

# BK BRASIL

1Q20 Results  
May 29, 2020



POPEYES



# FORWARD-LOOKING STATEMENTS DISCLAIMER

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# SUMMARY OF MEASURES ADOPTED - COVID-19

## EMPLOYEES

- Reinforcement and intensification of hygiene procedures in our restaurants and expansion of the use of IPE;
- Home office for the corporate;
- Use of MP-936 to protect jobs by suspending employment contracts and reducing working hours;
- Distribution of masks to all employees and restaurants.

## CLIENTS

- Acceleration of the online channel and expansion of service offerings, focusing on Delivery and Drive Thru;
- Closing of all our rooms since 03/23;
- Distribution of 600 thousand booklets from the Ministry of Health, in our requests, on prevention in ordering food outside home;
- Installation of protective acrylics.

## BUSINESS

- Raising R\$ 170 million in 1Q and R\$ 50 million in 2Q to reinforced our liquidity;
- Acceleration of technology projects that support digital sales;
- Review of all discretionary costs and renegotiation of occupancy costs;
- Temporary suspension of investments to preserve cash.

## SOCIETY

- Donation of 50 tons of food:
  - Hospitals;
  - NGOs;
  - Communities.
- Donation of R\$1 million to SUS (Brazilian National Health System) to purchase IPE's in the most affected regions.

## NEXT STEPS

- **Product, convenience, experience and consumer will remain at the center;**
- **Continue to protect our customers and employees;**
- **Prepare our restaurants for the resumption;**
- **Continue to accelerate our digital initiatives;**
- **Maintain a solid cash position;**
- **Capture growth opportunities;**
- **Continue contributing to a better world.**

# FINANCIAL HIGHLIGHTS



# 1Q20 RESULTS

## 1Q20 x 1Q19 PERFORMANCE:

**Net operating revenue** of R\$649 million in 1Q20 (-2.4%);

**Comparable sales in same restaurants<sup>1</sup>** of -1.8% in 1Q20;

**Up to Feb/20 the growth of comparable sales was 2.4%**, evidencing good recovery compared to Dec/19 performance;

**Significant increase in sales through digital channels (Delivery, Totem and BK Express) reaching 10.4%** of the Company's revenue in 1Q20;

