



BK Brasil Earnings Presentation – 1Q18

May 11, 2018

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Comparable sales growth of 10.3% and net restaurant growth of 111 during last 12 months boost adjusted EBITDA growth of 47.2% in 1Q18

Performance 1Q18 x 1Q17

- **Net Operating Revenue** of R\$483 million in 1Q18, representing growth of 23.8% compared to 1Q17;
- **Comparable sales growth in same restaurants** of 10.3% in 1Q18;
- **Adjusted EBITDA** of R\$36 million in 1Q18, increasing 47.2% compared to 1Q17, reflecting the solid revenue growth and operating leverage;
- **Adjusted EBITDA margin** expanded to 7.5%, from 6.3% in 1Q17;
- **Net Income** of R\$9 million in 1Q18, compared to the net loss of R\$20 million in 1Q17, explained by the significant improvement in operating result and stronger net financial result;
- **Total of 13 restaurants opened in 1Q18**, representing a net increase of 111 units during last 12 months, bringing the total system to 709 restaurants in 1Q18;
- **BK Brasil and Popeyes Louisiana Kitchen** announced the signing of a Master Franchise and Development Agreement (MFDA) and a Company Franchise Agreement (CFA).

Source: Burger King Brasil

Note:

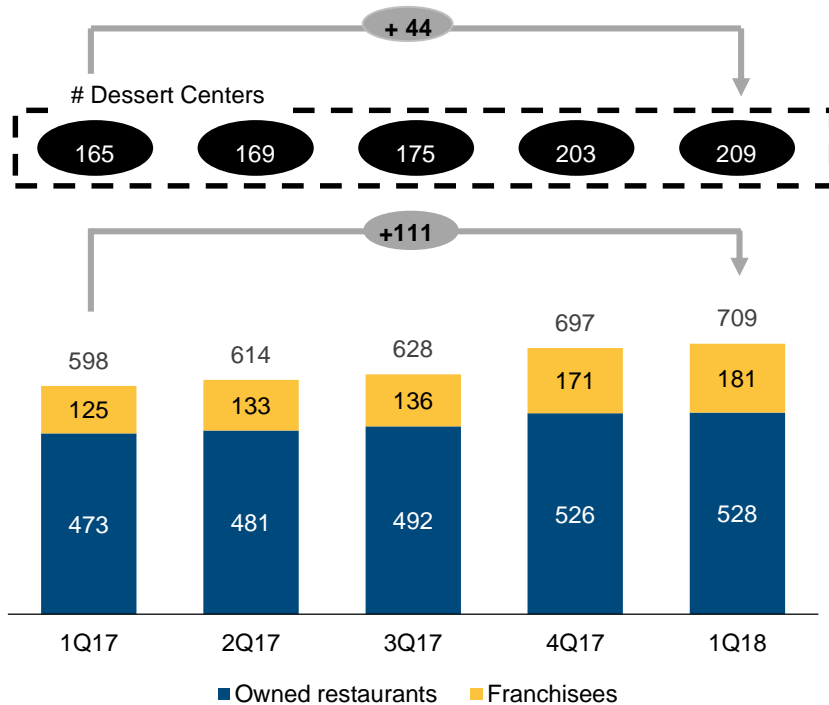
¹Adjusted EBITDA is a non-accounting measure adopted by the Company, which corresponds to EBITDA adjusted by pre-operating expenses, expenses with mergers and acquisitions, and other expenses, which the Company's Management believes are not part of the normal course of business and/or distort any analysis of the Company's operating performance, including: (i) write-off of property and equipment (damages, obsolescence, gain (loss) from asset divestment and impairment); and (ii) costs with the stock option plan.

