

# BK BRASIL

2Q19 EARNINGS RELEASE



POPEYES

## NET OPENING OF 100 RESTAURANTS IN THE LAST 12 MONTHS AND 10.9% GROWTH IN COMPARABLE SALES BOOSTED ADJUSTED EBITDA GROWTH TO 31.1% IN 2Q19

**Barueri, Thursday, August 8, 2019** – BK Brasil Operação e Assessoria a Restaurantes S.A. (B3:BKBR3), the master franchisee of Burger King Corporation and Popeyes Louisiana Kitchen for Brazil, announces today its results for the second quarter of 2019. The consolidated quarterly information of the Company is presented in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the accounting practices adopted in Brazil. Non-financial and non-accounting data were not reviewed by the independent auditors.

### 2Q19 Earnings Release

### Conference Call and Webcast

**August 9, 2019**

*In Portuguese, simultaneously translated into English*

**Time:** 11:00 a.m. (BRT);  
10:00 a.m. (US ET)

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### HIGHLIGHTS

#### 2Q19x2Q18 Performance:

- **Net operating revenue** of R\$676 million in 2Q19, up 25.9% from 2Q18;
- **Total of 16 restaurants opened** in 2Q19, of which 10 are BURGER KING® restaurants and 6 are POPEYES® restaurants, leading to net opening of 100 restaurants in the last 12 months;
- **Total of 800 restaurants of the BURGER KING® brand** at the end of 2Q19;
- **Total of 17 restaurants of the POPEYES® brand** at the end of 2Q19;
- **Comparable sales in same restaurants** grew 10.9% in 2Q19;
- **Adjusted EBITDA<sup>1</sup>** of R\$95 million in 2Q19. Excluding the effects of the new accounting standard (IFRS 16), Adjusted EBITDA would have been R\$65 million, an increase of 31.1% compared to 2Q18;
- **Adjusted EBITDA margin** of 14.1%. Excluding the effect of IFRS 16, the margin would have been 9.6%, representing an increase of 40 bps versus 2Q18;
- **Net loss** of R\$0.6 million in 2Q19. Excluding the effects of IFRS 16, net income would have totaled R\$6 million;
- **Marketing campaign “Burn That Ad” was the most awarded Brazilian campaign at the Cannes Creativity Festival with 9 Lions.**

#### 1H19x1H18 Performance:

- **Net operating revenue** of R\$1,341 million in 1H19, up 31.6% from 1H18;
- **Comparable sales in same restaurants** grew 8.4% in 1H19;
- **Adjusted EBITDA<sup>1</sup>** of R\$179 million in 1H19. Excluding the effects of the new accounting standard (IFRS 16), Adjusted EBITDA would have been R\$115 million, an increase of 33.5% compared to 1H18;
- **Adjusted EBITDA margin** of 13.4% in 1H19. Excluding the effects of IFRS 16, the margin would have been 8.5% in 1H19;
- **Net income** of R\$2 million in 1H19. Excluding the effects of IFRS 16, net income would have totaled R\$13 million.

FINANCIAL HIGHLIGHTS - R\$ MILLION (CONSOLIDATED)	2Q19	2Q18	VAR.	1H19	1H18	VAR.
NET OPERATING REVENUE	675.9	536.9	25.9%	1,341.2	1,019.4	31.6%
ADJUSTED EBITDA <sup>(1)</sup>	95.1	49.5	92.2%	179.2	85.9	108.7%
% OF NET OPERATING REVENUE	14.1%	9.2%	490bps	13.4%	8.4%	500bps
ADJUSTED EBITDA <sup>(1)</sup> EX-IFRS16 EFFECTS	64.9	49.5	31.1%	114.7	85.9	33.5%
% OF NET OPERATING REVENUE	9.6%	9.2%	40bps	8.5%	8.4%	10bps
NET INCOME (LOSS)	(0.6)	8.6	-	1.8	17.4	-89.7%
NET INCOME (LOSS) EX-IFRS16 EFFECTS	6.1	8.6	-29.3%	12.8	17.4	-26.2%
GROSS DEBT	150.2	427.2	-64.8%	150.2	427.2	-64.8%
NET DEBT (NET CASH)	(114.0)	(222.7)	-48.8%	(114.0)	(222.7)	-48.8%
SHAREHOLDERS' EQUITY	1,764.9	1,632.3	8.1%	1,764.9	1,632.3	8.1%

OPERATIONAL HIGHLIGHTS	2Q19	2Q18	VAR. <sup>(2)</sup>	1H19	1H18	VAR. <sup>(2)</sup>
# OF RESTAURANTS	817	717	100	817	717	100
<b>OWNED RESTAURANTS</b>						
# OWNED RESTAURANTS BEGINNING OF PERIOD	642	528	114	639	526	113
BURGER KING® RESTAURANT OPENINGS	6	8	(2)	10	13	(3)
BURGER KING® RESTAURANT CLOSINGS	(2)	(4)	2	(6)	(5)	(1)
ACQUISITION / SALE <sup>(3)</sup> OF BURGER KING® RESTAURANT BUSINESSES	-	51	(51)	-	49	(49)
POPEYES® RESTAURANT OPENINGS	6	-	6	9	-	9
# OWNED RESTAURANTS END OF PERIOD	652	583	69	652	583	69
<b>FRANCHISEES RESTAURANTS</b>						
# FRANCHISEES RESTAURANTS BEGINNING OF PERIOD	161	181	(20)	162	171	(9)
BURGER KING® RESTAURANT OPENINGS	4	4	-	5	12	(7)
BURGER KING® RESTAURANT CLOSINGS	-	-	-	(2)	-	(2)
ACQUISITION / SALE <sup>(3)</sup> OF BURGER KING® RESTAURANT BUSINESSES	-	(51)	51	-	(49)	49
# FRANCHISEES RESTAURANTS END OF PERIOD	165	134	31	165	134	31
COMPARABLE SALES GROWTH IN SAME RESTAURANTS (SSS)	10.9%	0.0%	1090bps	8.4%	4.8%	360bps

<sup>1</sup> “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 stock option plan.

