



BK BRASIL

2Q20 Results
August 7, 2020



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2020 AND COVID HIGHLIGHTS

EMPLOYEES

- Maintenance of jobs, which reinforces our commitment to our people and our business;
- Creation of operations protocol in case of contamination of employees in restaurants;
- Reward of R\$6.3 million to employees who were on the front line;
- Reinforcement of already strict hygiene procedures.

CLIENTS

- Adoption of distance measures;
- Installation of protective acrylics;
- Distribution of thermometers for temperature measurement.

BUSINESS

- Reopening of more than 350 restaurants, reaching 90% of the base in August;
- Contracting of credit lines in a total amount of R\$250 million to protect cash and reinforce liquidity;
- **+ 30pp** sales growth since the beginning of the pandemic in relation to the pre-COVID period reaching 65% in early August;
- More than R\$100 million in digital sales (~ 3x more than in the previous year);
- Acceleration of new technology projects;
- Savings of more than R\$100 million in expenses with personnel, occupation and third-party services;
- Adaptation of marketing investments with sponsorship of the LGBTQ + online parade, musical lives and the campaign "Staying at home is fire";
- Review of the investment strategy and expansion with new restaurants.

SOCIETY

- Donation of R\$1.0 million to SUS to purchase IPEs in the most affected regions;
- Donation of more than 60 tons of sandwiches bringing food to 320 thousand people from poor communities.



FINANCIAL HIGHLIGHTS



2Q20 RESULTS



2Q20 x 2Q19 PERFORMANCE:

- **Net operating revenue of R\$292.7 million (-56.7%);**
- **Comparable sales in same restaurants¹ of -13.5%;**
- **Digital channel revenue (Delivery, Totem and BK Express) of R\$107.1 million, + 216.8%, reaching 36.9% of revenue;**
- **Adjusted EBITDA² of R\$-92.0 million; EBITDA Mg. of -31.4%;**
- **Contracting of credit lines** in a total amount of **R\$250 million;**
- **Net loss of R\$186.7 million;**
- **Total of 868 Burger King restaurants and 41 Popeyes restaurants** at the end of 2Q20, with net closure of 4 stores (1 opening and 5 closures).

1H20 x 1H19 PERFORMANCE:

- **Net operating revenue of R\$941.8 million (-29.8%);**
- **Comparable sales in the same restaurants¹ of -5.8%;**
- **Adjusted EBITDA² of R\$-78.2 million; EBITDA Mg. of -8.3%;**
- **Net loss of R\$242.4 million.**

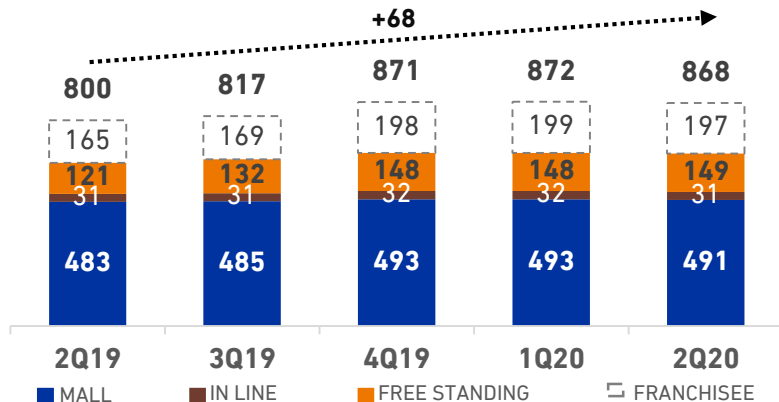


EXPANSION OF RESTAURANTS AND DESSERT CENTERS NETWORK

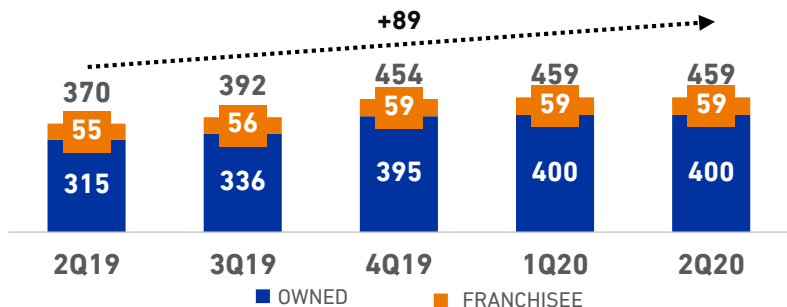
EXPANSION OF BURGER KING NETWORK

(# of restaurants and dessert centers)

