

BK BRASIL

4Q19 Results
February 20, 2020



POPEYES



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4Q19 AND 2019 RESULTS

4Q19 x 4Q18 PERFORMANCE:

Net operating revenue of R\$803 million in 4Q19 (+11.9%);

Comparable sales growth in same restaurants¹ -2.2% in 4Q19;

Adjusted EBITDA² of R\$171 million in 4Q19. Excluding the IFRS 16, Adjusted EBITDA would have been R\$132 million;

Adjusted EBITDA margin of 21.3%. Excluding the IFRS 16, the margin would have been 16.4%;

Net income of R\$41 million in 4Q19. Excluding the effects of IFRS 16, net income would have totaled R\$47 million.

2019 x 2018 PERFORMANCE:

Net operating revenue of R\$2,868 million in 2019 (+22.1%);

Total of 121 restaurants opened in 2019: 88 BURGER KING® restaurants and 33 POPEYES® restaurants – net opening of 111 units in the last 12 months;

Total of 871 restaurants of the BURGER KING® brand at the end of 2019;

Total of 41 restaurants of the POPEYES® brand at the end of 2019;

Comparable sales growth in same restaurants¹ 4.9% in 2019;

Adjusted EBITDA² of R\$465 million in 2019. Excluding the IFRS 16, Adjusted EBITDA would have been R\$328 million;

Adjusted EBITDA margin of 16.2% in 2019. Excluding the IFRS 16, the margin would have been 11.4%.

Net income of R\$49 million in 2019. Excluding the IFRS 16, net income would have totaled R\$70 million.

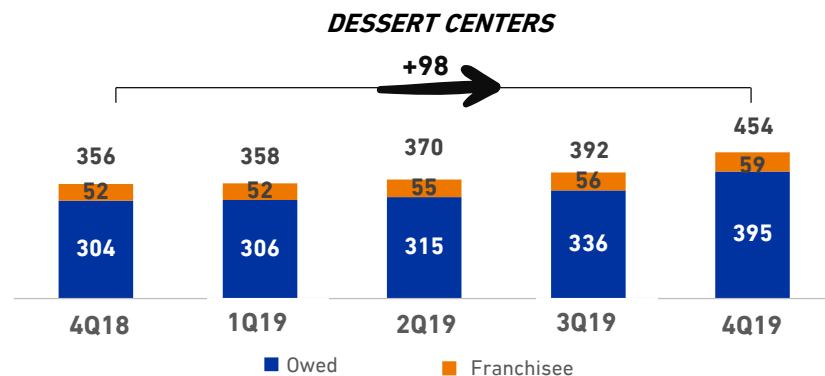
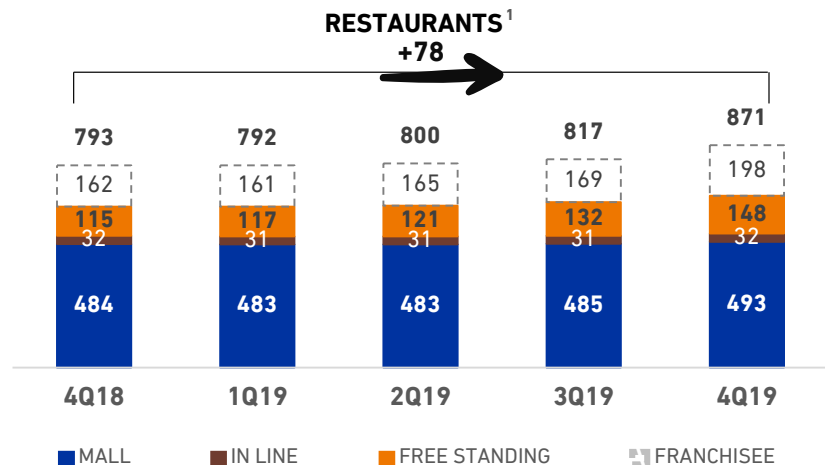


Source: BK Brasil | Note: 1 Comparable sales growth in same restaurants. Considers the sales of Burger King restaurants operated by BK Brasil that have been open for more than 13 months compared to the same period in the previous year; 2 Adjusted EBITDA is a non-accounting measure adopted by the Company, 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 divestment and impairment); and (ii) costs with the stock plan