**Adjusted EBITDA<sup>2</sup>** of R\$ 13.9 million in 1Q20; **Adjusted EBITDA margin** of 2.1% in 1Q20;

**Fund raising of R\$170 million and a 1-year term to preventively reinforce the cash and liquidity position;**

**Net loss** of R\$55.6 million in 1Q20;

**Total of 872 restaurants of the BURGER KING® brand and 41 restaurants of the POPEYES® brand** at the end of 1Q20.

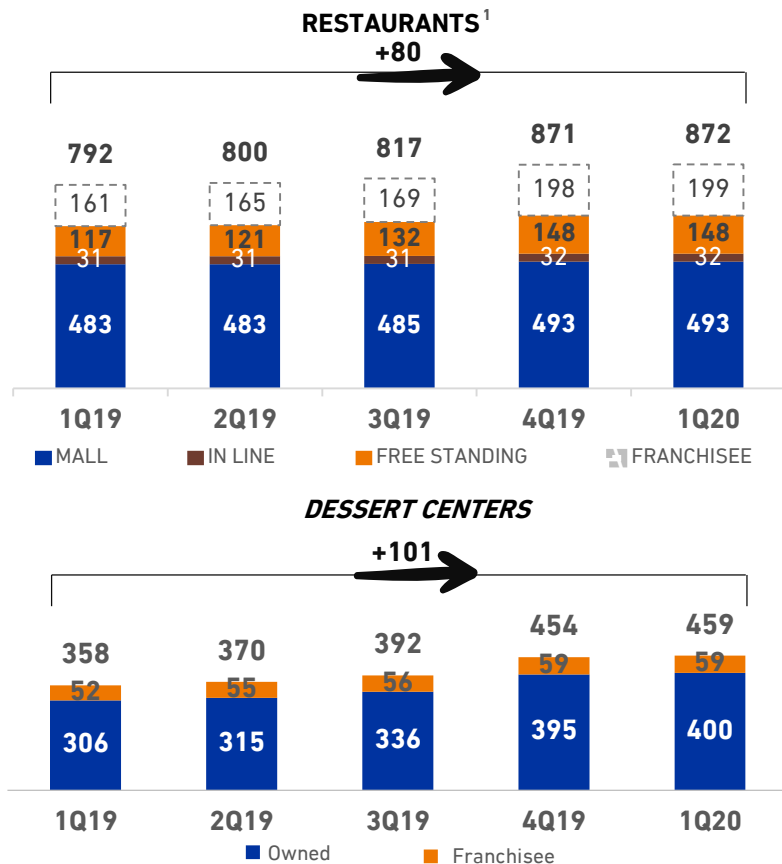


Source: BK Brasil | Note: 1 Following the RBI calculation methodology, it considers sales of Burger King restaurants operated by BK Brasil that have been open for more than 13 months and Popeyes restaurants open for more than 17 months compared to the same period of the previous year. Additionally, restaurants entirely closed for more than 7 consecutive days within a month are excluded from the comparable base; Note 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 divestments and provisions of impairment); and (ii) costs with stock plan.

# EXPANSION OF RESTAURANTS AND DESSERT CENTERS NETWORK

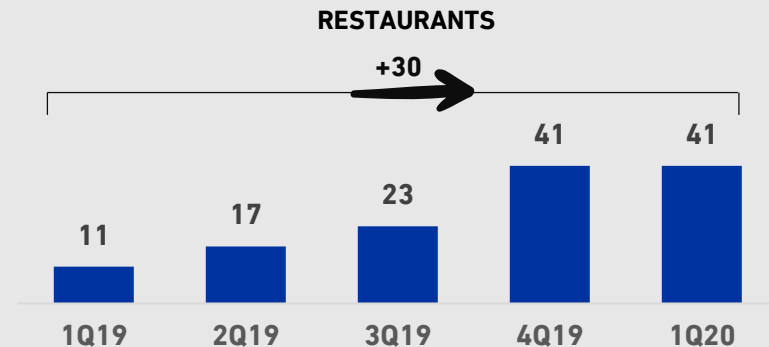
## EXPANSION OF BURGER KING NETWORK

(# of restaurants and dessert centers)



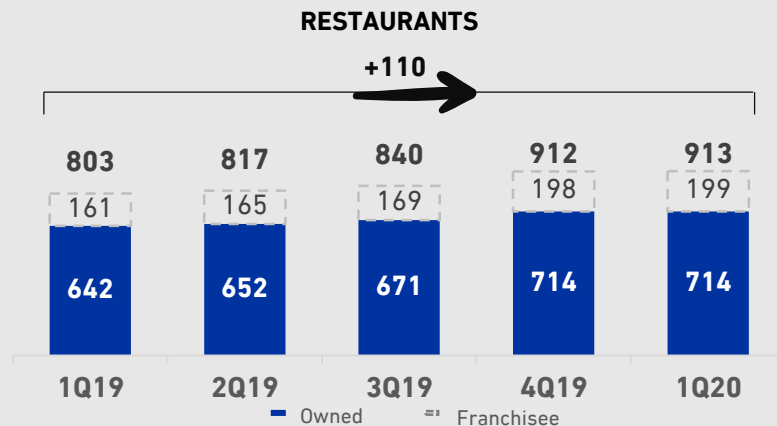
## EXPANSION OF POPEYES NETWORK

(# of restaurants)



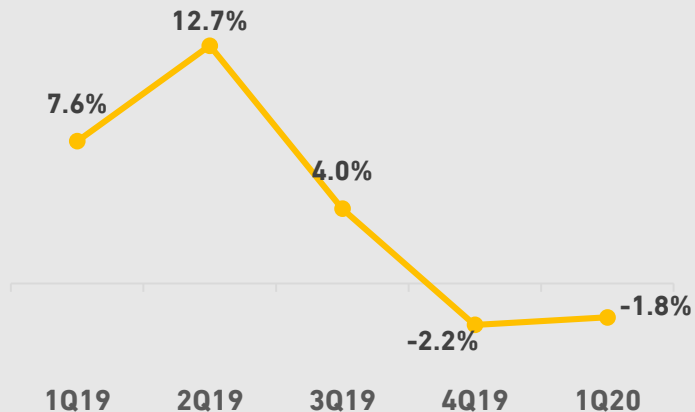
## TOTAL OF COMPANY'S RESTAURANTS

(# of restaurants)