RESTAURANTS¹



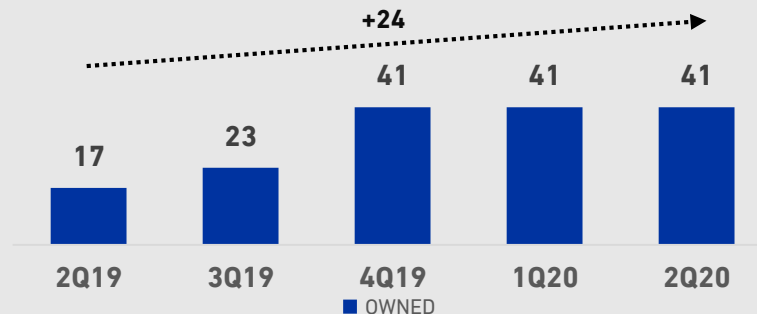
DESSERT CENTERS



EXPANSION OF POPEYES NETWORK

(# of restaurants)

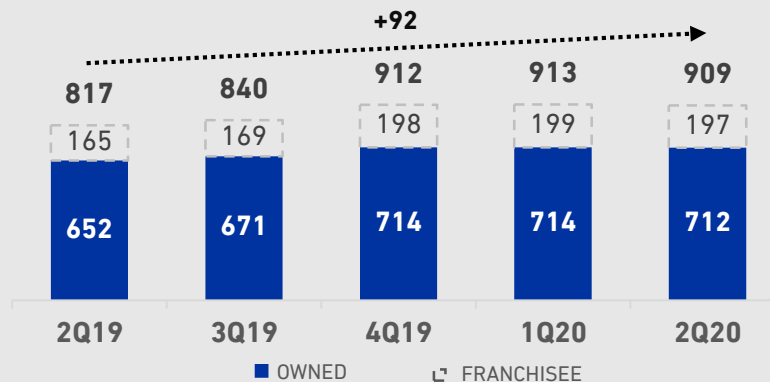
RESTAURANTS



TOTAL OF COMPANY'S RESTAURANTS

(# of restaurants)

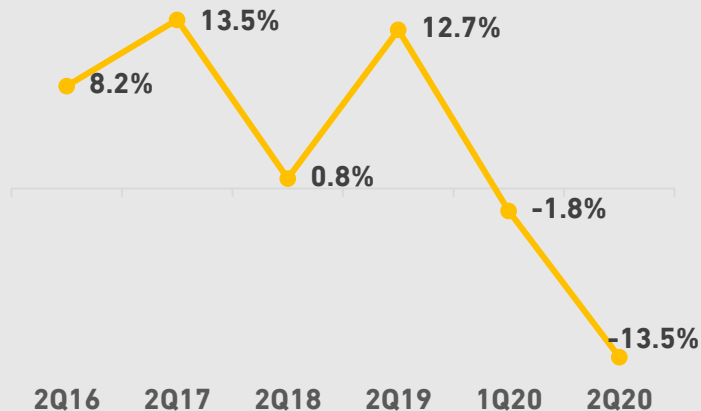
RESTAURANTS



COMPARABLE SALES IN THE SAME RESTAURANTS AND NET OPERATING REVENUE



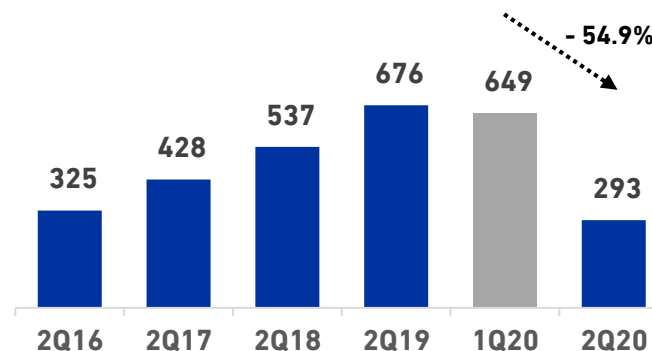
COMPARABLE SALES IN SAME RESTAURANTS ¹ (%)



Due to the severe restrictive measures, the result of SSS highly impacted by the reduction in flow, despite the growth observed in the Delivery (+ 246%) and Drive Thru (+ 132%) channels.

FS-format restaurants with positive SSS in July when compared to the same period last year.

NET OPERATING REVENUE (R\$ mm)