Expansion of restaurant network



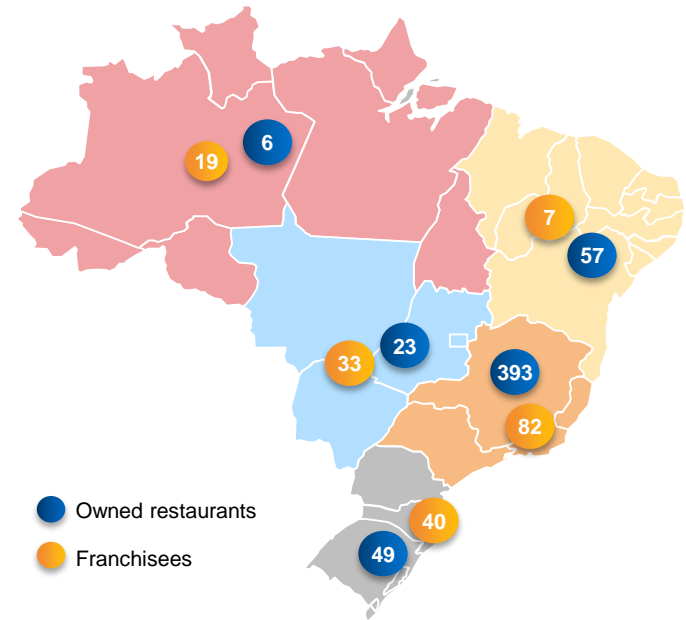
Restaurant openings by type

(# of restaurants and dessert center)



Geographic footprint

(# of restaurants)



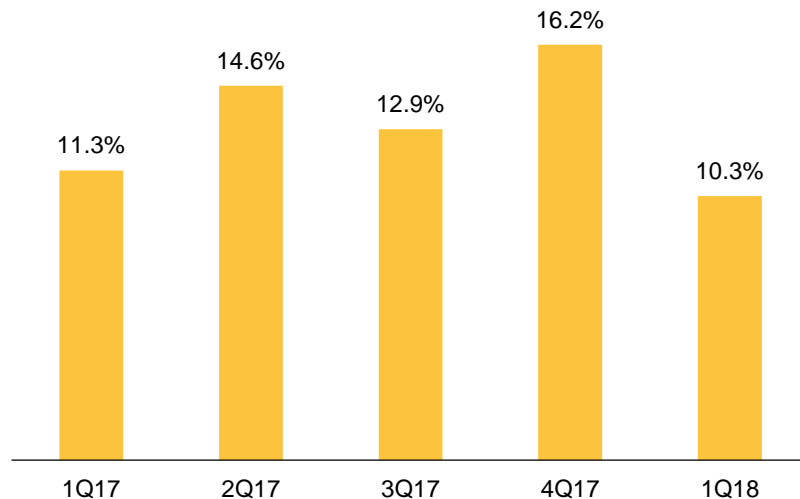
Opening of 13 new restaurants and closure of 1 unit, resulting in 12 net openings. The Company ended 1Q18 with 528 company-owned restaurants (+55 restaurants vs. 1Q17) and 181 franchised restaurants, totaling 709 restaurants operating in the country.

Growth in net operating revenue and comparable restaurant sales



Growth in comparable sales in same restaurants

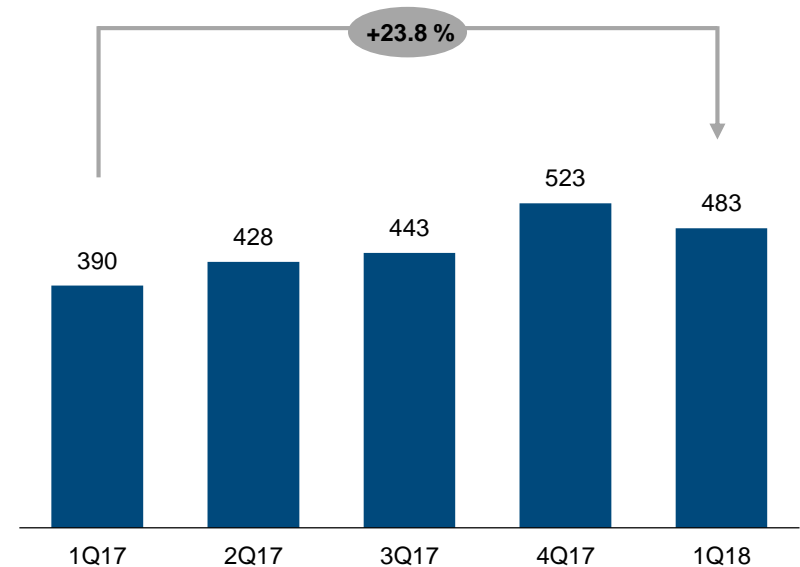
(%)



Growth in comparable sales in same restaurants was driven by the good performance of premium products, the strong performance of restaurants opened in 2016 and the ongoing consolidation of the brand and of customer service quality.