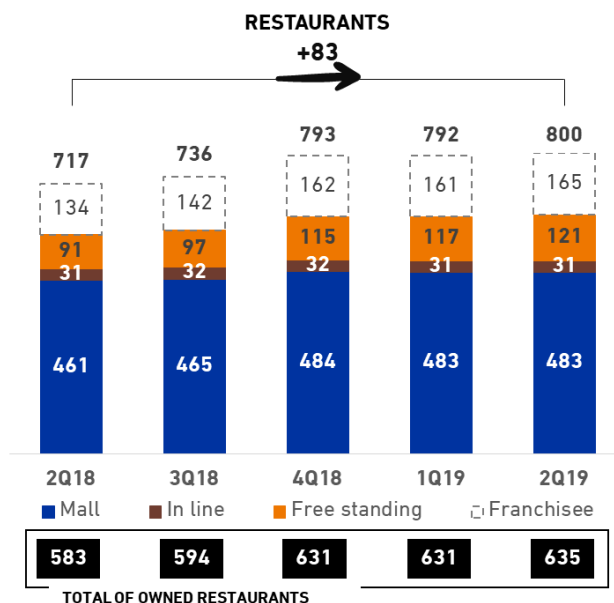
<sup>2</sup> Net variation.

<sup>3</sup> Sale of company-owned restaurants to franchisees.

## OPERATING AND FINANCIAL PERFORMANCE

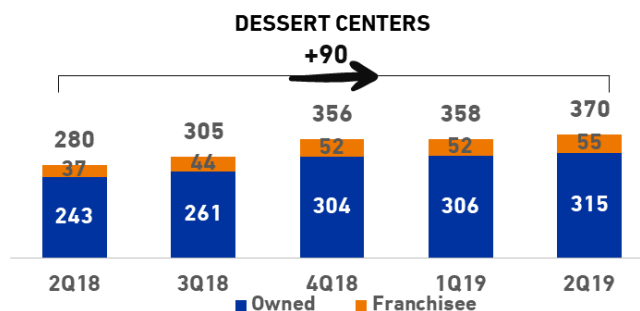
### BURGER KING® restaurant expansion<sup>4</sup>

During 2Q19, BURGER KING® system opened 10 new restaurants, of which 6 were company-owned restaurants and 4 were franchisees. Considering only restaurants owned by BK Brasil, net of closures (2 restaurants), acquisitions (1 restaurant) and sales of restaurant businesses (1 restaurant), the Company ended the quarter with a total of 635 owned restaurants, an increase of 52 restaurants from 2Q18. As for franchised restaurants, BURGER KING® system ended 2Q19 with 165 restaurants. As such, the BURGER KING® system ended the second quarter with a total of 800 restaurants operating in Brazil, a net increase of 83 restaurants in the last 12 months.



### BURGER KING® desert centers expansion

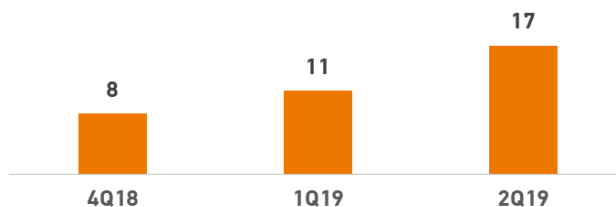
In addition to the 800 restaurants, the BURGER KING® system ended 2Q19 with 370 dessert centers, an increase of 90 units when compared to 2Q18.



### POPEYES® restaurant expansion

Throughout 2Q19, the POPEYES® system opened 6 new restaurants and ended the quarter with 17 restaurants, in line with the expansion plan for the brand in Brazil.

With this, 2Q19 ended with a total of 817 restaurants managed by the Company, of which 652 are company-owned restaurants of BURGER KING® and POPEYES® brands, and 165 franchised restaurants of BURGER KING® brand.



<sup>4</sup> Mall: Shopping malls, hypermarkets and air | road terminals; In line: Stores with direct access to the public thoroughfare, which have internal lounges with tables and seats; Free standings: Street stores with drive-thru.