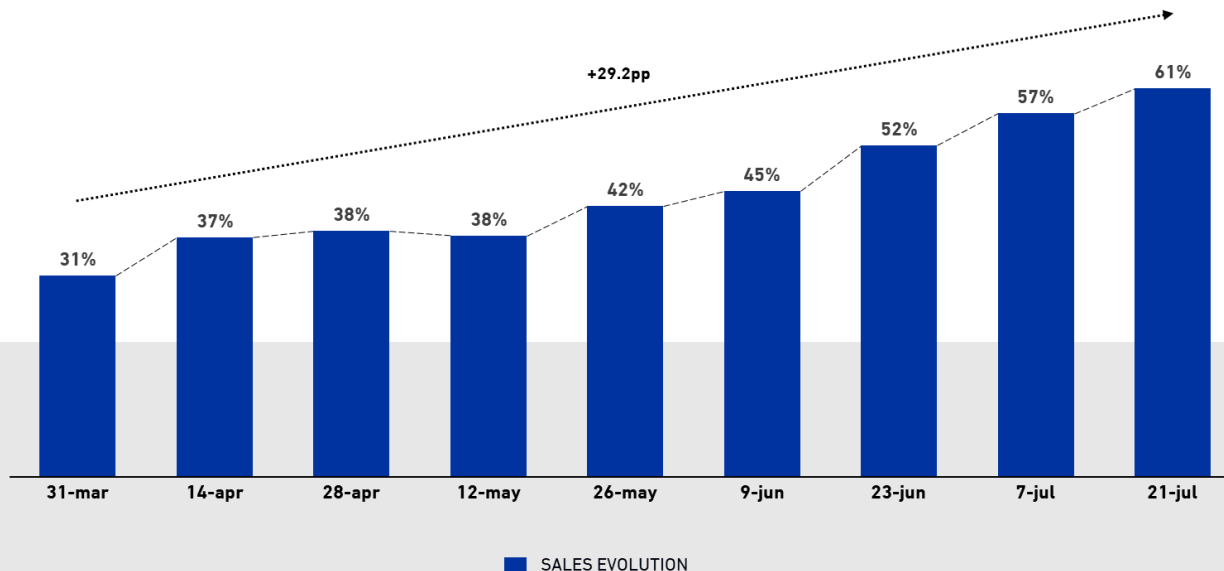
Net operating revenue reached R\$292.7 million, down 54.9% when compared to 1Q20, or -56.7% vs 2Q19, due to the effects of the pandemic that culminated in the closing of our stores as of the second half of March, extending to approximately 60% of the base to the April and May.

EVOLUTION OF SALES



“EVOLUTION OF SALES DURING PANDEMIA vs. THE PRE PERIOD”

(%)

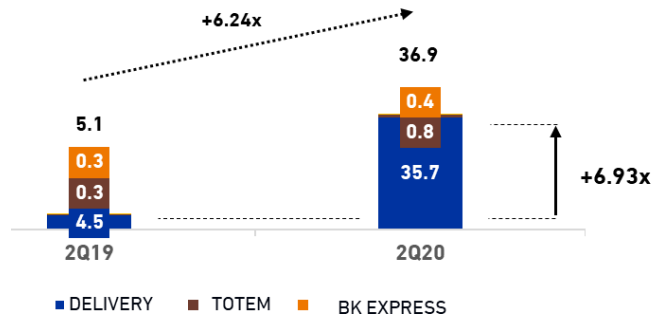


After a difficult start in April, with a drop of more than 70% in sales versus the pre-pandemic period, and ~60% of closed operations, our sales have been growing weekly, initially driven by the acceleration of sales in delivery and drive thru and from June due to the reopening of our restaurants inside shopping centers. Based on that, the Company has already surpassed 65% of relative sales in the first week of August.

DIGITAL SALES

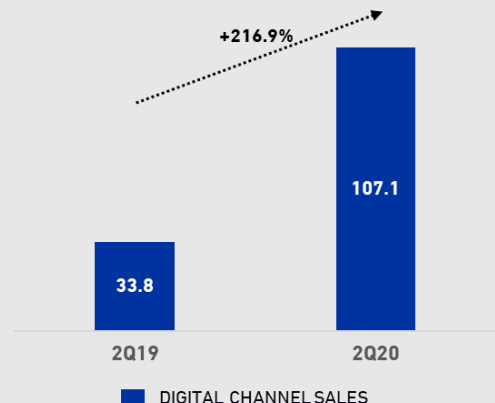
GROWTH AND REPRESENTATIVITY OF DIGITAL SALES OVER TOTAL REVENUE

(%)



GROWTH OF PARTICIPATION OF DIGITAL CHANNEL SALES

(R\$ thous.)



Digital sales represented by delivery, totem and BK Express, reached 36.9% of the Company's revenue, versus 5.1%, representing an increase of 216.9% when compared to 2Q19, with a revenue of over R\$33.8 million to R\$107.1 million.