Net operating revenue

(R\$ mm)



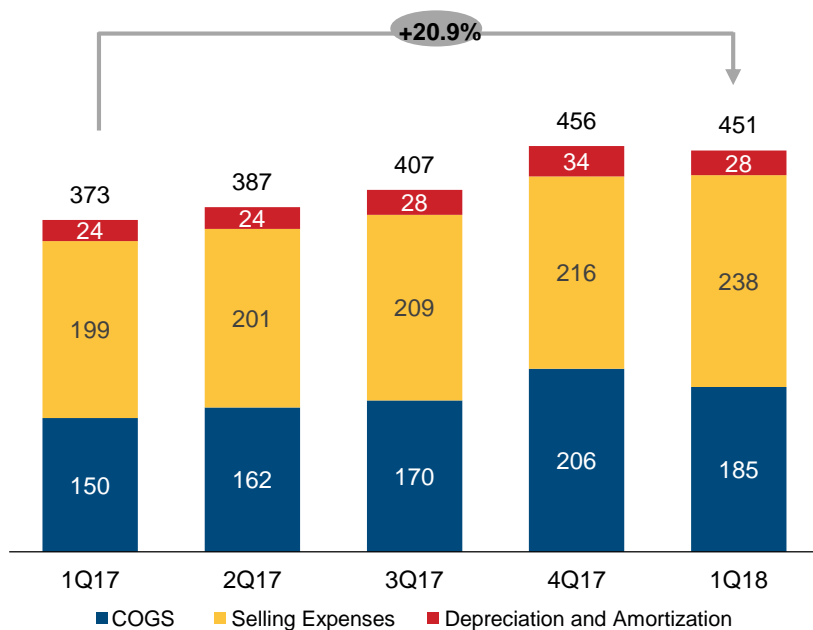
Net operating revenue growth of 23.8% was a result of new restaurant openings, maturation of units opened in the last 12 months, and an increase in comparable sales.

Operating leverage, with control of costs in restaurants and selling expenses



Cost of goods sold and selling expenses

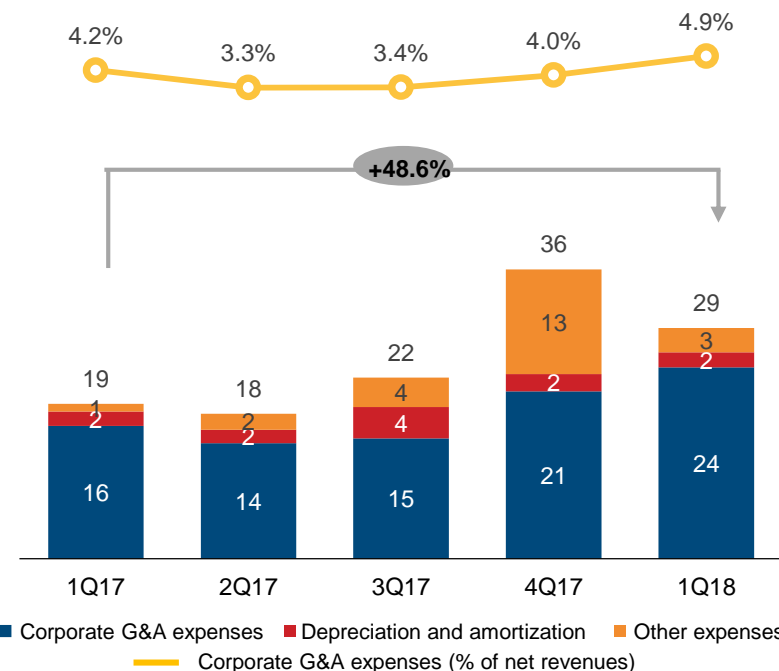
(R\$ mm)



Restaurant selling expenses grew less than net operating revenue, reflecting the Company's operating leverage with improvement primarily in personnel expenses, due to higher productivity, and improved trends for COGS given a more favorable mix of premium and discounted products.