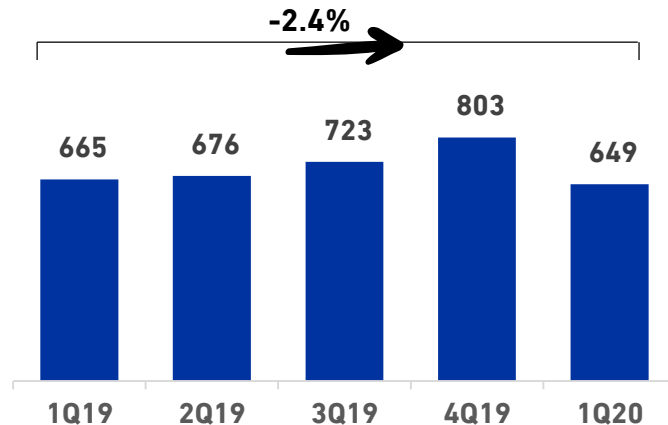
# GROWTH IN NET OPERATING REVENUE AND COMPARABLE RESTAURANT SALES

## GROWTH IN COMPARABLE SALES IN SAME RESTAURANTS <sup>1</sup> (%)



The initiatives implemented during the first quarter of 2020, had positive results in our business and were able to change the trend of comparable sales to an upward curve during the first two months of the year, which reached 2.4%. This was due to the return of Whopper to the double king platform, the return of the Mega Stacker family to the Premium category and the entry of new aggregators in the Delivery channel.

## NET OPERATING REVENUE (R\$ mm)



Even with the positive result during the months of January and February, as a result of adjustments to the Company's strategy, with the closure of more than 60% of our operations, the Company's total revenue fell by 2.4% in the first quarter.

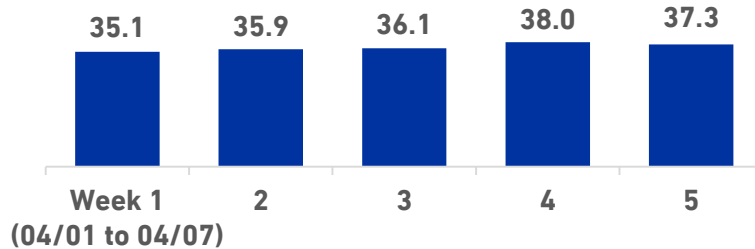


# EVOLUTION OF SALES - COVID-19 EFFECTS

>>> April

## OPEN RESTAURANTS

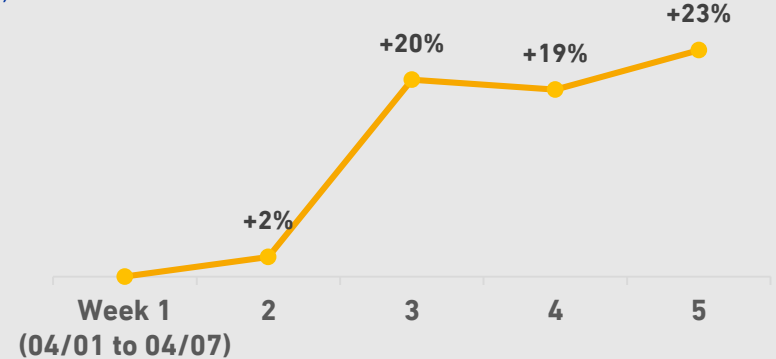
(%)



From the first week of April, until the first week of May, the percentage of our restaurants open remained stable. It is important to mention that the company chose not to open approximately 100 restaurants that, by only operating Delivery, could have the same area covered by other FS restaurants. Thus, gaining efficiency.

## EVOLUTION OF SALES - TOTAL SALES vs. 1st WEEK

(%)



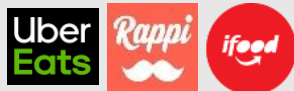
The consistent sales growth, mainly in the Delivery and Drive Thru channels, which had all time highs week after week, contributed to the Company, even with a stable number of restaurants in operation, could grow the total sale in a relevant way.