DELIVERY



BK EXPRESS



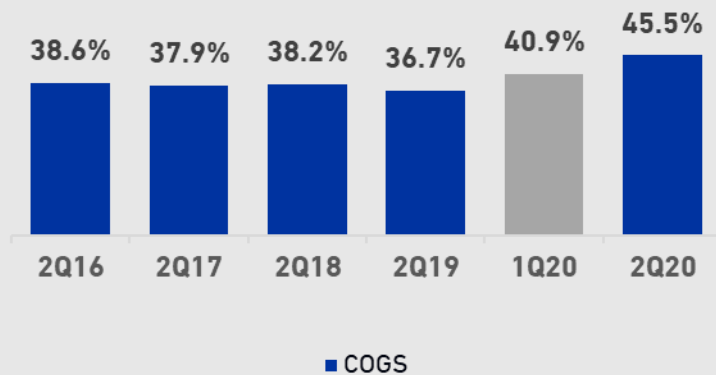
TOTEM

COST OF GOODS SOLD AND SELLING EXPENSES IN RESTAURANTS



COST OF GOODS SOLD

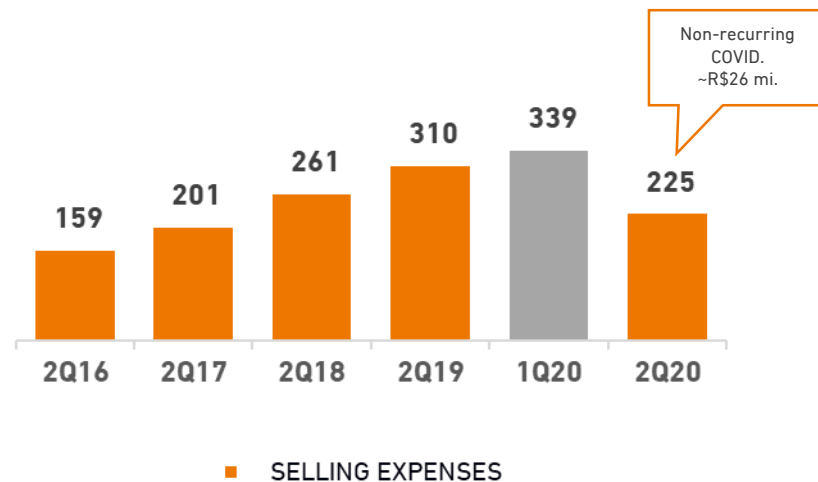
(as % of net operating revenue)



The cost of goods sold reached 45.5% of revenue, with an increase of 460 bps versus the previous quarter, explained by a set of effects related to the pandemic and other derivatives of the market dynamics. The shift in sales channels with a significant reduction in the incidence of beverages and desserts, negatively impacted the gross margin, as well as the dynamics of entry into the new aggregators, in addition to non-recurring expenses due to loss of products.

SELLING EXPENSES IN RESTAURANTS

(R\$ mm)



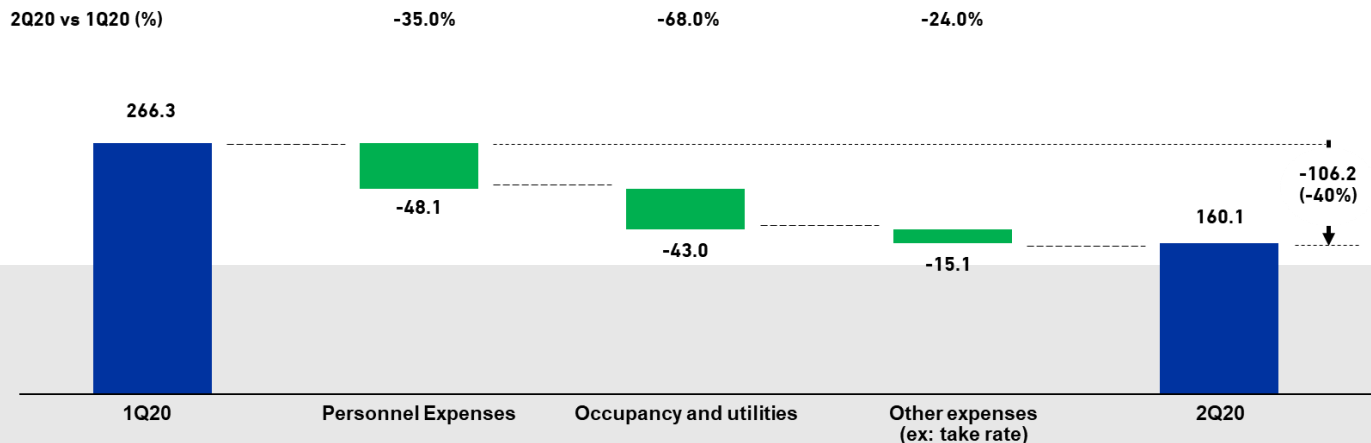
Selling expenses in restaurants, excluding depreciation and amortization, accounted for 76.9% of net operating revenue and decreased by 33.6% versus 1Q20 as a result of intense negotiations on occupation expenses and third party services in addition to the suspension of employment contracts of restaurant employees.

MARGINAL VARIATION IN FIXED EXPENSES



MARGINAL VARIATION IN FIXED EXPENSES – 2Q20 vs 1Q20 – “RESTAURANT LEVEL”

(R\$ thous.)