## Effects of the IFRS 16 adoption

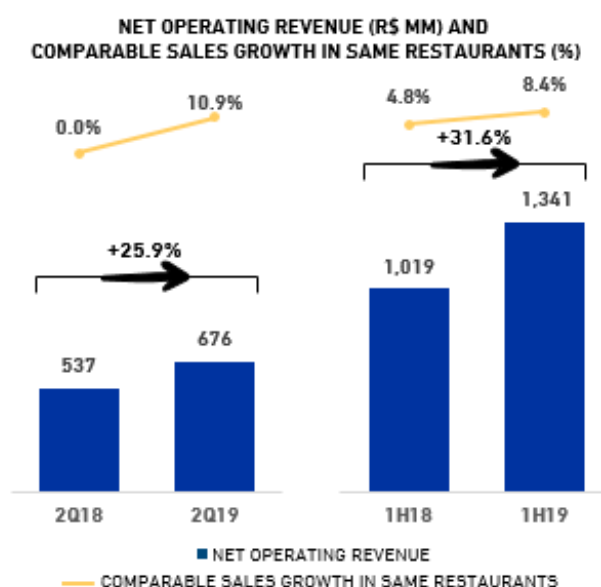
On January 1, 2019, the Company adopted the accounting standard IFRS 16 – Leases. According to the new standard, the Company, as the lessee, recognizes a right-of-use asset related to the leased asset and a lease liability representing its obligation to make future payments. As the Company's main lease agreement refers to rent of company-operated restaurants, the fixed portion of lease expenses is now recognized as amortization and financial expense, while the variable portion of lease expenses continues recognized as occupancy expense. For better understanding, throughout this report, information on the effects from adoption of the new accounting standard on the main accounts impacted in 2Q19 and 1H19 was included, both in tables and graphs.

Consolidated Income Statement (R\$ million)	2Q19 Reported	IFRS16 Effects	2Q19 Ex-IFRS16	2Q18 Reported	Var. %	1H19 Reported	IFRS16 Effects	1H19 Ex-IFRS16	1H18 Reported	Var. %
NET OPERATING REVENUE	675.9	-	675.9	536.9	25.9%	1,341.2	-	1,341.2	1,019.4	31.6%
COST OF GOOD SOLD	(247.8)	-	(247.8)	(205.2)	20.7%	(502.3)	-	(502.3)	(390.5)	28.6%
GROSS PROFIT	428.1	-	428.1	331.6	29.1%	839.0	-	839.0	628.9	33.4%
TOTAL SELLING EXPENSES	(379.5)	(4.6)	(384.2)	(292.7)	31.3%	(745.9)	(12.9)	(758.8)	(558.5)	35.9%
PERSONNEL EXPENSES	(128.0)	-	(128.0)	(100.4)	27.5%	(255.8)	-	(255.8)	(190.1)	34.6%
ROYALTIES AND MARKETING FUND	(62.1)	-	(62.1)	(47.5)	30.7%	(123.7)	-	(123.7)	(92.8)	33.3%
EXPENSES ON OCCUPANCY AND UTILITIES	(54.2)	(30.2)	(84.4)	(64.3)	31.3%	(109.6)	(64.4)	(174.0)	(128.3)	35.6%
PRE-OPERATING EXPENSES	(2.8)	-	(2.8)	(0.7)	274.9%	(4.7)	-	(4.7)	(1.6)	184.4%
DEPRECIATION AND AMORTIZATION	(69.5)	25.6	(44.0)	(31.6)	39.1%	(135.0)	51.5	(83.5)	(59.4)	40.7%
OTHER SELLING EXPENSES	(62.8)	-	(62.8)	(48.1)	30.7%	(117.2)	-	(117.2)	(86.3)	35.8%
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	(32.8)	0.3	(32.6)	(27.1)	20.1%	(69.7)	0.5	(69.2)	(55.7)	24.3%
GENERAL AND ADMINISTRATIVE EXPENSES	(25.8)	(0.1)	(25.9)	(21.8)	18.5%	(53.5)	(0.2)	(53.7)	(45.6)	17.8%
DEPRECIATION AND AMORTIZATION	(4.4)	0.3	(4.1)	(2.1)	94.8%	(11.0)	0.7	(10.3)	(4.0)	159.3%
EXPENSES WITH MERGER AND ACQUISITIONS	(1.8)	-	(1.8)	(1.6)	11.7%	(2.5)	-	(2.5)	(2.4)	2.4%
GAIN (LOSS) FROM WRITE-OFF OF PROPERTY, EQUIPMENT AND IMPAIRMENT	(0.1)	-	(0.1)	(0.5)	-69.6%	(1.4)	-	(1.4)	(1.5)	-4.7%
COST OF STOCK OPTION PLAN	(0.7)	-	(0.7)	(1.1)	-41.0%	(1.3)	-	(1.3)	(2.2)	-41.1%
PROFIT (LOSS) BEFORE FINANCIAL INCOME	15.8	(4.4)	11.4	11.9	-3.7%	23.4	(12.4)	10.9	14.7	-25.9%
FINANCIAL RESULTS	(15.0)	14.4	(0.6)	(2.5)	-74.2%	(31.5)	29.2	(2.3)	5.5	-
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	0.8	10.0	10.8	9.4	14.8%	(8.1)	16.7	8.6	20.3	-57.4%
INCOME TAX AND SOCIAL CONTRIBUTION	(1.3)	(3.4)	(4.7)	(0.8)	470.3%	9.9	(5.7)	4.2	(2.9)	-
NET INCOME (LOSS) FOR THE PERIOD	(0.6)	6.6	6.1	8.6	-29.3%	1.8	11.1	12.8	17.4	-26.2%

## Net operating revenue

In 2Q19, BK Brasil posted net operating revenue of R\$676 million, an increase of 25.9% compared to 2Q18. This increase is related to the performance of restaurants and dessert centers opened in the last 12 months, and the growth in comparable sales of 10.9% in the period. The growth in comparable sales reflects the evolution of the Company's digital sales, such as delivery and mobile order-and-pay app, as well as the weak 2Q18 comparison base, which was impacted by the World Cup and Truckers' Strike. Among the highlights of this quarter were the launch of Chicken Crisp in the premium segment, Choco Triple in the desserts segment, in addition to the Uno® and Pokémon® campaigns in the kids segment.