EXPANSION OF RESTAURANTS AND DESSERT CENTERS NETWORK

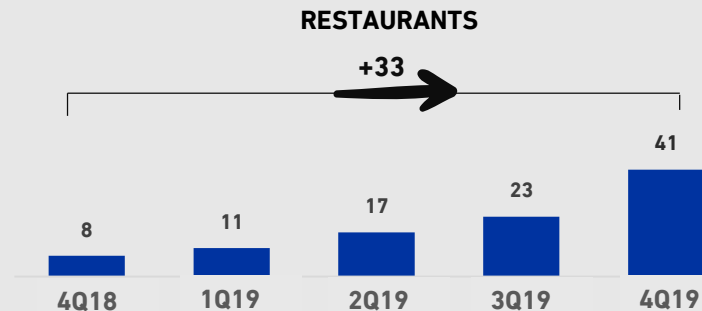
EXPANSION OF BURGER KING NETWORK

(# of restaurants and dessert centers)



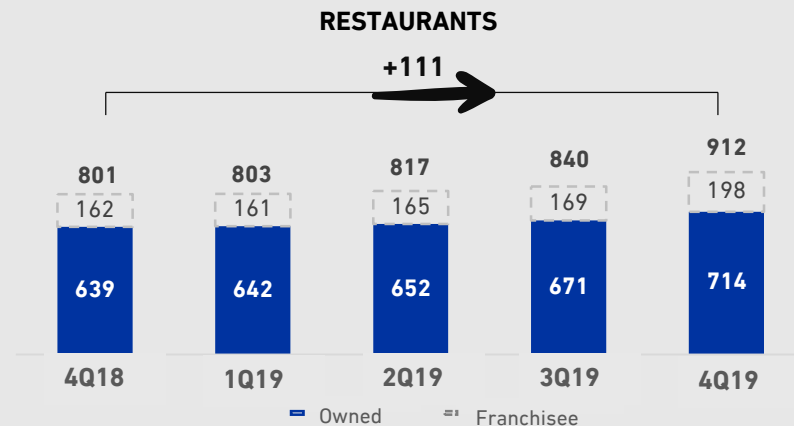
EXPANSION OF POPEYES NETWORK

(# of restaurants)



TOTAL OF COMPANY'S RESTAURANTS

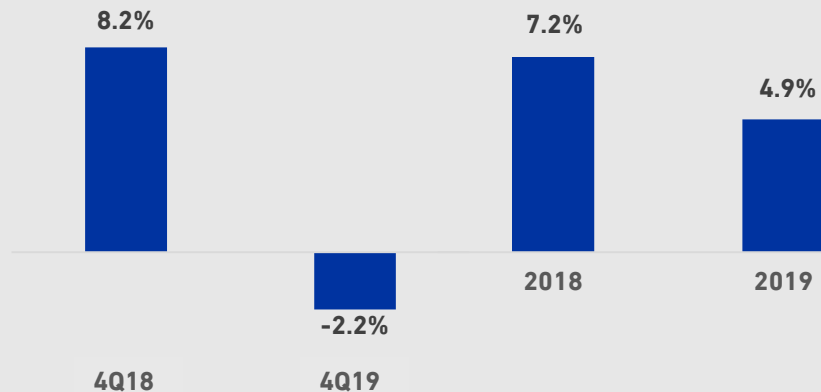
(# of restaurants)



GROWTH IN NET OPERATING REVENUE AND COMPARABLE RESTAURANT SALES

GROWTH IN COMPARABLE SALES IN SAME RESTAURANTS⁽¹⁾

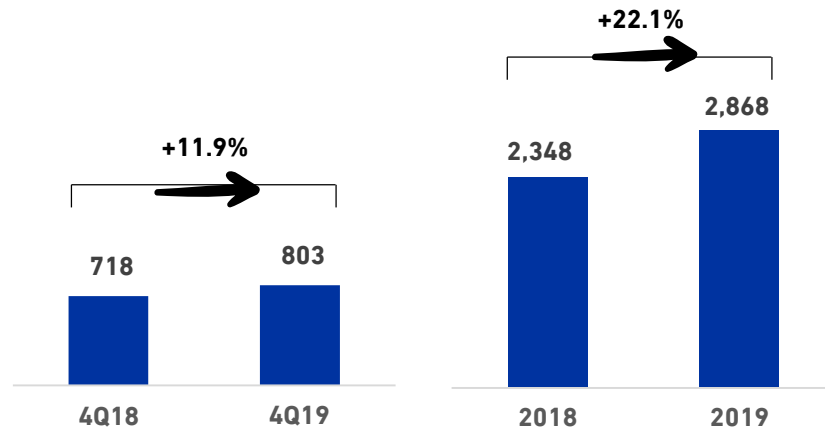
(%)



The drop in sales happened due to a more competitive environment compared to 4Q18, yet recovering economic scenario, and, the strategy adopted by the Company in Delivery service, with only one aggregator and the Premium category weaker performance with focus on the Rebel Whopper launch.