Personnel expenses: suspension of 9 thousand contracts (MP-936) and workload reduction;

Occupation and utilities: renegotiation of rental contracts;

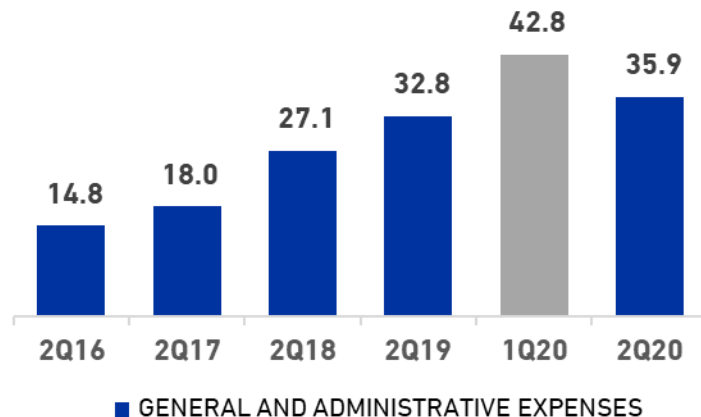
Renegotiation of service contracts provided by third parties.

GENERAL AND ADMINISTRATIVE EXPENSES AND ADJUSTED EBITDA¹



GENERAL AND ADMINISTRATIVE EXPENSES

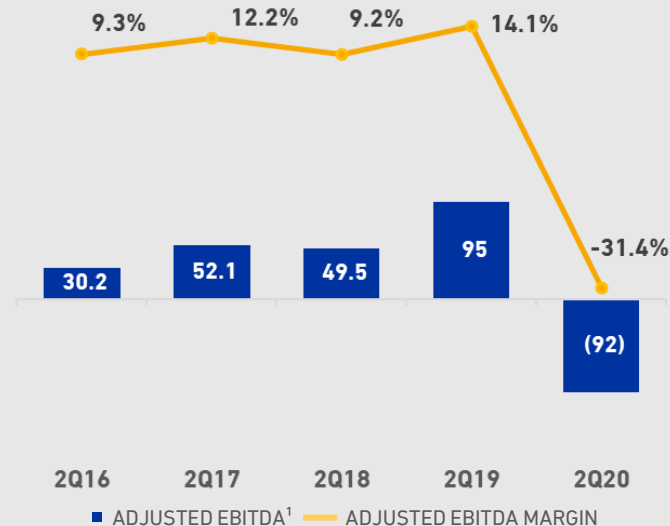
(%)



General and administrative expenses decreased R\$6.9 million, mainly due to salary reductions, staff adjustments and reductions in expenses with the central office.

ADJUSTED EBITDA¹ AND ADJUSTED EBITDA MARGIN

(R\$ mm, %)



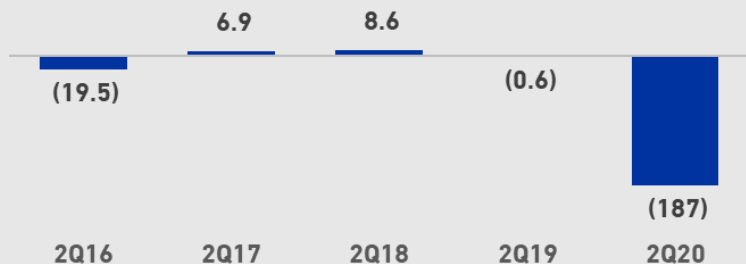
Adjusted EBITDA reached R\$-92.0 million, a decrease of 196.7%, due to the pandemic, which generated significant operational deleveraging due to the non-dilution of fixed costs existing in closed restaurants.

Source: BK Brasil | Note: 1 Adjusted 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 divestments and provisions of impairment); and (ii) costs with stock plan.

NET INCOME, LEVERAGE AND CAPEX

NET INCOME (LOSS)

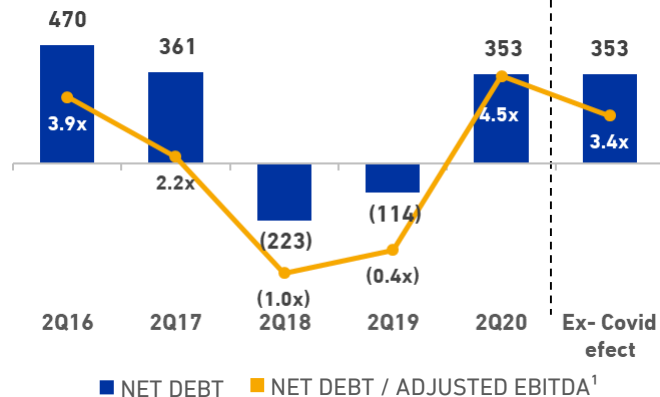
(R\$ mm)



Net loss reached R\$186.7 million in 2Q20, versus R\$0.6 million in 2Q19. This result was mainly impacted by the operational activity, which was very compromised throughout the second quarter.