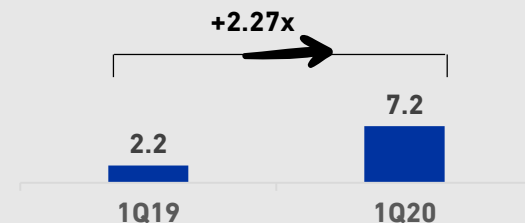
# GROWTH AND REPRESENTATIVITY OF DIGITAL SALES OVER TOTAL REVENUE



## DELIVERY



Delivery, now with Uber Eats, Rappi and iFood, now represents 7.2% of the Company's total revenue with an increase in coverage of 80 new cities versus 1Q19.



## BK EXPRESS



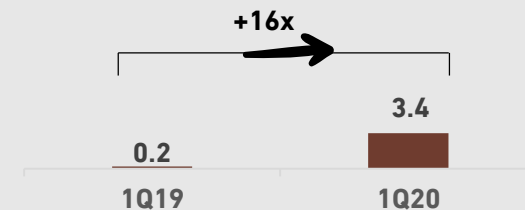
Even with little representation in the Company's total sales, the growth of our engagement with our consumers, reaching the mark of 23 million downloads in our app, helped to increase the use of the BK Express functionality.



## TOTEM



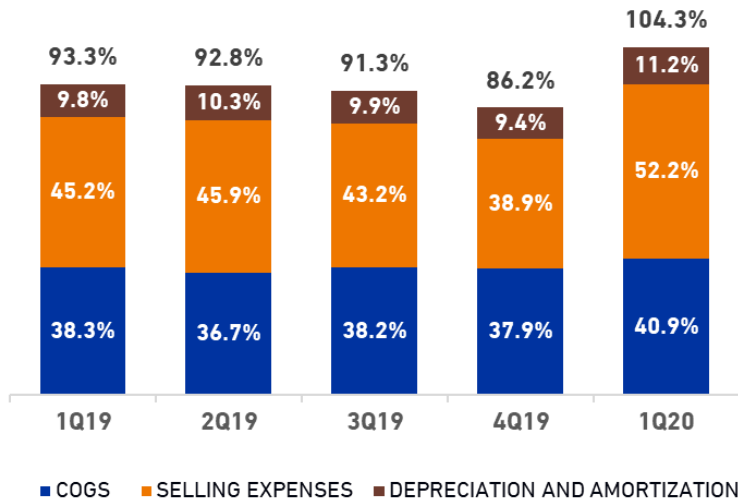
The expressive growth in sales via totems will allow us to go to increasingly efficient levels, in terms of operating costs, in addition to an experience with less friction with our consumers.



# TOTAL SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

## COST OF GOODS SOLD AND SELLING EXPENSES

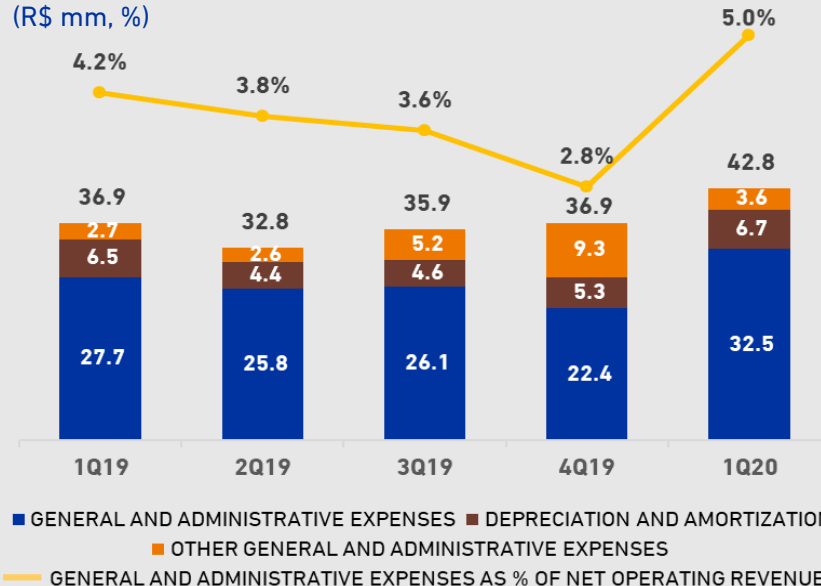
(as % of net operating revenue)



CMV reached 40.9% of net operating revenue, with a 260bps yoy growth, explained by the return of Whopper on the double king platform, by the brand entry promotions in new aggregators and the drop in over-the-counter sales that impacted our mix, reducing the incidence of combos with drinks. Additionally, as a result of the closure of the restaurants in March, the Company had non-recurring impacts with losses and donations of products in its restaurants.

