Chipotle Mexican Grill, Inc. Reports Second Quarter 2008 Results

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Diluted EPS Increased 23.3% to $.74

Chipotle Mexican Grill, Inc. (NYSE: CMG and CMG.B) today reported financial results for its second quarter ended June 30, 2008.

Highlights for the second quarter of 2008 as compared to the second quarter of 2007 include:

Revenue increased 24.2% to $340.8 million

Comparable restaurant sales increased 7.1%

Restaurant level operating margins decreased 80 basis points to 22.4%

Net income increased 22.5% to $24.5 million

Diluted earnings per share increased 23.3% to $.74

Highlights for the six months ended June 30, 2008 as compared to the prior year period include:

Revenue increased 26.6% to $646.1 million

Comparable restaurant sales increased 8.5%

Restaurant level operating margins decreased 20 basis points to 21.9%

Net income increased 28.8% to $41.8 million

Diluted earnings per share increased 27.6% to $1.25

’In an operating environment that has been difficult for most restaurant companies, Chipotle delivered strong top and bottom line performance. We credit a continued focus on our vision of changing the way the world thinks about and eats fast food,’ said Chipotle Founder, Chairman and CEO Steve Ells. ’During the quarter, we reached an important milestone in our effort to serve all naturally raised meat in our restaurants, becoming the first restaurant company to serve 100% naturally raised chicken, in addition to already serving 100% naturally raised pork, and about 60% naturally raised beef. The care we take in selecting the finest ingredients we can find, and preparing great tasting food using classic cooking methods helps us provide an extraordinary dining experience and maintain exceptional loyalty among our customers.’

Monty Moran, President & COO added, ’As the economic environment remains challenging, we believe more than ever that the strength of our restaurant managers and crew continue to be our most valuable asset. Our restaurant managers and crews are a vital part in providing a restaurant experience that is unique to Chipotle, and we continue to work hard to place our highest performers in the right positions. This commitment to hiring and developing the best crews in the industry helps us deepen the brand connection with our customers while also developing our future leaders. ’

Second Quarter 2008 Results

Revenue for the second quarter of 2008 increased 24.2% to $340.8 million from $274.3 million in the second quarter of 2007. Growth in revenue was attributable to new restaurants not in the comparable base and a 7.1% increase in comparable restaurant sales in the second quarter. Comparable restaurant sales growth was primarily due to menu price increases and an increase in customer visits. Chipotle opened 49 restaurants during the second quarter of 2008.

Restaurant level operating margins decreased to 22.4% in the second quarter of 2008 from 23.2% in the second quarter of 2007, primarily due to an increase in food costs and higher advertising costs, partially offset by menu price increases associated with the addition of naturally raised meats and lower promotion costs.

General and administrative expenses were $20.7 million in the second quarter of 2008, or 6.1% of revenue, compared to $18.1 million in the second quarter of 2007, or 6.6% of revenue. In the second quarter of 2008, general and administrative expenses declined as a percentage of revenue due to the reversal of a portion of our performance based bonus accrual from the first quarter and the effect of economies of scale from higher restaurant sales. The second quarter general and administrative expenses of 2007 also benefited from the removal of the remaining $1.2 million reserve, or $0.02 per diluted share, associated with credit card transactions.

Income from operations increased to $38.3 million for the second quarter of 2008, compared to $30.7 million in the second quarter of 2007.

Net income for the second quarter of 2008 was $24.5 million, or $0.74 per diluted share, compared to $20.0 million, or $0.60 per diluted share in the second quarter of 2007.

Results for the six months ended June 30, 2008

Revenue for the six months ended June 30, 2008 increased 26.6% to $646.1 million from $510.4 million in the prior year period. This growth in revenue was attributable to new restaurants not in the comparable base and an 8.5% increase in comparable restaurant sales. Comparable restaurant sales growth was primarily due to an increase in customer visits and menu price increases. Chipotle opened 77 restaurants during the period.

Restaurant level operating margins decreased to 21.9% in the period, versus 22.1% in the six months ended June 30, 2007, primarily due to an increase in food costs and higher credit card processing fees associated with increased credit card usage, partially offset by menu price increases associated with the addition of naturally raised meats.

General and administrative expenses were $42.2 million for the six months ended June 30, 2008, or 6.5% of revenues, compared to $35.1million, or 6.9% of revenues for the prior year period. General and administrative expenses declined as a percentage of revenue primarily due to the effect of economies of scale from higher restaurant sales and lower performance based bonus accruals for 2008. General and administrative expenses for the first half of 2007 also benefited from the removal of the remaining $1.2 million reserve, or $0.02 per diluted share, associated with credit card transactions.

Income from operations increased to $65.1 million for the six months ended June 30, 2008, compared to $49.3 million a year ago.

Net income for the six months ended June 30, 2008 was $41.8 million, or $1.25 per diluted share, compared to $32.4 million, or $0.98 per diluted share in the prior year period.

’Our comparable sales and bottom line growth in this economic environment reflect the enormous strength of our brand and are a testament to the passion and commitment of our restaurant managers and crew,’ said Jack Hartung, Chief Financial Officer. ’We continue to expect 130 to 140 new restaurants openings in 2008, and though we face significant economic challenges in the short term, we continue to believe we can grow diluted earnings per share over the long-term at an average annual rate of at least 25%.’

Outlook

Management also expects the following for 2008:

Comparable restaurant sales increases in the mid single digits

130 - 140 new restaurant openings

Non-cash stock compensation expense of approximately $12.5 to $13.0 million

An effective tax rate of approximately 38.0%

Diluted weighted average common shares outstanding of approximately 33.4 million