In the half-year comparison, net operating revenue grew 31.6% versus the same period last year, driven by the 8.4% growth in comparable sales and the performance of new stores opened.



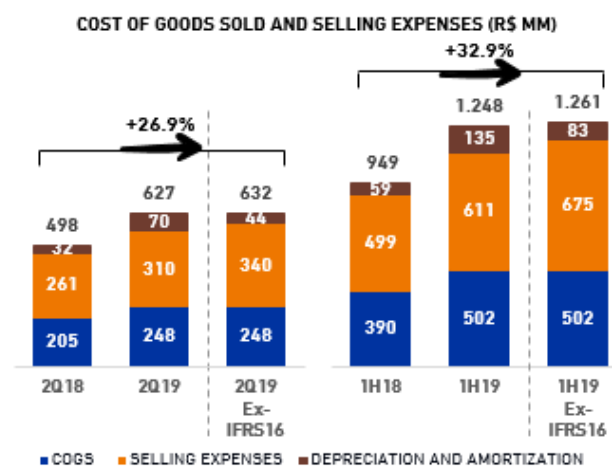
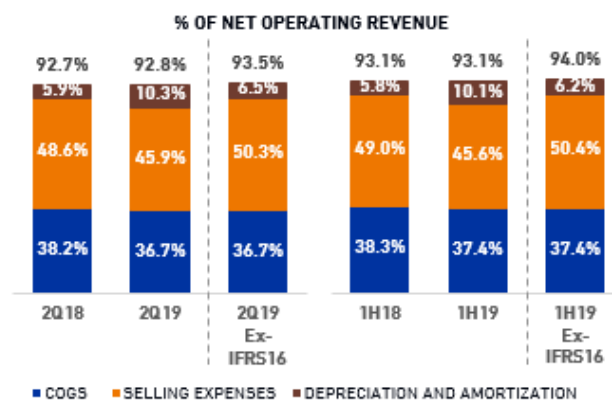
### Cost of goods sold and selling expenses

Total restaurant expenses, excluding the effects of IFRS 16, were R\$632 million in 2Q19, representing 93.5% of net operating revenue.

The cost of goods sold reached 36.7% of net operating revenue, reflecting the benefits of new sales channels, such as delivery, lower operating losses and tax credit benefits of prior periods.

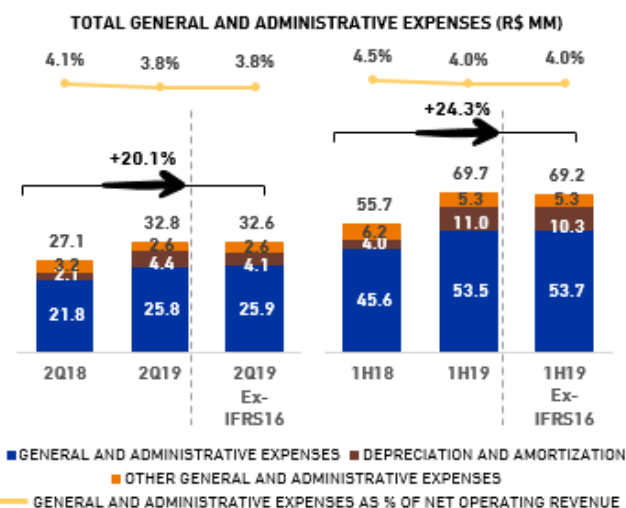
Selling expenses at restaurants (excluding depreciation and amortization) represented 50.3% of net operating revenue, an increase of 170 bps in comparison with 2Q18, due to higher utilities expenses and expenses with third-party services due to new sales channels.

In the half-year comparison, total restaurant expenses were R\$1,261 million, representing 94.0% of net operating revenue, an increase of 90 bps compared to the same period of the previous year. Cost of goods sold represented 37.4%, an improvement of 90 bps compared to 1H18, reflecting the effects of 2Q19. Lastly, selling expenses at restaurants (excluding depreciation and amortization) represented 50.4%, an increase of 140 bps in comparison to 1H18, reflecting higher expenses with third-party services due to new sales channels, personnel expenses and higher utilities expenses.



### Total general and administrative expenses

Corporate general and administrative expenses, excluding the effects of IFRS 16, represented 3.8% of net operating revenue in 2Q19, an improvement of 30 bps in comparison to 2Q18, reflecting the strong focus on controlling the Company's expenses, operating leverage and synergies related to the acquisition of franchised restaurants. In the quarter, corporate general and administrative expenses reached R\$26 million. In the half-year comparison, corporate general and administrative expenses represented 4.0% of net revenue, an improvement of 50 bps compared to 1H18, reflecting the same impacts mentioned above. IFRS 16 adoption did not have material effects on the Company's general and administrative expenses.