NET OPERATING REVENUE

(R\$ mm)



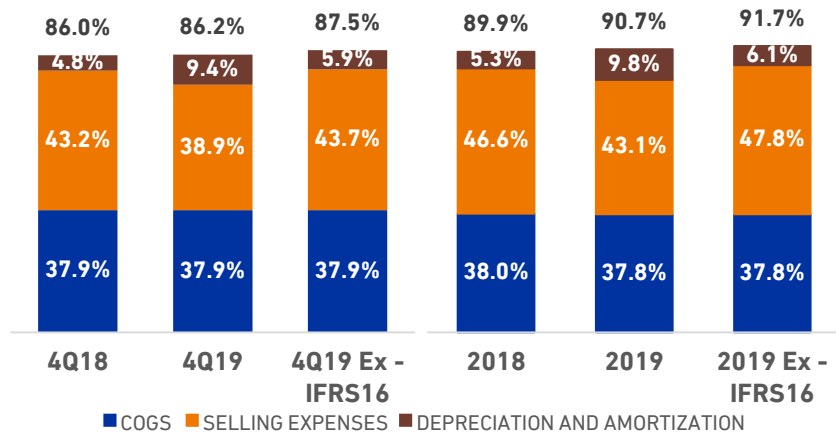
The growth in net operating revenue is related to the performance of restaurants and dessert centers open during the past 12 months.



TOTAL SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

COST OF GOODS SOLD AND SELLING EXPENSES

(as % of net operating revenue)

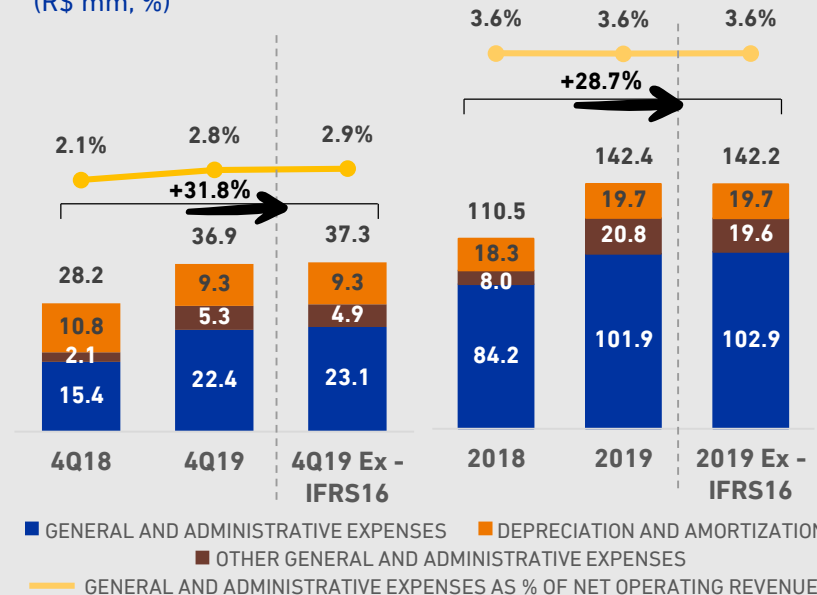


COGS was stable compared to 4Q18, despite the intensification of the competitive scenario in relation to the same period of the prior year.

Selling expenses at restaurants variation was a result of higher expenses with third party services due to sales growth in digital channels and the operational de-leveraging and occupancy and utilities expenses inflation, partially offset by higher efficiency in other selling expenses.

GENERAL AND ADMINISTRATIVE EXPENSES

(R\$ mm, %)



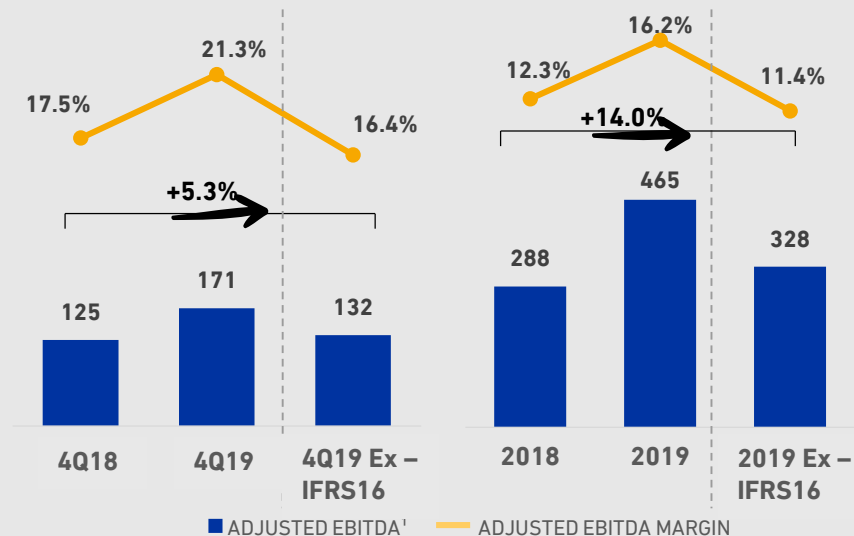
Corporate general and administrative expenses represented 2.9% of net operating revenue in 4Q19, impacted by a greater dilution of other revenues throughout 2019.