General and administrative expenses

(R\$ mm and %)



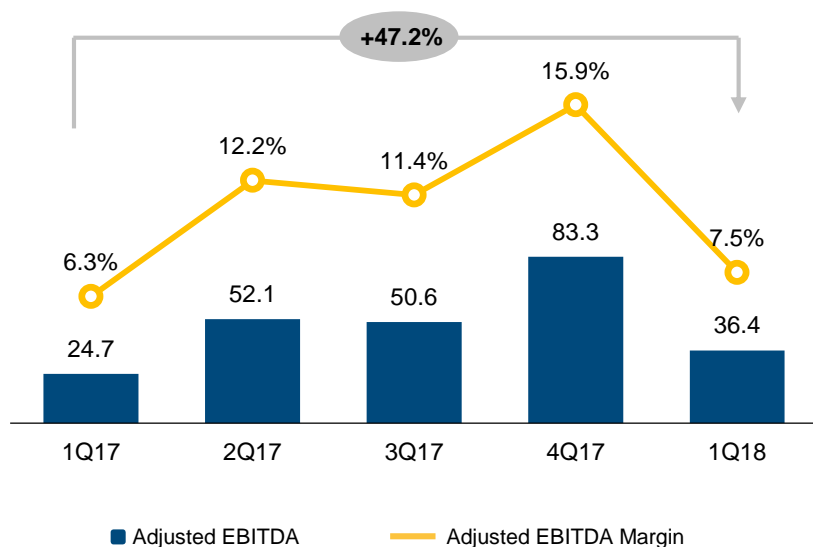
Corporate G&A as a percentage of net operating revenue rose in 1Q18 compared to 1Q17, mainly due to higher expenses with provisioning for litigations and third-party expenses, related to the timing change of the Company's national convention and regulatory costs linked to the IPO.

Further improvement of EBITDA and net income



Adjusted EBITDA¹ and adjusted EBITDA margin

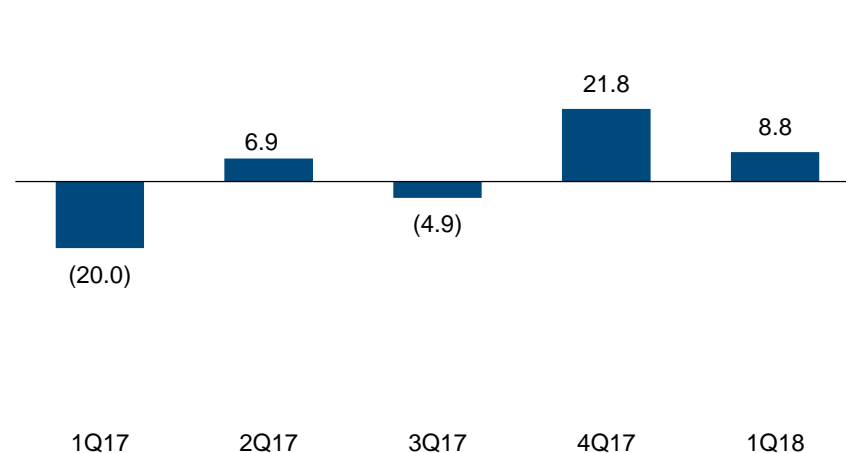
(R\$ mm and %)



Robust increase in adjusted EBITDA reflects strong growth in net operating revenue, which was driven by the opening of new restaurants and strong comparable sales growth in same restaurant, and the constant focus on cost control.

Net income

(R\$ mm)



Net income grew significantly to R\$9 million in 1Q18, compared to the net loss of R\$20 million in 1Q17, reflecting the Company's solid revenue generation and strong operating leverage, the high profitability of the existing restaurant portfolio, and the better financial result.

Source: Burger King Brasil

Note:

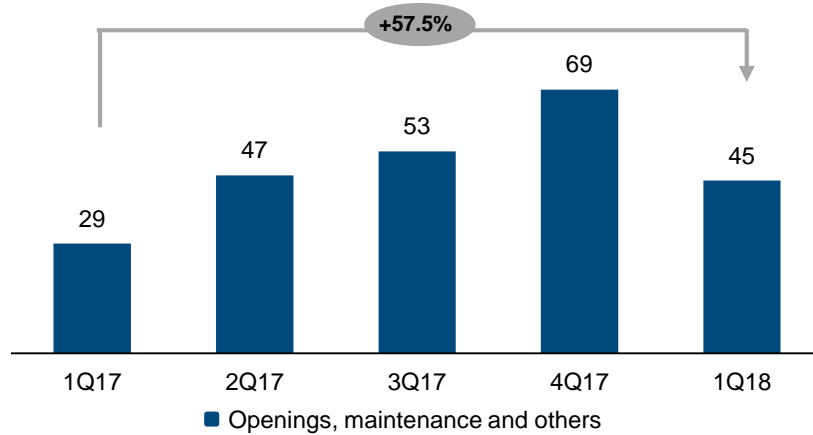
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Investments in restaurants openings and maintenance, leverage and less consumption of operating cash flow