## Adjusted EBITDA

In 2Q19, adjusted EBITDA reached R\$95 million, reflecting the adoption of the new accounting standard IFRS 16. Excluding this impact, adjusted EBITDA would have increased by 31.1%, from R\$49 million in 2Q18 to R\$65 million. Adjusted EBITDA growth, excluding the effects of IFRS 16, was due to the strong increase in net operating revenues, reflecting the growth of comparable sales at same restaurants, higher gross profit and strong control of corporate general and administrative expenses, partially offset by higher selling expenses. As a result, the adjusted EBITDA margin (excluding the effects of IFRS 16) improved by 40 bps, reaching 9.6%.

In the first half of 2019, adjusted EBITDA, excluding the effects of IFRS 16, reached R\$115 million, an increase of 33.5% compared to the same period last year, reflecting solid growth in net operating revenues and cost control. As a result, the adjusted EBITDA margin was 8.5% in 1H19.

EBITDA - R\$ MILLION	2Q19	2Q18	VAR %	1H19	1H18	VAR %
NET INCOME (LOSS) FOR THE PERIOD	(0.6)	8.6	-	1.8	17.4	-89.7%
(+) FINANCIAL INCOME (LOSS)	15.0	2.5	509.3%	31.5	(5.5)	-
(+) DEPRECIATION AND AMORTIZATION	74.0	33.7	119.3%	145.9	63.3	130.4%
(+/-) INCOME TAX AND SOCIAL CONTRIBUTION	1.3	0.8	59.5%	(9.9)	2.9	-
<b>EBITDA</b>	<b>89.8</b>	<b>45.6</b>	<b>96.9%</b>	<b>169.3</b>	<b>78.1</b>	<b>116.9%</b>
EBITDA MARGIN	13.3%	8.5%	480bps	12.6%	7.7%	490bps
(+) OTHERS EXPENSES*	0.1	0.4	-69.3%	1.4	1.5	-4.5%
(+) COST OF STOCK OPTION PLAN	0.7	1.1	-41.0%	1.3	2.2	-41.1%
(+) MERGE AND ACQUISITION EXPENSES	1.8	1.6	11.7%	2.5	2.4	2.4%
(+) PRE-OPERATING EXPENSES	2.8	0.7	274.9%	4.7	1.6	184.4%
<b>ADJUSTED EBITDA<sup>(1)</sup></b>	<b>95.1</b>	<b>49.5</b>	<b>92.2%</b>	<b>179.2</b>	<b>85.9</b>	<b>108.7%</b>
ADJUSTED EBITDA MARGIN	14.1%	9.2%	490bps	13.4%	8.4%	500bps
IFRS16 EFFECTS	(30.3)	-	-	(64.6)	-	-
<b>ADJUSTED EBITDA EX-IFRS16 EFFECTS</b>	<b>64.9</b>	<b>49.5</b>	<b>31.1%</b>	<b>114.7</b>	<b>85.9</b>	<b>33.5%</b>
ADJUSTED EBITDA MARGIN EX-IFRS16 effects	9.6%	9.2%	40bps	8.5%	8.4%	10bps

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

## Net income (loss)

The Company posted a net loss of R\$0.6 million in 2Q19. Excluding the effects from the adoption of IFRS 16, net income would have been R\$6 million, compared to net income of R\$9 million in 2Q18, reflecting a higher effective income tax rate due to the effects of the consolidation of subsidiaries, especially those acquired in April 2018 and that will be merged as from 3Q19.

In the half-year comparison, net income, excluding the effects of IFRS16, was R\$13 million, compared to R\$17 million in 1H18.

## Total debt

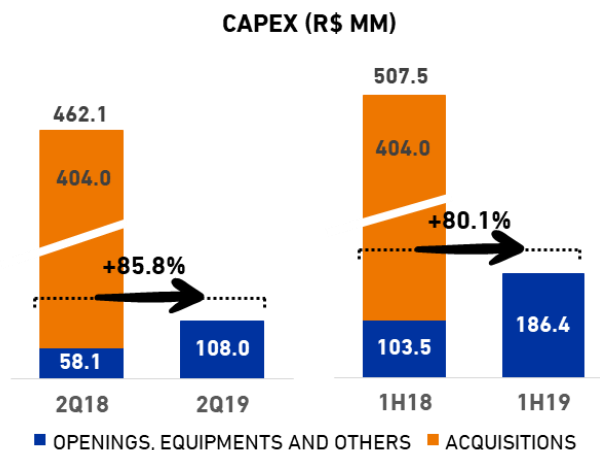
In June 2019, the Company's gross debt was R\$150 million, down 64.8% from R\$427 million in June 2018. Total cash balance was R\$264 million at the end of 2Q19, a decrease of 59.3% compared to 2Q18, mainly due to the use of part of the resources to the Company's organic expansion and reduction of gross debt, in line with debts amortization schedule. As a result, in June 2019 the Company had a net cash position of R\$114 million, compared to a net cash position of R\$223 million in the same period of 2018.