ADJUSTED EBITDA¹ EVOLUTION AND NET INCOME

ADJUSTED EBITDA¹ AND ADJUSTED EBITDA MARGIN

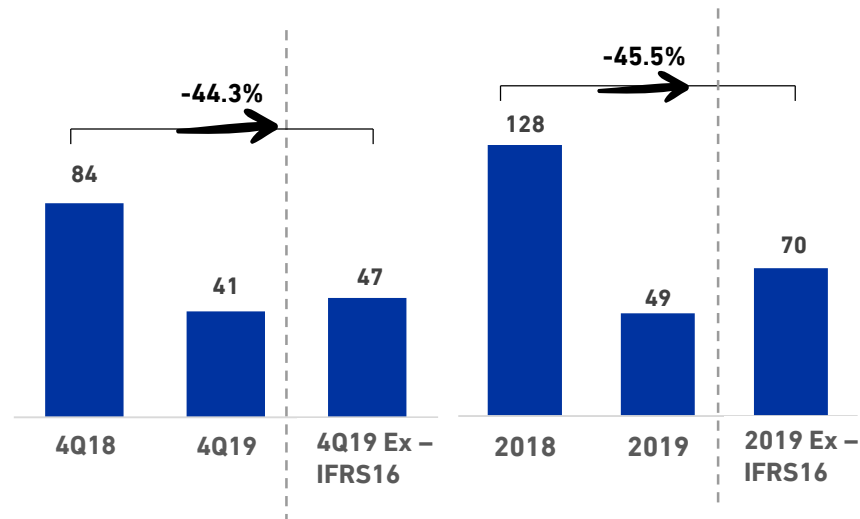
(R\$ mm, %)



Adjusted EBITDA growth, excluding the effects of IFRS 16, was due to the increase in net operating revenue. Adjusted EBITDA Margin of 16.4% in 4Q19.

NET INCOME

(R\$ mm)



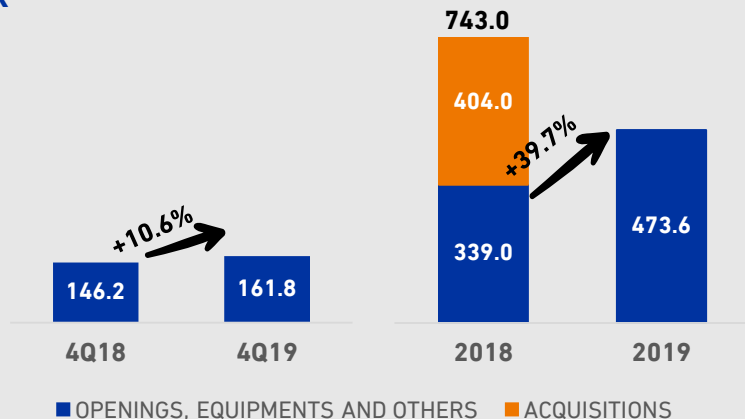
Net income reached R\$ 47 million, compared to a net profit of R \$ 84 million, reflecting the non-effect recurring recognition of income tax deferred income in the amount of R\$ 30 million in 4Q18.



CAPEX, LEVERAGE AND OPERATING CASH FLOW

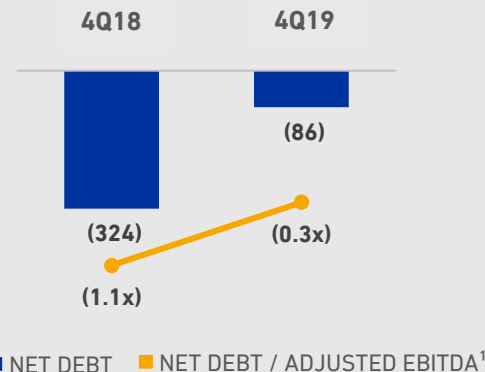
CAPEX

(R\$ mm)