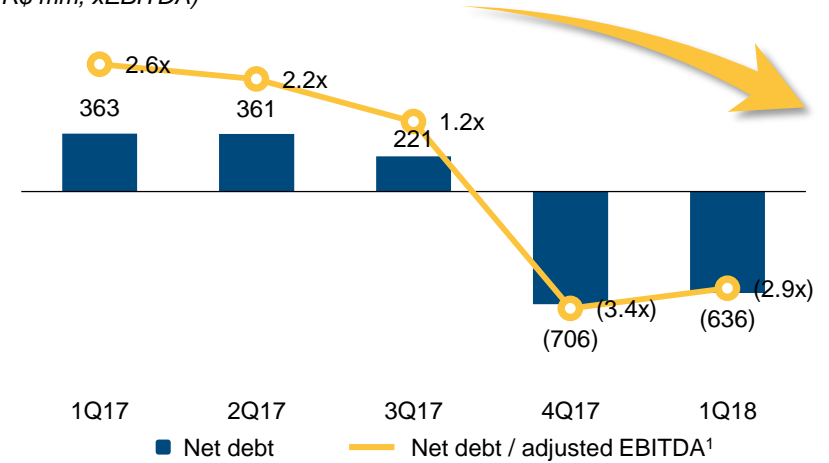
CAPEX

(R\$ mm)



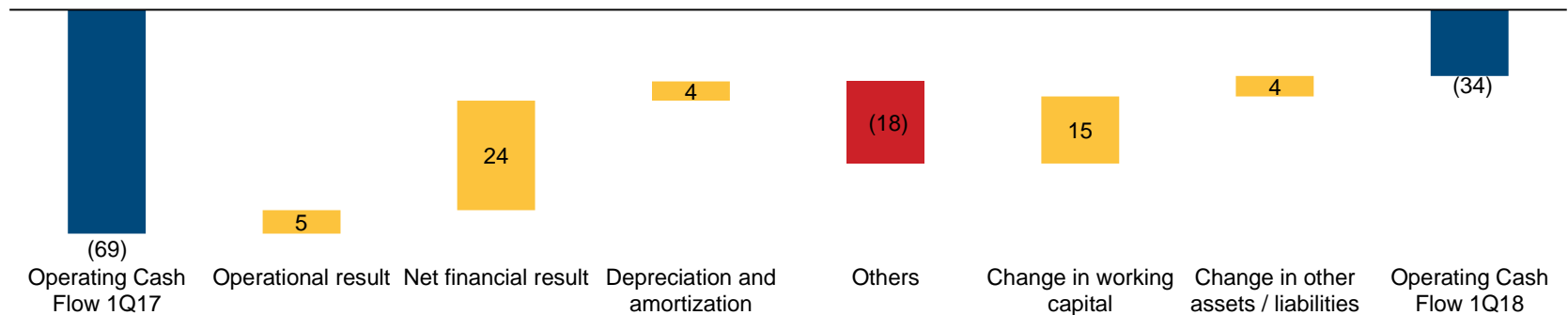
Net debt and leverage

(R\$ mm, xEBITDA)



Operating cash flow

(R\$ mm)



Source: Burger King Brasil

Note:

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Maintaining priorities for 2018



Organic Growth

- Organic expansion of new restaurants (owned and franchised), **maintaining historic pace of openings**;
- Accelerate openings of **dessert kiosks and free standing restaurants**;

New Services and Technology

- Development and implementation of technological innovations and services, including **delivery and mobile app**, improving the consumer experience while driving sales and margins;

Franchisee Acquisition

- Acquisition of **51 restaurants and 20 dessert kiosks** from a franchisee, using the proceeds from the IPO in December 2017, concluded in April 2018 (full incorporation in 2Q18);