NET DEBT - R\$ MILLION	JUN/19	JUN/18	VAR %
LOANS AND FINANCINGS	150.2	427.2	-64.8%
CURRENT	43.9	284.3	-84.6%
NON-CURRENT	106.4	142.9	-25.5%
CASH AND CASH EQUIVALENTS AND MARKETABLE SECURITIES	264.2	649.8	-59.3%
CASH AND CASH EQUIVALENTS AND MARKETABLE SECURITIES (CURRENT)	252.5	636.8	-60.4%
MARKETABLE SECURITIES (NON-CURRENT)	11.8	13.0	-9.3%
<b>NET DEBT</b>	<b>(114.0)</b>	<b>(222.7)</b>	<b>-48.8%</b>
ADJUSTED EBITDA* (12M)	316.7	219.3	44.4%
NET DEBT / TOTAL ADJUSTED EBITDA (12M)	(0.4x)	(1.0x)	0.7x

\*Considers Adjusted EBITDA ex-IFRS16 in 1Q19 and 2Q19

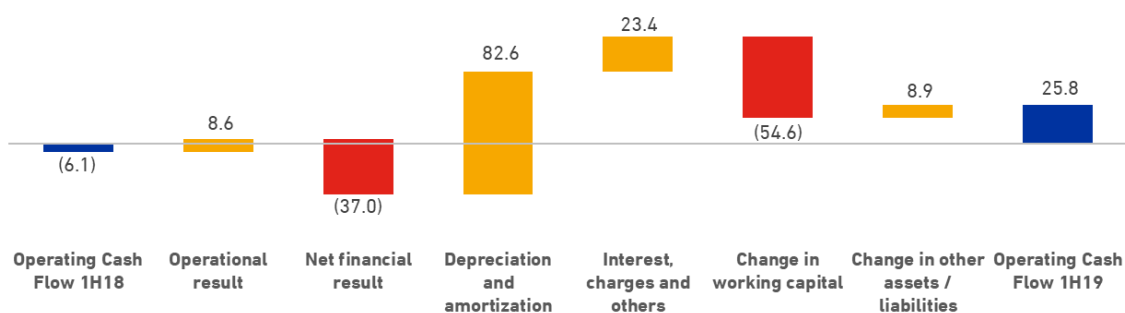
## CAPEX

During 2Q19, the total investments of the Company in fixed assets reached R\$108 million, an organic increase of 85.8% when compared to 2Q18. This increase was mainly due to the opening of BURGER KING® and POPEYES® restaurants in 2Q19, construction of the restaurants that will be opened over the following quarters, openings of dessert centers, in addition to reinvestment in stores and restaurants remodeling. For the half-year period, excluding investment in the acquisition of franchisees in 2Q18, CAPEX grew 80.1% compared to 1H18 and reached R\$186 million.



## Operating cash flow

In the first half of 2019, the Company's operating cash generation amounted to R\$26 million, an increase of R\$32 million compared to the consumption of R\$6 million in the same period of 2018. This increase in operating cash generation reflected higher operating results and the impact of the adoption of IFRS 16, which was partially offset by higher working capital needs, especially in the first quarter of 2019, due to the increase in prepayments and a decrease in the balances of trade payables.



## **SUBSEQUENT EVENTS**

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### **Capital Increase**

At a meeting held on July 1, 2019, the Company's Board of Directors approved an increase in the Company's capital stock, within the authorized capital limit and without changes to the Company's Bylaws, due to the exercise of (i) 81,982 stock options within the scope of the Company's Second Stock Option Plan; and (ii) 642,395 stock options within the scope of the Third Stock Option Plan.

As a result of the decisions, the capital stock increased from R\$943.3 million, divided into 227,381,070 shares, to R\$950.8 million, divided into 228,105,447 shares.

## **MERGER**

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### **Annual General Meeting**

At the Annual Shareholders' Meeting held on June 28, 2019, the mergers of King Food Comércio de Alimentos S.A., Good Food Comércio de Alimentos S.A. and Fast Burger Comércio de Alimentos S.A. were approved.