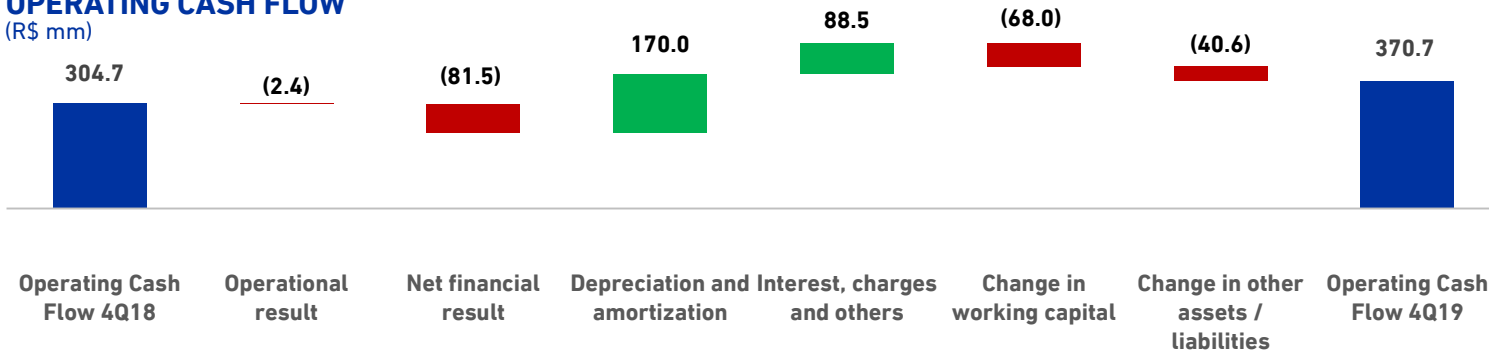
NET DEBT AND LEVERAGE

(R\$ mm, xAdj. EBITDA¹)



OPERATING CASH FLOW

(R\$ mm)



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 divestment and impairment); and (ii) costs with the stock plan

ANEXOS



EFFECTS OF NEW ACCOUNTING STANDARD IFRS 16 – (R\$ million)

Consolidated Income Statement (R\$ million)	4Q19 Reported	IFRS16 Effects	4Q19 Ex-IFRS16	2019 Reported	IFRS16 Effects	2019 Ex-IFRS16	2018 Reported	Var. %
NET OPERATING REVENUE	803.4	-	803.4	2,868.0	-	2,868.0	2,348.3	22.1%
COST OF GOOD SOLD	(304.1)	-	(304.1)	(1,082.9)	-	(1,082.9)	(891.3)	21.5%
GROSS PROFIT	499.3	-	499.3	1,785.1	-	1,785.1	1,457.0	22.5%
TOTAL SELLING EXPENSES	(388.4)	(10.7)	(399.1)	(1,518.3)	(30.1)	(1,548.4)	(1,219.7)	26.9%
PERSONNEL EXPENSES	(121.8)	-	(121.8)	(498.9)	-	(498.9)	(404.5)	23.3%
ROYALTIES AND MARKETING FUND	(71.2)	-	(71.2)	(262.7)	-	(262.7)	(215.8)	21.7%
EXPENSES ON OCCUPANCY AND UTILITIES	(55.3)	(38.6)	(93.9)	(223.9)	(136.2)	(360.1)	(280.2)	28.5%
PRE-OPERATING EXPENSES	(7.1)	-	(7.1)	(18.1)	-	(18.1)	(9.7)	87.0%
DEPRECIATION AND AMORTIZATION	(75.6)	27.9	(47.7)	(282.4)	106.1	(176.3)	(125.1)	40.9%
OTHER SELLING EXPENSES	(57.4)	-	(57.4)	(232.3)	-	(232.3)	(184.4)	26.0%
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	(36.9)	(0.3)	(37.2)	(142.4)	0.2	(142.2)	(110.5)	28.7%
GENERAL AND ADMINISTRATIVE EXPENSES	(22.5)	(0.6)	(23.1)	(102.0)	(1.0)	(103.0)	(84.2)	22.4%
DEPRECIATION AND AMORTIZATION	(5.2)	0.3	(4.9)	(20.8)	1.2	(19.6)	(8.0)	144.1%
EXPENSES WITH MERGER AND ACQUISITIONS	(0.1)	-	(0.1)	(3.1)	-	(3.1)	(6.7)	-53.8%
GAIN (LOSS) FROM WRITE-OFF OF PROPERTY, EQUIPMENT AND IMPAIRMENT	(7.1)	-	(7.1)	(12.2)	-	(12.2)	(7.1)	71.4%
COST OF STOCK OPTION PLAN	(2.0)	-	(2.0)	(4.3)	-	(4.3)	(4.5)	-4.1%
PROFIT (LOSS) BEFORE FINANCIAL INCOME	74.0	(11.0)	63.0	124.4	(29.9)	94.5	126.8	-25.5%
FINANCIAL RESULTS	(21.7)	19.0	(2.7)	(70.7)	62.1	(8.6)	10.9	-
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	52.3	8.0	60.3	53.7	32.2	85.9	137.7	-37.6%
INCOME TAX AND SOCIAL CONTRIBUTION	(11.0)	(2.7)	(13.7)	(5.2)	(10.9)	(16.1)	(9.7)	66.8%
NET INCOME (LOSS) FOR THE PERIOD	41.3	5.3	46.6	48.5	21.3	69.8	128.0	-45.5%