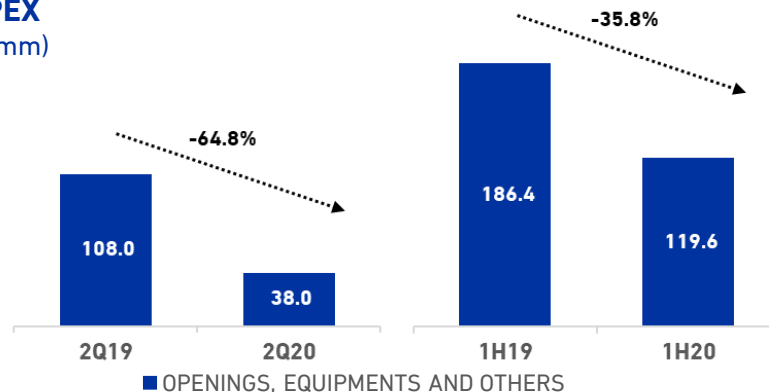
NET DEBT AND LEVERAGE

(R\$ mm, xAdj. EBITDA¹)



CAPEX

(R\$ mm)

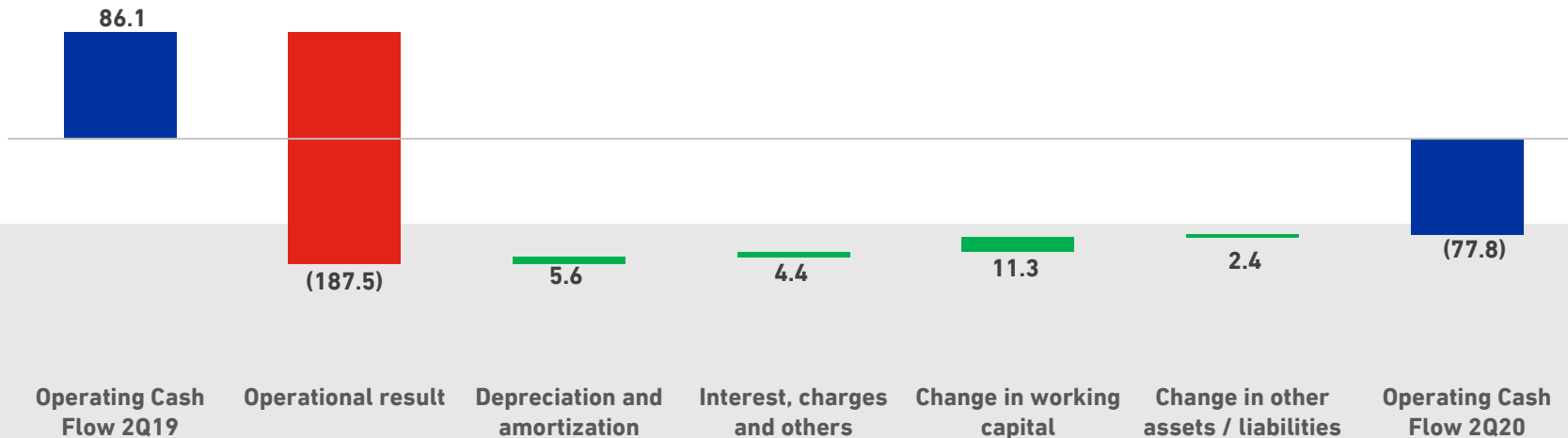


OPERATING CASH FLOW



OPERATING CASH FLOW

(R\$ mm)



In 2Q20, the Company's operating cash consumption was R\$77.8 million, R\$163.9 million higher than the same period last year, due to the decline in operating income, impacted by the retraction in sales.



APPENDIX



CONSOLIDATED INCOME STATEMENT 2Q20 (R\$ MILLION)



	2Q20	2Q19	VAR %
NET OPERATING REVENUE	292.8	675.9	-56.7%
GROSS REVENUE FROM SALES	319.2	723.4	-55.9%
GROSS REVENUE FROM SALES DEDUCTIONS	(30.8)	(51.8)	-40.5%
GROSS REVENUE FROM SERVICES	4.8	4.7	2.1%
GROSS REVENUE FROM SERVICES DEDUCTIONS	(0.5)	(0.5)	0.0%
COST OF GOOD SOLD	(133.2)	(247.8)	-46.2%
GROSS PROFIT	159.6	428.1	-62.7%
TOTAL SELLING EXPENSES	(299.6)	(379.5)	-21.1%
PERSONNEL EXPENSES	(91.1)	(128.0)	-28.8%
ROYALTIES AND MARKETING FUND	(34.5)	(62.1)	-44.4%
EXPENSES ON OCCUPANCY AND UTILITIES	(35.3)	(54.2)	-34.9%
PRE-OPERATING EXPENSES	(0.8)	(2.8)	-71.4%
DEPRECIATION AND AMORTIZATION	(74.5)	(69.5)	7.2%
OTHER SELLING EXPENSES	(63.3)	(62.8)	0.8%
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	(35.9)	(32.8)	9.5%
GENERAL AND ADMINISTRATIVE EXPENSES	(27.4)	(25.8)	6.2%
DEPRECIATION AND AMORTIZATION	(5.1)	(4.4)	15.9%
EXPENSES WITH MERGER AND ACQUISITIONS	(0.1)	(1.8)	-94.4%
GAIN (LOSS) FROM WRITE-OFF OF PROPERTY, EQUIPMENT AND IMPAIRMENT	(1.4)	(0.1)	1300.0%
COST OF STOCK OPTION PLAN	(2.0)	(0.7)	185.7%
PROFIT (LOSS) BEFORE FINANCIAL INCOME	(175.9)	15.8	-1213.3%
FINANCIAL RESULTS	(10.9)	(15.0)	-27.3%
FINANCIAL EXPENSES	(30.4)	(20.9)	45.5%
FINANCIAL INCOME	19.5	5.9	230.5%
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	(186.7)	0.8	-23437.5%
INCOME TAX AND SOCIAL CONTRIBUTION	-	(1.3)	-100.0%
CURRENT	-	-	0.0%
DEFERRED	-	(1.3)	-100.0%
NET INCOME (LOSS) FOR THE PERIOD	(186.7)	(0.6)	31016.7%

