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## Burger King profit, revenue miss expectations

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CHICAGO (Reuters) - Burger King Holdings Inc (BKC.N) posted a weaker-than-expected quarterly profit on Thursday and said an unpredictable consumer environment would persist, sending its shares down more than 3 percent.

The world's No. 2 hamburger chain after McDonald's Corp (MCD.N) said results were hurt by the weak economy, high unemployment, more consumers eating at home and significant discounting.

Fast-food chains generally have outperformed rivals during the current economic downturn, but their results are getting weaker as U.S. unemployment flirts with 10 percent -- the highest level in nearly three decades.

Discounting is also rampant in the quick-service sector, spurred on by falling prices for food like cheese and meat.

**"The challenge ... is riding out the current economic storm by discounting to drive traffic, which is not necessarily easy," Telsey Advisory Group analyst Tom Forte said. He noted that the company's general and administrative costs were higher than expected in the quarter.**

Burger King's net income was \$46.6 million, or 34 cents a share, for the fiscal first quarter ended September 30, compared with \$49.8 million, or 36 cents a share, a year earlier.

Analysts, on average, had forecast earnings of 37 cents a share, according to Thomson Reuters I/B/E/S.

Total revenue fell 5 percent to \$636.9 million, below the \$652.8 million analysts had expected.

Worldwide same-store sales fell 2.9 percent, compared with a gain of 3.6 percent last year.

Burger King this month announced the nationwide debut of its \$1 double cheeseburger. It also has been introducing premium sandwiches and a new fast broiler cooker allowing it to expand its menu with dishes like ribs and thick burgers.

Earlier this month, McDonald's said third-quarter global sales at established restaurants rose 3.8 percent.

U.S. same-restaurant sales were up 2.5 percent during the third quarter, but the chain known as the Golden Arches cautioned that U.S. same-restaurant sales for October could be "flat to slightly negative."

Shares of Burger King fell 3.1 percent to \$16.75 in premarket trading.