CONSOLIDATED INCOME STATEMENT 4Q19 (R\$ MILLION)

	4Q19	4Q18	VAR %
NET OPERATING REVENUE	803.4	718.1	11.9%
GROSS REVENUE FROM SALES	859.7	776.9	10.7%
GROSS REVENUE FROM SALES DEDUCTIONS	(69.3)	(62.3)	11.2%
GROSS REVENUE FROM SERVICES	14.7	4.1	259.9%
GROSS REVENUE FROM SERVICES DEDUCTIONS	(1.6)	(0.5)	207.1%
COST OF GOOD SOLD	(304.1)	(272.5)	11.6%
GROSS PROFIT	499.3	445.6	12.1%
TOTAL SELLING EXPENSES	(388.4)	(344.9)	12.6%
PERSONNEL EXPENSES	(121.8)	(108.9)	11.8%
ROYALTIES AND MARKETING FUND	(71.1)	(65.6)	8.3%
EXPENSES ON OCCUPANCY AND UTILITIES	(55.3)	(79.3)	-30.2%
PRE-OPERATING EXPENSES	(7.1)	(5.6)	27.4%
DEPRECIATION AND AMORTIZATION	(75.5)	(34.5)	119.1%
OTHER SELLING EXPENSES	(57.5)	(51.1)	12.6%
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	(36.9)	(28.2)	30.8%
GENERAL AND ADMINISTRATIVE EXPENSES	(22.4)	(15.4)	45.8%
DEPRECIATION AND AMORTIZATION	(5.3)	(2.1)	153.7%
EXPENSES WITH MERGER AND ACQUISITIONS	(0.1)	(3.6)	-97.2%
GAIN (LOSS) FROM WRITE-OFF OF PROPERTY, EQUIPMENT AND IMPAIRMENT	(7.1)	(6.0)	17.8%
COST OF STOCK OPTION PLAN	(2.0)	(1.1)	78.4%
PROFIT (LOSS) BEFORE FINANCIAL INCOME	74.0	72.5	2.1%
FINANCIAL RESULTS	(21.7)	3.0	-
FINANCIAL EXPENSES	(27.6)	(10.5)	163.2%
FINANCIAL INCOME	5.9	13.5	-56.3%
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	52.3	75.5	-30.7%
INCOME TAX AND SOCIAL CONTRIBUTION	(11.0)	8.1	-
CURRENT	(9.3)	(21.0)	-
DEFERRED	(1.8)	29.1	-
NET INCOME (LOSS) FOR THE PERIOD	41.3	83.6	-50.6%

CONSOLIDATED INCOME STATEMENT 2019 (R\$ MILLION)

	2019	2018	VAR %
NET OPERATING REVENUE	2,868.0	2,348.3	22.1%
GROSS REVENUE FROM SALES	3,069.8	2,541.8	20.8%
GROSS REVENUE FROM SALES DEDUCTIONS	(228.1)	(206.1)	10.7%
GROSS REVENUE FROM SERVICES	29.5	14.3	105.9%
GROSS REVENUE FROM SERVICES DEDUCTIONS	(3.2)	(1.7)	90.2%
COST OF GOOD SOLD	(1,082.9)	(891.3)	21.5%
GROSS PROFIT	1,785.1	1,457.0	22.5%
TOTAL SELLING EXPENSES	(1,518.3)	(1,219.7)	24.5%
PERSONNEL EXPENSES	(498.9)	(404.5)	23.3%
ROYALTIES AND MARKETING FUND	(262.7)	(215.8)	21.7%
EXPENSES ON OCCUPANCY AND UTILITIES	(223.9)	(280.2)	-20.1%
PRE-OPERATING EXPENSES	(18.1)	(9.7)	87.0%
DEPRECIATION AND AMORTIZATION	(282.4)	(125.1)	125.7%
OTHER SELLING EXPENSES	(232.3)	(184.4)	26.0%
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	(142.4)	(110.5)	28.9%
GENERAL AND ADMINISTRATIVE EXPENSES	(101.9)	(84.2)	21.1%
DEPRECIATION AND AMORTIZATION	(20.8)	(8.0)	159.0%
EXPENSES WITH MERGER AND ACQUISITIONS	(3.1)	(6.7)	-53.8%
GAIN (LOSS) FROM WRITE-OFF OF PROPERTY, EQUIPMENT AND IMPAIRMENT	(12.2)	(7.1)	71.4%
COST OF STOCK OPTION PLAN	(4.3)	(4.5)	-4.1%
PROFIT (LOSS) BEFORE FINANCIAL INCOME	124.4	126.8	-1.9%
FINANCIAL RESULTS	(70.7)	10.9	-
FINANCIAL EXPENSES	(93.3)	(44.6)	109.2%
FINANCIAL INCOME	22.6	55.5	-59.3%
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	53.8	137.7	-60.9%
INCOME TAX AND SOCIAL CONTRIBUTION	(5.2)	(9.7)	-46.3%
CURRENT	(9.3)	(35.5)	-
DEFERRED	4.0	25.8	-84.5%
NET INCOME (LOSS) FOR THE PERIOD	48.5	128.0	-62.1%