Additional Opportunities for Growth

- **BK Brasil** acquired the exclusive right to develop, open and operate restaurants, through owned or franchised operations, under the brand **POPEYES®** in Brazil;
- Potential of **+ 300 restaurants** in the first **10 years of contract**





Appendix



Consolidated balance sheet (R\$ million)



	03/31/2018	12/31/2017
Assets		
Current assets		
Cash and cash equivalents	127.1	102.3
Marketable securities	953.9	1,076.4
Trade receivables, net	58.9	61.0
Financial instruments	-	0.1
Inventories	49.9	39.7
Recoverable taxes	29.5	25.0
Advances paid	23.9	24.8
Other receivables	14.2	9.1
Total current assets	1,257.4	1,338.4
Non-current assets		
Marketable securities	13.3	13.3
Recoverable taxes	15.7	17.3
Judicial deposits	30.9	26.6
Other receivables	3.5	4.2
Property and equipment, net	712.5	699.6
Intangible assets, net	316.6	316.1
Total non-current assets	1,092.4	1,077.1
Total Assets	2,349.8	2,415.6

	03/31/2018	12/31/2017
Liabilities and Equity		
Current liabilities		
Loans and financings	303.6	210.0
Trade and rental payables	103.3	139.0
Payroll and social charges	67.3	69.8
Corporate payables	9.4	14.0
Taxes payable	15.9	20.3
Other payables	20.0	19.9
Total current liabilities	519.5	473.0
Non-current liabilities	205.1	325.4
Loans and financings	154.7	275.7
Provision for legal claims	7.1	6.2
Taxes payable	4.1	5.1
Deferred income tax and social contribution	38.9	38.3
Other payables	0.3	-
Total non-current liabilities	205.1	325.4
Equity		
Capital	895.8	895.8
Capital reserve and stock option plan	914.9	915.7
Accumulated losses	(185.6)	(194.4)
Total equity	1,625.2	1,617.2
Total liabilities and equity	2,349.8	2,415.6

1Q18 Consolidated income statement (R\$ million)



	1Q18	1Q17	Var. %	4Q17	Var. %
Net operating revenue	482.5	389.9	23.8%	522.5	-7.7%
Gross revenue from sales and services	526.6	424.4	24.1%	569.3	-7.5%
Gross revenue deduction	(44.1)	(34.5)	27.8%	(46.7)	-5.7%
Cost of good sold	(185.2)	(150.1)	23.4%	(205.6)	-9.9%
Gross profit	297.3	239.8	24.0%	316.9	-6.2%
Total selling expenses	(265.8)	(222.8)	19.3%	(250.5)	6.1%
Personnel expenses	(89.7)	(76.0)	18.0%	(81.1)	10.6%
Royalties and marketing fund	(45.3)	(37.7)	20.0%	(38.0)	19.0%
Expenses with occupancy and utilities	(64.0)	(53.0)	20.9%	(59.2)	8.2%
Pre-operating expenses	(0.9)	(0.5)	65.1%	(3.3)	-72.8%
Depreciation and amortization	(27.7)	(23.6)	17.3%	(34.3)	-19.0%
Other selling expenses	(38.2)	(31.9)	19.8%	(34.6)	10.3%
Total general and administrative expenses	(28.6)	(19.2)	48.9%	(35.8)	-20.2%
General and administrative expenses	(23.7)	(16.4)	44.2%	(20.7)	14.3%
Depreciation and amortization	(1.9)	(1.8)	4.1%	(2.2)	-13.8%
Expenses with merger and acquisitions	(0.9)	(0.4)	117.6%	(0.7)	30.3%
Gain (loss) from write-off of property, equipment and impairment	(1.1)	(0.8)	35.8%	(9.4)	-88.8%
Gain (loss) on claims	0.0	0.2	-	0.0	-
Cost of stock option plan	(1.1)	0.0	-	(2.9)	-61.7%
Profit (loss) before financial income	2.9	(2.2)	-	30.6	-90.6%
Financial results	8.0	(15.8)	-	(7.2)	-
Financial expenses	(11.6)	(24.0)	-51.7%	(15.1)	-23.0%
Financial income	19.6	8.2	140.0%	7.9	148.6%
Profit (loss) before income tax and social contribution	10.9	(18.1)	-	23.4	-53.7%
Income tax and social contribution	(2.1)	(1.9)	5.9%	(1.6)	27.3%
Current	(1.4)	0.0	-	0.0	-
Deferred	(0.6)	(1.9)	-67.0%	(1.6)	-60.3%
Net income (loss)	8.8	(20.0)	-	21.8	-59.6%