## CONSOLIDATED INCOME STATEMENT 2Q19 (R\$ MILLION)

	2Q19	2Q18	VAR %
<b>NET OPERATING REVENUE</b>	<b>675.9</b>	<b>536.9</b>	<b>25.9%</b>
GROSS REVENUE FROM SALES	723.4	578.7	25.0%
GROSS REVENUE FROM SALES DEDUCTIONS	(51.8)	(45.0)	15.1%
GROSS REVENUE FROM SERVICES	4.7	3.5	36.5%
GROSS REVENUE FROM SERVICES DEDUCTIONS	(0.5)	(0.4)	40.1%
<b>COST OF GOOD SOLD</b>	<b>(247.8)</b>	<b>(205.2)</b>	<b>20.7%</b>
<b>GROSS PROFIT</b>	<b>428.1</b>	<b>331.6</b>	<b>29.1%</b>
<b>TOTAL SELLING EXPENSES</b>	<b>(379.5)</b>	<b>(292.7)</b>	<b>29.7%</b>
PERSONNEL EXPENSES	(128.0)	(100.4)	27.5%
ROYALTIES AND MARKETING FUND	(62.1)	(47.5)	30.7%
EXPENSES ON OCCUPANCY AND UTILITIES	(54.2)	(64.3)	-15.6%
PRE-OPERATING EXPENSES	(2.8)	(0.7)	274.9%
DEPRECIATION AND AMORTIZATION	(69.5)	(31.6)	119.9%
OTHER SELLING EXPENSES	(62.8)	(48.1)	30.7%
<b>TOTAL GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>(32.8)</b>	<b>(27.1)</b>	<b>21.1%</b>
GENERAL AND ADMINISTRATIVE EXPENSES	(25.8)	(21.8)	18.1%
DEPRECIATION AND AMORTIZATION	(4.4)	(2.1)	110.7%
EXPENSES WITH MERGER AND ACQUISITIONS	(1.8)	(1.6)	11.7%
GAIN (LOSS) FROM WRITE-OFF OF PROPERTY, EQUIPMENT AND IMPAIRMENT	(0.1)	(0.5)	-69.6%
COST OF STOCK OPTION PLAN	(0.7)	(1.1)	-41.0%
<b>PROFIT (LOSS) BEFORE FINANCIAL INCOME</b>	<b>15.8</b>	<b>11.9</b>	<b>33.1%</b>
<b>FINANCIAL RESULTS</b>	<b>(15.0)</b>	<b>(2.5)</b>	<b>509.3%</b>
FINANCIAL EXPENSES	(20.9)	(13.2)	59.0%
FINANCIAL INCOME	5.9	10.7	-44.8%
<b>PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION</b>	<b>0.8</b>	<b>9.4</b>	<b>-91.8%</b>
<b>INCOME TAX AND SOCIAL CONTRIBUTION</b>	<b>(1.3)</b>	<b>(0.8)</b>	<b>59.5%</b>
CURRENT	-	(0.1)	-
DEFERRED	(1.3)	(0.8)	72.6%
<b>NET INCOME (LOSS) FOR THE PERIOD</b>	<b>(0.6)</b>	<b>8.6</b>	<b>-</b>

## CONSOLIDATED INCOME STATEMENT 1H19 (R\$ MILLION)

	1H19	1H18	VAR %
<b>NET OPERATING REVENUE</b>	<b>1,341.2</b>	<b>1,019.4</b>	<b>31.6%</b>
GROSS REVENUE FROM SALES	1,436.3	1,102.0	30.3%
GROSS REVENUE FROM SALES DEDUCTIONS	(103.6)	(88.7)	16.8%
GROSS REVENUE FROM SERVICES	9.5	6.8	40.3%
GROSS REVENUE FROM SERVICES DEDUCTIONS	(1.0)	(0.7)	41.0%
<b>COST OF GOOD SOLD</b>	<b>(502.3)</b>	<b>(390.5)</b>	<b>28.6%</b>
<b>GROSS PROFIT</b>	<b>839.0</b>	<b>628.9</b>	<b>33.4%</b>
<b>TOTAL SELLING EXPENSES</b>	<b>(745.9)</b>	<b>(558.5)</b>	<b>33.6%</b>
PERSONNEL EXPENSES	(255.8)	(190.1)	34.6%
ROYALTIES AND MARKETING FUND	(123.7)	(92.8)	33.3%
EXPENSES ON OCCUPANCY AND UTILITIES	(109.6)	(128.3)	-14.6%
PRE-OPERATING EXPENSES	(4.7)	(1.6)	184.4%
DEPRECIATION AND AMORTIZATION	(135.0)	(59.4)	127.4%
OTHER SELLING EXPENSES	(117.2)	(86.3)	35.8%
<b>TOTAL GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>(69.7)</b>	<b>(55.7)</b>	<b>25.2%</b>
GENERAL AND ADMINISTRATIVE EXPENSES	(53.5)	(45.6)	17.5%
DEPRECIATION AND AMORTIZATION	(11.0)	(4.0)	176.1%
EXPENSES WITH MERGER AND ACQUISITIONS	(2.5)	(2.4)	2.4%
GAIN (LOSS) FROM WRITE-OFF OF PROPERTY, EQUIPMENT AND IMPAIRMENT	(1.4)	(1.5)	-4.7%
COST OF STOCK OPTION PLAN	(1.3)	(2.2)	-41.1%
<b>PROFIT (LOSS) BEFORE FINANCIAL INCOME</b>	<b>23.4</b>	<b>14.7</b>	<b>58.5%</b>
<b>FINANCIAL RESULTS</b>	<b>(31.5)</b>	<b>5.5</b>	<b>-</b>
FINANCIAL EXPENSES	(43.9)	(24.7)	77.5%
FINANCIAL INCOME	12.5	30.3	-58.8%
<b>PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION</b>	<b>(8.1)</b>	<b>20.3</b>	<b>-</b>
<b>INCOME TAX AND SOCIAL CONTRIBUTION</b>	<b>9.9</b>	<b>(2.9)</b>	<b>-</b>
CURRENT	-	(1.5)	-
DEFERRED	9.9	(1.4)	-
<b>NET INCOME (LOSS) FOR THE PERIOD</b>	<b>1.8</b>	<b>17.4</b>	<b>-89.7%</b>