CONSOLIDATED BALANCE SHEET – 2019 (R\$ MILLION)

	12/31/2019	12/31/2018		12/31/2019	12/31/2018
ASSETS			LIABILITIES AND EQUITY		
CURRENT ASSETS			CURRENT LIABILITIES		
CASH AND CASH EQUIVALENTS	325,3	175,0	LOANS AND FINANCING	116,6	161,6
MARKETABLE SECURITIES	278,8	415,6	TRADE PAYABLES	286,4	241,2
TRADE RECEIVABLES, NET	60,4	59,6	LEASING LIABILITIES	99,2	-
DERIVATIVE FINANCIAL INSTRUMENTS	-	0,1	PAYROLL AND SOCIAL CHARGES	96,6	95,2
INVENTORIES	99,0	81,3	CORPORATE PAYABLES	23,8	18,0
RECOVERABLE TAXES	27,6	40,4	TAXES PAYABLE	25,2	33,8
ADVANCES PAID	46,1	26,6	DEFERRED REVENUE, NET	9,1	9,1
RELATED PARTIES	-	-	DIVIDENDS AND INTEREST ON CAPITAL	10,1	26,7
OTHER RECEIVABLES	25,2	21,1	OTHER PAYABLES	4,7	14,1
TOTAL CURRENT ASSETS	862,4	819,7	TOTAL CURRENT LIABILITIES	671,6	599,7
NON-CURRENT ASSETS			NON-CURRENT LIABILITIES		
NON-CURRENT INVESTMENTS AT FAIR VALUE	1,4	12,4	LOANS AND FINANCING	403,3	117,5
RECOVERABLE TAXES	73,1	15,6	PROVISION FOR LEGAL CLAIMS	16,3	10,7
JUDICIAL DEPOSITS	33,4	30,9	TAXES PAYABLE	12,6	21,8
LONG-TERM RECEIVABLES	4,5	4,6	DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION	8,5	12,5
PROPERTY AND EQUIPMENT	1.163,6	928,2	LEASING LIABILITIES	594,1	-
INTANGIBLE ASSETS	1.389,7	714,3	DEFERRED REVENUE, NET	17,9	26,4
TOTAL NON-CURRENT ASSETS	2.665,7	1.705,9	OTHER PAYABLES	17,2	20,1
			TOTAL NON-CURRENT LIABILITIES	1.069,9	209,0
			EQUITY		
			CAPITAL	950,8	898,2
			EARNINGS RESERVE	134,6	97,6
			CAPITAL RESERVES AND STOCK OPTIONS PLAN	725,4	721,1
			TREASURY SHARES	(24,2)	-
			OTHER COMPREHENSIVE INCOME	0,0	(0,0)
			RETAINED EARNINGS (ACCUMULATED LOSSES)	-	-
			TOTAL EQUITY	1.786,6	1.717,0
TOTAL ASSETS	3.528,1	2.525,6	TOTAL LIABILITIES AND EQUITY	3.528,1	2.525,6

CONSOLIDATED CASH FLOW (R\$ MILLION)

