| Global restructuring and related professional fees ⁽³⁾ | — | 22.2 |
| Field optimization project costs ⁽⁴⁾ | — | 1.7 |
| Global portfolio realignment project costs ⁽⁵⁾ | 13.1 | — |
| Business combination agreement expenses ⁽⁶⁾ | 25.1 | — |
| Total adjustments | 62.6 | 75.1 |
| Adjusted income before income taxes | 147.1 | 112.2 |
| Adjusted income tax expense ⁽⁷⁾ | 46.0 | 38.1 |
| Adjusted net income | \$ 101.1 | \$ 74.1 |
| <i>Net debt to adjusted EBITDA</i> | | |
| | As of | |
| | June 30, | December 31, |
| | 2012 | 2011 |
| | (In millions, except ratios) | |
| Long term debt, net of current portion | \$ 2,911.7 | \$ 3,010.3 |
| Capital leases, net of current portion | 106.1 | 95.4 |
| Current portion of long term debt and capital leases | 35.9 | 33.5 |
| Total Debt | 3,053.7 | 3,139.2 |
| Cash and cash equivalents | 377.7 | 459.0 |
| Net debt | 2,676.0 | 2,680.2 |
| TTM adjusted EBITDA | 630.3 | 585.0 |
| Net debt / TTM adjusted EBITDA | 4.2x | 4.6x |

Non-GAAP Financial Measures
Reconciliation of Net Income to TTM Adjusted EBITDA

| <i>EBITDA and adjusted EBITDA</i> | Twelve Months Ended | |
|---|------------------------|--------------------------|
| | <u>June 30, 2012</u> | <u>December 31, 2011</u> |
| | (In millions) | |
| Net income | \$ 126.3 | \$ 88.1 |
| Interest expense, net | 236.7 | 226.7 |
| Loss on early extinguishment of debt | 12.7 | 21.1 |
| Income tax expense | 35.8 | 26.6 |
| Depreciation and amortization | <u>135.0</u> | <u>136.4</u> |
| EBITDA | 546.5 | 498.9 |
| Adjustments: | | |
| Share-based compensation ⁽¹⁾ | 7.5 | 6.4 |
| Other operating (income) expense, net | (5.3) | 11.3 |
| 2010 Transaction costs ⁽²⁾ | 2.6 | 3.7 |
| Global restructuring and related professional fees ⁽³⁾ | 24.3 | 46.5 |
| Field optimization project costs ⁽⁴⁾ | 8.9 | 10.6 |
| Global portfolio realignment project costs ⁽⁵⁾ | 20.7 | 7.6 |
| Business combination agreement expenses ⁽⁶⁾ | <u>25.1</u> | <u>—</u> |
| Total adjustments | <u>83.8</u> | <u>86.1</u> |
| Adjusted EBITDA | <u>\$ 630.3</u> | <u>\$ 585.0</u> |

Non-GAAP Financial Measures
Footnotes to Reconciliation Tables

- (1) Represents share-based compensation expense associated with employee stock options, and for the twelve months ended June 30, 2012 and December 31, 2011, also includes the portion of annual non-cash incentive compensation that eligible employees elected to receive as common equity in lieu of their 2011 cash bonus.
- (2) Represents expenses incurred related to 3G's acquisition of Burger King Holdings, Inc., the Company's indirect wholly-owned subsidiary, in October 2010.
- (3) Represents severance benefits, other severance-related costs incurred in connection with the Company's global restructuring efforts, the voluntary resignation severance program offered for a limited time to eligible employees based at its Miami headquarters and additional reductions in corporate and field positions in the U.S. This restructuring plan was completed in 2011.
- (4) Represents severance-related costs, compensation costs for overlap staffing, travel expenses, consulting and training costs incurred in connection with the Company's efforts to expand and enhance its U.S. field organization. This project was completed in 2011.
- (5) Represents costs associated with an ongoing project to realign the Company's global restaurant portfolio by refranchising Company-owned restaurants and establishing strategic partners and joint ventures to accelerate development. These costs primarily include severance related costs and fees for professional services.
- (6) Represents share-based compensation expense related to awards granted during the three and six months ended June 30, 2012 resulting from the increase in equity value of Burger King Worldwide Holdings, Inc. implied by the Business Combination Agreement and professional fees and other transaction costs associated with the Business Combination Agreement.
- (7) Adjusted income tax expense for the three and six months ended June 30, 2012 and 2011 is calculated using the Company's statutory tax rate in the jurisdiction in which the costs were incurred.