Consolidated cash flow statement (R\$ million)



	1Q18	1Q17
Cash flow from operating activities	(34.4)	(68.7)
Cash generated by operating activities		
Earnings before income tax and social contribution	10.9	(18.1)
Depreciation and amortization of property and equipment and intangible assets	29.6	25.4
Interest, charges, exchange differences and monetary variations	(3.2)	21.5
Others	14.4	7.5
Changes in assets and liabilities		
Trade receivables, net	2.0	(11.3)
Inventories	(10.2)	(5.3)
Recoverable taxes	(2.9)	6.0
Advances paid	0.9	(9.3)
Trade and rental payables	(35.7)	(29.4)
Payroll and social charges	(12.0)	(4.4)
Payment of interest on loans and financings	(8.2)	(33.3)
Others changes in assets and liabilities	(20.0)	(18.2)
Net cash used in investing activities	90.8	(20.8)
Purchases of property and equipment	(40.4)	(26.0)
Purchases of intangible assets	(5.0)	(2.8)
Investment in marketable securities	(142.2)	(44.9)
Redemption of marketable securities	278.4	52.8
Others	-	0.1
Cash flows from financing activities	(31.7)	(21.5)
Share premium increase, net of issuance costs	(2.0)	-
Investments payable	-	(2.4)
Payment of loans and financings (principal)	(29.7)	(19.1)
Net increase in cash and cash equivalents	24.7	(111.0)
At the beginning of the year	102.3	256.9
At the end of the year	127.1	145.9

Adjusted EBITDA and total net debt (R\$ million)



EBITDA and Adjusted EBITDA

EBITDA - R\$ Million	1Q18	1Q17	Var.%	4Q17	Var.%
Income (Loss) for the period	8.8	(20.0)	-	21.8	-59.6%
(+) Financial income (loss)	(8.0)	15.8	-	7.2	-
(+) Depreciation and amortization	29.6	25.4	16.4%	36.4	-18.7%
(+/-) Income tax and social contribution	2.1	1.9	5.9%	1.6	27.3%
EBITDA	32.5	23.2	39.8%	67.0	-51.6%
<i>EBITDA Margin</i>	<i>6.7%</i>	<i>6.0%</i>	<i>70bps</i>	<i>12.8%</i>	<i>-610bps</i>
(+) Others expenses*	1.1	0.6	81.7%	9.4	-
(+) Cost of stock option plan	1.1	0.0	-	2.9	-61.7%
(+) Merge and acquisition expenses	0.9	0.4	117.6%	0.7	30.3%
(+) Pre-operating expenses	0.9	0.5	65.1%	3.3	-72.8%
Adjusted EBITDA¹	36.4	24.7	47.2%	83.3	-56.3%
<i>Adjusted EBITDA Margin</i>	<i>7.5%</i>	<i>6.3%</i>	<i>120bps</i>	<i>15.9%</i>	<i>-840bps</i>

* Include write-off of property and equipment (damages, obsolescence, gain (loss) from asset divestment and impairment).

Total debt and leverage

Net debt - R\$ Million	Mar/18	Mar/17	Var.%	Dec/17	Var.%
Loans and financings	458.3	577.0	-20.6%	485.7	-5.6%
Current	303.6	133.7	127.2%	210.0	44.6%
Non-current	154.7	443.4	-65.1%	275.7	-43.9%
Cash and cash equivalents and marketable securities	1,094.2	213.8	411.9%	1,192.0	-8.2%
Cash and cash equivalents and marketable securities (current)	1,081.0	203.2	431.9%	1,178.7	-8.3%
Marketable securities (non-current)	13.3	10.5	25.8%	13.3	-0.2%
Net debt	(635.9)	363.3	-	(706.3)	-
Adjusted EBITDA	222.4	139.6	59.3%	210.7	5.5%
<i>Net debt/ Total Adjusted EBITDA (12 M)</i>	<i>(2.9x)</i>	<i>2.6x</i>	<i>-</i>	<i>(3.4x)</i>	<i>0.5x</i>

Source: Burger King Brasil

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