	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES	370,7	304,7
CASH GENERATED BY OPERATING ACTIVITIES	496,3	321,8
EARNINGS (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	53,8	137,7
DEPRECIATION AND AMORTIZATION OF PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS	195,9	133,1
LEASING AMORTIZATION	107,3	-
INTEREST, CHARGES, EXCHANGE DIFFERENCES AND MONETARY VARIATIONS	69,7	(7,6)
OTHERS	69,7	58,5
CHANGES IN ASSETS AND LIABILITIES	(125,6)	(17,1)
TRADE RECEIVABLES, NET	(0,8)	8,5
INVENTORIES	(17,8)	(39,4)
RECOVERABLE TAXES	(44,7)	(12,0)
ADVANCES PAID	(19,5)	(1,5)
TRADE AND RENTAL PAYABLES	45,2	96,6
PAYROLL AND SOCIAL CHARGES	(23,7)	(10,1)
PAYMENT OF INTEREST ON LOANS AND FINANCINGS	(8,1)	(30,8)
OTHERS CHANGES IN ASSETS AND LIABILITIES	(56,3)	(28,4)
NET CASH USED IN INVESTING ACTIVITIES	(313,1)	6,0
PURCHASES OF PROPERTY AND EQUIPMENT	(426,0)	(321,4)
PURCHASES OF INTANGIBLE ASSETS	(47,6)	(17,5)
CONSIDERATION PAID ON THE ACQUISITION OF INVESTMENTS	-	(360,9)
INVESTMENT IN MARKETABLE SECURITIES	(569,8)	(722,9)
REDEMPTION OF MARKETABLE SECURITIES	730,2	1.428,7
NET CASH USED IN FINANCING ACTIVITIES	92,7	(238,1)
CAPITAL CONTRIBUTED IN THE PERIOD	52,5	2,4
SHARES ISSUANCE COSTS	-	(4,7)
NEW LOANS AND FINANCINGS	400,0	-
LOANS AND FINANCINGS COSTS	(2,2)	-
ACQUISITION OF TREASURY SHARES	(24,2)	-
PAYMENT OF LOANS AND FINANCINGS (PRINCIPAL)	(169,5)	(235,7)
INTEREST ON CAPITAL PAYABLE	(26,7)	-
LEASING LIABILITIES PAYMENT	(137,2)	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	150,3	72,6
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	175,0	102,3
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	325,3	175,0

ADJUSTED EBITDA¹ AND NET DEBT (R\$ MILLION)

EBITDA AND ADJUSTED EBITDA¹

EBITDA - R\$ MILLION	4Q19	4Q18	VAR %	2019	2018	VAR %
NET INCOME (LOSS) FOR THE PERIOD	41.3	83.6	-50.6%	48.5	128.0	-62.1%
(+) FINANCIAL INCOME (LOSS)	21.7	(3.0)	-	70.7	(10.9)	-
(+) DEPRECIATION AND AMORTIZATION	80.8	36.6	121.1%	303.2	133.1	127.7%
(+/-) INCOME TAX AND SOCIAL CONTRIBUTION	11.0	(8.1)	-	5.2	9.7	-46.2%
EBITDA	154.8	109.0	42.0%	427.6	260.0	64.5%
EBITDA MARGIN	19.3%	15.2%	410bps	14.9%	11.1%	380bps
(+) OTHERS EXPENSES*	7.2	6.0	18.6%	12.3	7.1	72.4%
(+) COST OF STOCK OPTION PLAN	2.0	1.1	77.3%	4.3	4.5	-3.8%
(+) MERGE AND ACQUISITION EXPENSES	0.1	3.6	-96.6%	3.1	6.7	-53.2%
(+) PRE-OPERATING EXPENSES	7.1	5.6	27.9%	18.1	9.7	86.9%
ADJUSTED EBITDA⁽¹⁾	171.2	125.4	36.6%	465.4	288.0	61.6%
ADJUSTED EBITDA MARGIN	21.3%	17.5%	380bps	16.2%	12.3%	390bps
IFRS 16 EFFECTS	(39.1)	-	-	(137.2)	-	-
ADJUSTED EBITDA EX-IFRS 16 EFFECTS	132.1	125.4	5.3%	328.3	288.0	14.0%
ADJUSTED EBITDA MARGIN EX-IFRS 16 effects	16.4%	17.5%	-110bps	11.4%	12.3%	-90bps

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

TOTAL DEBT AND LEVERAGE

NET DEBT - R\$ MILLION	DEC/19	DEC/2019	VAR %	SEP/19	VAR %
LOANS AND FINANCINGS	519,9	279,1	86,3%	132,8	291,6%
CURRENT	116,6	161,6	-27,9%	26,2	344,1%
NON-CURRENT	403,3	117,5	243,2%	106,5	278,6%
CASH AND CASH EQUIVALENTS AND MARKETABLE SECURITIES	605,5	602,9	0,4%	180,6	235,2%
CASH AND CASH EQUIVALENTS AND MARKETABLE SECURITIES (CURRENT)	604,1	590,6	2,3%	179,2	237,0%
MARKETABLE SECURITIES (NON-CURRENT)	1,4	12,4	-88,9%	1,4	0,7%
NET DEBT	(85,6)	(323,8)	-73,6%	(47,8)	78,9%
ADJUSTED EBITDA* (12M)	328,3	288,0	14,0%	321,5	2,1%
NET DEBT / TOTAL ADJUSTED EBITDA (12M)	(0,3x)	(1,1x)	0,9x	(0,4x)	0,1x

*Considers Adjusted EBITDA ex-IFRS 16 in 2019

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