## GENERAL AND ADMINISTRATIVE EXPENSES

(R\$ mm, %)



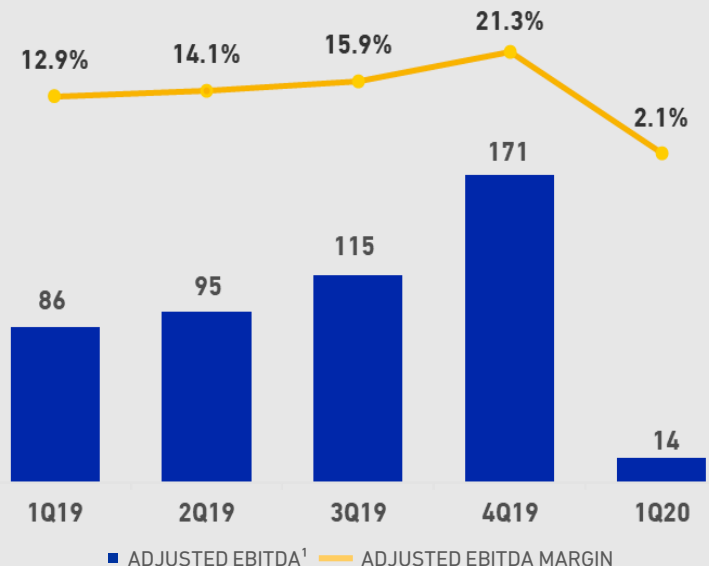
Corporate general and administrative expenses represented 5.0% of net operating revenue in 1Q20, growth of 80bps versus the same period last year due to the operational deleveraging resulting from closed restaurants, growth in provisions for labor contingencies and expenses with stock options.



# ADJUSTED EBITDA<sup>1</sup> EVOLUTION AND NET INCOME

## ADJUSTED EBITDA<sup>1</sup> AND ADJUSTED EBITDA MARGIN

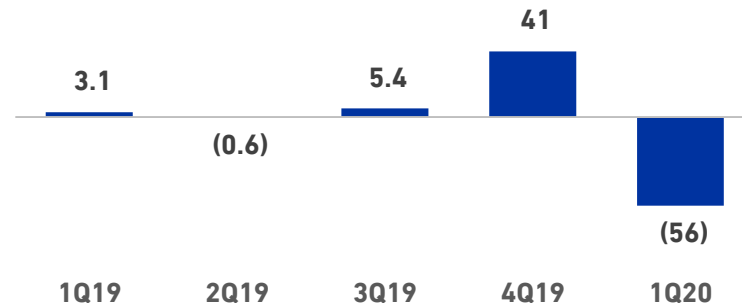
(R\$ mm, %)



Adjusted EBITDA reached R\$ 14 million as a result of the strong impacts on revenue resulting from the effects of the pandemic, generating a significant operational deleveraging due to the non-dilution of fixed costs.

## NET INCOME (LOSS)

(R\$ mm)



Net loss reached R\$ 55.6 million in 1Q20, versus a profit of R\$ 3 million in 1Q19. This result was impacted by the operational activity due to the closing of restaurants in the second half of March without the same impact on the fixed costs of these restaurants.

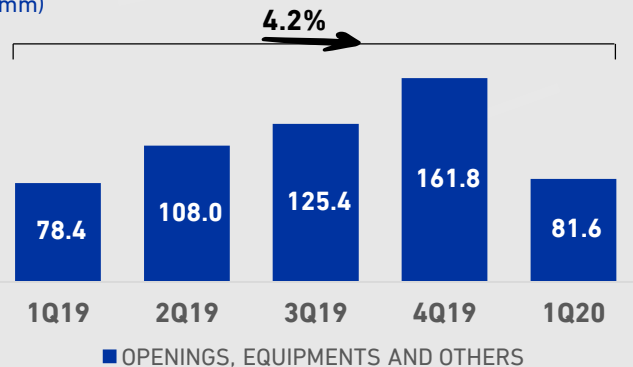


Source: BK Brasil | Note: 1 Adjusted EBITDA is a non-accounting measure adopted by the Company, which corresponds to EBITDA adjusted by pre-operating expenses, expenses with mergers and acquisitions, and other expenses, which the Company's Management believes are not part of the normal course of business 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.