CONSOLIDATED BALANCE SHEET (R\$ MILLION)



06/30/2020 12/31/2019

ASSETS	06/30/2020	12/31/2019
ASSETS	3,537.3	3,528.1
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS	35.7	325.3
MARKETABLE SECURITIES	542.5	278.8
TRADE RECEIVABLES	66.2	60.4
DERIVATIVE FINANCIAL INSTRUMENTS	-	-
INVENTORIES	92.1	99.0
RECOVERABLE TAXES	26.8	27.6
ADVANCES PAID	32.0	46.1
RELATED PARTIES	-	-
OTHER RECEIVABLES	21.0	25.2
TOTAL CURRENT ASSETS	816.3	862.4
NON-CURRENT ASSETS		
NON-CURRENT INVESTMENTS AT FAIR VALUE	1.4	1.4
RECOVERABLE TAXES	79.7	73.1
JUDICIAL DEPOSITS	33.6	33.4
DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION	23.4	-
LONG-TERM RECEIVABLES	16.7	4.5
INVESTMENT	-	-
PROPERTY AND EQUIPMENT	1,164.4	1,163.6
INTANGIBLE ASSETS	1,401.8	1,389.7
TOTAL NON-CURRENT ASSETS	2,721.0	2,665.7

TOTAL ASSETS 3,537.3 3,528.1

06/30/2020 12/31/2019

LIABILITIES	06/30/2020	12/31/2019
LIABILITIES	1,986.3	1,741.4
CURRENT LIABILITIES		
LOANS AND FINANCING	330.4	116.6
TRADE PAYABLES	146.2	286.4
LEASING LIABILITIES	107.8	99.2
PAYROLL AND SOCIAL CHARGES	85.1	96.6
CORPORATE PAYABLES	6.5	23.8
TAXES PAYABLE	13.6	25.2
DEFERRED REVENUE, NET	8.8	9.1
RELATED PARTIES	-	-
DERIVATIVE FINANCIAL INSTRUMENTS	-	-
DIVIDENDS AND INTEREST ON CAPITAL	-	10.1
OTHER PAYABLES	16.5	4.7
TOTAL CURRENT LIABILITIES	714.8	671.6
NON-CURRENT LIABILITIES		
LOANS AND FINANCING	602.4	403.3
PROVISION FOR LEGAL CLAIMS	22.7	16.3
TAXES PAYABLE	11.7	12.6
DEFERRED REVENUE, NET	14.9	17.9
CONTINGENT CONSIDERATION OF ACQUISITIONS	-	-
LEASING LIABILITIES	602.6	594.1
DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION	-	8.5
OTHER PAYABLES	17.3	17.2
TOTAL NON-CURRENT LIABILITIES	1,271.5	1,069.9

EQUITY	06/30/2020	12/31/2019
EQUITY		
CAPITAL	950.8	950.8
EARNINGS RESERVE	134.6	134.6
CAPITAL RESERVES AND STOCK OPTIONS PLAN	730.9	725.4
TREASURY SHARES	(24.2)	(24.2)
OTHER COMPREHENSIVE INCOME	1.3	0.0
RETAINED EARNINGS (ACCUMULATED LOSSES)	(242.4)	-
TOTAL EQUITY	1,551.0	1,786.6

TOTAL LIABILITIES AND EQUITY 3,537.3 3,528.1

CONSOLIDATED CASH FLOW (R\$ MILLION)