**CONSOLIDATED BALANCE SHEET 1S19 (R\$ MILLION)**

	06/30/2019	12/31/2018
<b>ASSETS</b>	<b>2,898.3</b>	<b>2,525.6</b>
<b>CURRENT ASSETS</b>		
CASH AND CASH EQUIVALENTS	145.5	175.0
MARKETABLE SECURITIES	106.9	415.6
TRADE RECEIVABLES	80.2	59.6
DERIVATIVE FINANCIAL INSTRUMENTS	-	0.1
INVENTORIES	81.9	81.3
RECOVERABLE TAXES	39.4	40.4
ADVANCES PAID	47.6	26.6
RELATED PARTIES	4.4	-
OTHER RECEIVABLES	12.0	21.1
<b>TOTAL CURRENT ASSETS</b>	<b>517.9</b>	<b>819.7</b>
<b>NON-CURRENT ASSETS</b>		
NON-CURRENT INVESTMENTS AT FAIR VALUE	11.8	12.4
RECOVERABLE TAXES	42.3	15.6
JUDICIAL DEPOSITS	31.5	30.9
LONG-TERM RECEIVABLES	4.5	4.6
PROPERTY AND EQUIPMENT	1,009.4	928.2
INTANGIBLE ASSETS	1,281.0	714.3
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,380.4</b>	<b>1,705.9</b>
<b>TOTAL ASSETS</b>	<b>2,898.3</b>	<b>2,525.6</b>
<b>LIABILITIES</b>	<b>1,133.4</b>	<b>808.7</b>
<b>CURRENT LIABILITIES</b>		
LOANS AND FINANCING	43.9	161.6
TRADE PAYABLES	193.4	241.2
LEASING LIABILITIES	79.6	-
PAYROLL AND SOCIAL CHARGES	93.7	95.2
CORPORATE PAYABLES	10.4	18.0
TAXES PAYABLE	13.6	33.8
DEFERRED REVENUE, NET	9.1	9.1
DIVIDENDS AND INTEREST ON CAPITAL	-	26.7
OTHER PAYABLES	7.9	14.1
<b>TOTAL CURRENT LIABILITIES</b>	<b>451.5</b>	<b>599.7</b>
<b>NON-CURRENT LIABILITIES</b>		
LOANS AND FINANCING	106.4	117.5
PROVISION FOR LEGAL CLAIMS	12.8	10.7
TAXES PAYABLE	23.1	21.8
DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION	2.6	12.5
LEASING LIABILITIES	497.2	-
DEFERRED REVENUE, NET	22.3	26.4
OTHER PAYABLES	17.5	20.1
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>681.9</b>	<b>209.0</b>
<b>EQUITY</b>		
CAPITAL	943.3	898.2
EARNINGS RESERVE	97.6	97.6
CAPITAL RESERVES AND STOCK OPTIONS PLAN	722.4	721.1
OTHER COMPREHENSIVE INCOME	(0.3)	(0.0)
RETAINED EARNINGS (ACCUMULATED LOSSES)	1.8	-
<b>TOTAL EQUITY</b>	<b>1,764.9</b>	<b>1,717.0</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,898.3</b>	<b>2,525.6</b>

The numbers of 1H19 are presented with the adoption of the new accounting standard IFRS 16

## CONSOLIDATED STATEMENT OF CASH FLOWS 1H19 (R\$ MILLION)

	1H19	1H18
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>25.8</b>	<b>(6.1)</b>
<b>CASH GENERATED BY OPERATING ACTIVITIES</b>	<b>187.9</b>	<b>110.2</b>
EARNINGS (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	(8.1)	20.3
DEPRECIATION AND AMORTIZATION OF PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS	93.8	63.3
LEASING AMORTIZATION	52.1	-
INTEREST, CHARGES, EXCHANGE DIFFERENCES AND MONETARY VARIATIONS	30.5	6.5
OTHERS	19.6	20.1
<b>CHANGES IN ASSETS AND LIABILITIES</b>	<b>-</b>	<b>-</b>
TRADE RECEIVABLES, NET	(20.6)	1.4
INVENTORIES	(0.6)	(17.6)
RECOVERABLE TAXES	(25.7)	(18.8)
ADVANCES PAID	(21.0)	(4.4)
TRADE AND RENTAL PAYABLES	(47.9)	(15.5)
PAYROLL AND SOCIAL CHARGES	(10.9)	(12.0)
PAYMENT OF INTEREST ON LOANS AND FINANCINGS	(2.5)	(21.2)
OTHERS CHANGES IN ASSETS AND LIABILITIES	(32.8)	(28.3)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>127.2</b>	<b>69.9</b>
PURCHASES OF PROPERTY AND EQUIPMENT	(162.6)	(91.1)
PURCHASES OF INTANGIBLE ASSETS	(23.8)	(12.5)
REIMBURSABLE EXPENSES WITH SHARES OFFERING	(4.4)	-
INVESTMENT IN MARKETABLE SECURITIES	(178.0)	(141.7)
REDEMPTION OF MARKETABLE SECURITIES	495.9	676.0
CONSIDERATION PAID ON THE ACQUISITION OF BUSINESSES NET OF CASH ACQUIRED IN THE ACQUISITION	-	(360.9)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(182.5)</b>	<b>(85.4)</b>
CAPITAL CONTRIBUTED IN THE PERIOD	45.1	-
SHARES ISSUANCE COSTS	-	(4.5)
PAYMENT OF LOANS AND FINANCINGS (PRINCIPAL)	(136.3)	(80.9)
INTEREST ON CAPITAL PAYABLE	(26.7)	-
LEASING LIABILITIES PAYMENT	(64.6)	-
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(29.4)</b>	<b>(21.6)</b>
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	175.0	102.3
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	145.5	80.8

The numbers of 1H19 are presented with the adoption of the new accounting standard IFRS 16