# CAPEX, LEVERAGE AND OPERATING CASH FLOW

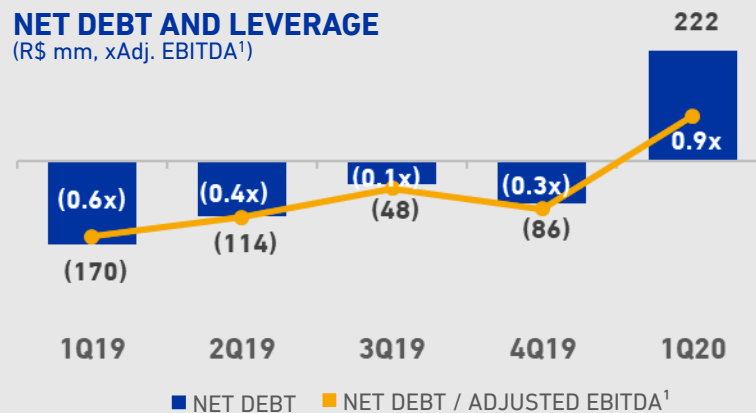
## CAPEX

(R\$ mm)



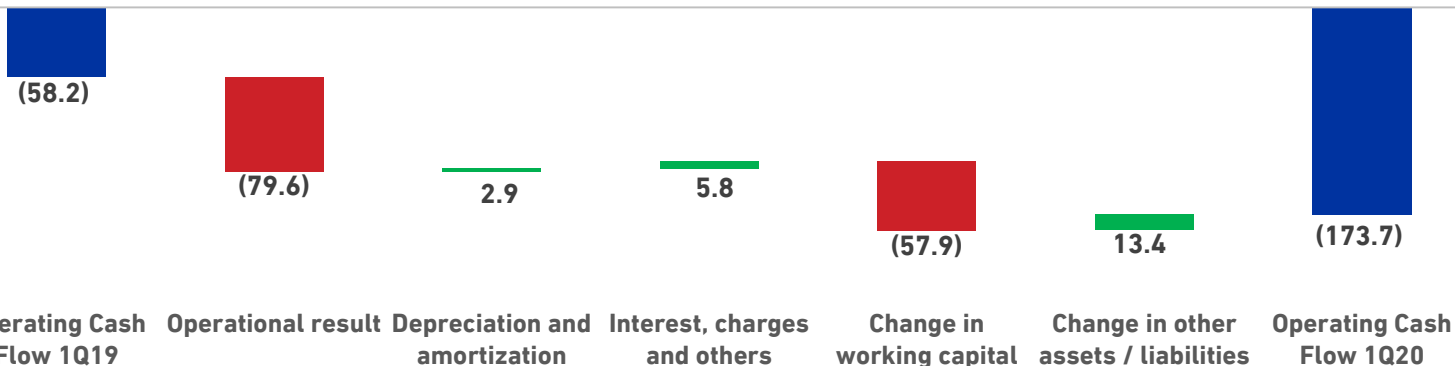
## NET DEBT AND LEVERAGE

(R\$ mm, xAdj. EBITDA<sup>1</sup>)



## 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 divestments and provisions of impairment); and (ii) costs with stock plan.