	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES	(77.8)	86.1
CASH GENERATED BY OPERATING ACTIVITIES	(78.0)	99.6
EARNINGS (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	(186.8)	0.8
DEPRECIATION AND AMORTIZATION OF PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS	51.5	48.1
LEASING AMORTIZATION	28.1	25.9
INTEREST, CHARGES, EXCHANGE DIFFERENCES AND MONETARY VARIATIONS	17.4	15.1
OTHERS	11.9	9.8
CHANGES IN ASSETS AND LIABILITIES	0.2	(13.5)
TRADE RECEIVABLES, NET	5.3	(2.8)
INVENTORIES	(3.1)	(9.6)
CORPORATE PAYABLES	(2.3)	1.6
ADVANCES PAID	2.2	4.3
TRADE AND RENTAL PAYABLES	25.0	27.4
PAYROLL AND SOCIAL CHARGES	6.2	1.1
OTHERS CHANGES IN ASSETS AND LIABILITIES	(33.1)	(35.5)
NET CASH USED IN INVESTING ACTIVITIES	(178.9)	9.1
PURCHASES OF PROPERTY AND EQUIPMENT	(37.4)	(93.0)
PURCHASES OF INTANGIBLE ASSETS	(0.5)	(15.0)
REIMBURSABLE EXPENSES WITH SHARES OFFERING	-	(2.2)
INVESTMENT IN MARKETABLE SECURITIES	(444.9)	(30.2)
REDEMPTION OF MARKETABLE SECURITIES	304.0	149.6
NET CASH USED IN FINANCING ACTIVITIES	223.0	(49.6)
CAPITAL CONTRIBUTED IN THE PERIOD	-	3.0
NEW LOANS AND FINANCINGS	250.0	-
LOANS AND FINANCINGS COSTS	(1.7)	-
PAYMENT OF LOANS AND FINANCINGS (PRINCIPAL)	(6.3)	(16.8)
INTEREST ON CAPITAL PAYABLE	-	(3.6)
LEASING LIABILITIES PAYMENT	(19.0)	(32.3)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(33.6)	45.6
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	69.3	99.9
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	35.7	145.5

ADJUSTED EBITDA¹ AND NET DEBT (R\$ MILLION)



EBITDA AND ADJUSTED EBITDA¹

EBITDA - R\$ MILLION	2Q20	2Q19	VAR %	1H20	1H19	VAR %
NET INCOME (LOSS) FOR THE PERIOD	(186.7)	(0.6)	31016.7%	(242.4)	1.8	-13566.7%
(+) FINANCIAL INCOME (LOSS)	10.9	15.0	-27.3%	27.3	31.5	-13.3%
(+) DEPRECIATION AND AMORTIZATION	79.6	74.0	7.6%	159.2	145.9	9.1%
(+/-) INCOME TAX AND SOCIAL CONTRIBUTION	0.0	1.3	-100.0%	(31.8)	(9.9)	221.2%
EBITDA	(96.3)	89.8	-207.2%	(87.7)	169.3	-151.8%
<i>EBITDA MARGIN</i>	<i>-32.9%</i>	<i>13.3%</i>	<i>-4620bps</i>	<i>-9.3%</i>	<i>12.6%</i>	<i>-2190bps</i>
(+) OTHERS EXPENSES	1.4	0.1	1300.0%	1.5	1.4	7.1%
(+) COST OF STOCK OPTION PLAN	2.0	0.7	185.7%	5.5	1.3	323.1%
(+) MERGE AND ACQUISITION EXPENSES	0.1	1.8	-94.4%	0.1	2.5	-96.0%
(+) PRE-OPERATING EXPENSES	0.8	2.8	-71.4%	2.5	4.7	-46.8%
ADJUSTED EBITDA	(92.0)	95.1	-196.7%	(78.2)	179.2	-143.6%
<i>ADJUSTED EBITDA MARGIN</i>	<i>-31.4%</i>	<i>14.1%</i>	<i>-4550bps</i>	<i>-8.3%</i>	<i>13.4%</i>	<i>-2170bps</i>

TOTAL DEBT AND LEVERAGE

NET DEBT - R\$ MILLION	JUN/20	JUN/19	VAR %
LOANS AND FINANCINGS	932.8	150.2	521.0%
CURRENT	330.4	43.9	652.6%
NON-CURRENT	602.4	106.4	466.2%
CASH AND CASH EQUIVALENTS AND MARKETABLE SECURITIES	579.6	264.2	119.4%
CASH AND CASH EQUIVALENTS AND MARKETABLE SECURITIES (CURRENT)	578.2	252.5	129.0%
MARKETABLE SECURITIES (NON-CURRENT)	1.4	11.8	-88.1%
NET DEBT	353.2	(114.0)	-409.8%
ADJUSTED EBITDA (12M)	78.5	316.7	-75.2%
<i>NET DEBT / TOTAL ADJUSTED EBITDA (12M)</i>	<i>4.5x</i>	<i>(0.4x)</i>	<i>4.9x</i>

Source: BK Brasil Note:1 Adjusted 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 divestments and provisions of impairment); and (ii) costs with stock plan.

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POPEYES