# APPENDIX

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BURGER KING



# CONSOLIDATED INCOME STATEMENT 1Q20 (R\$ MILLION)

	1Q20	1Q19	VAR %	4Q19	VAR %
<b>NET OPERATING REVENUE</b>	<b>649.1</b>	<b>665.3</b>	<b>-2.4%</b>	<b>803.4</b>	<b>-19.2%</b>
GROSS REVENUE FROM SALES	701.8	712.9	-1.6%	859.7	-18.4%
GROSS REVENUE FROM SALES DEDUCTIONS	(61.9)	(51.8)	19.4%	(69.3)	-10.8%
GROSS REVENUE FROM SERVICES	10.3	4.8	116.1%	14.7	-29.9%
GROSS REVENUE FROM SERVICES DEDUCTIONS	(1.2)	(0.5)	118.6%	(1.6)	-26.5%
<b>COST OF GOOD SOLD</b>	<b>(265.4)</b>	<b>(254.5)</b>	<b>4.3%</b>	<b>(304.1)</b>	<b>-12.7%</b>
<b>GROSS PROFIT</b>	<b>383.7</b>	<b>410.8</b>	<b>-6.6%</b>	<b>499.3</b>	<b>-23.2%</b>
<b>TOTAL SELLING EXPENSES</b>	<b>(411.8)</b>	<b>(369.1)</b>	<b>11.6%</b>	<b>(388.4)</b>	<b>6.0%</b>
PERSONNEL EXPENSES	(139.2)	(127.8)	8.9%	(121.8)	14.2%
ROYALTIES AND MARKETING FUND	(63.8)	(61.6)	3.5%	(71.1)	-10.3%
EXPENSES ON OCCUPANCY AND UTILITIES	(63.7)	(53.3)	19.6%	(55.3)	15.2%
PRE-OPERATING EXPENSES	(1.6)	(1.9)	-13.3%	(7.1)	-77.0%
DEPRECIATION AND AMORTIZATION	(72.9)	(70.2)	3.9%	(75.5)	-3.4%
OTHER SELLING EXPENSES	(70.7)	(54.3)	30.1%	(57.5)	22.9%
<b>TOTAL GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>(42.8)</b>	<b>(37.1)</b>	<b>15.5%</b>	<b>(36.9)</b>	<b>15.9%</b>
GENERAL AND ADMINISTRATIVE EXPENSES	(32.5)	(27.8)	17.0%	(22.4)	45.1%
DEPRECIATION AND AMORTIZATION	(6.7)	(6.6)	1.8%	(5.3)	26.9%
EXPENSES WITH MERGER AND ACQUISITIONS	(0.0)	(0.7)	-96.8%	(0.1)	-77.0%
GAIN (LOSS) FROM WRITE-OFF OF PROPERTY, EQUIPMENT AND IMPAIRMENT	(0.2)	(1.3)	-88.2%	(7.1)	-97.8%
COST OF STOCK OPTION PLAN	(3.4)	(0.7)	420.0%	(2.0)	71.9%
<b>PROFIT (LOSS) BEFORE FINANCIAL INCOME</b>	<b>(71.0)</b>	<b>4.7</b>	<b>-</b>	<b>74.0</b>	<b>-</b>
<b>FINANCIAL RESULTS</b>	<b>(16.5)</b>	<b>(12.5)</b>	<b>31.9%</b>	<b>(21.7)</b>	<b>-24.1%</b>
FINANCIAL EXPENSES	(21.5)	(19.0)	13.2%	(27.6)	-21.9%
FINANCIAL INCOME	5.1	6.6	-22.4%	5.9	-13.8%
<b>PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION</b>	<b>(87.4)</b>	<b>(7.8)</b>	<b>1021.2%</b>	<b>52.3</b>	<b>-</b>
<b>INCOME TAX AND SOCIAL CONTRIBUTION</b>	<b>31.8</b>	<b>10.8</b>	<b>193.1%</b>	<b>(11.0)</b>	<b>-</b>
CURRENT	-	-	-	(9.3)	-100.0%
DEFERRED	31.8	10.8	193.1%	(1.8)	-
<b>NET INCOME (LOSS) FOR THE PERIOD</b>	<b>(55.6)</b>	<b>3.1</b>	<b>-</b>	<b>41.3</b>	<b>-</b>

# CONSOLIDATED BALANCE SHEET (R\$ MILLION)

	03/31/2020	12/31/2019		03/31/2020	12/31/2019
<b>ASSETS</b>			<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
CASH AND CASH EQUIVALENTS	69.3	325.3	LOANS AND FINANCING	288.4	116.6
MARKETABLE SECURITIES	398.4	278.8	TRADE PAYABLES	121.1	286.4
TRADE RECEIVABLES, NET	71.5	60.4	LEASING LIABILITIES	103.1	99.2
INVENTORIES	89.3	99.0	PAYROLL AND SOCIAL CHARGES	78.9	96.6
RECOVERABLE TAXES	28.9	27.6	CORPORATE PAYABLES	8.8	23.8
ADVANCES PAID	34.2	46.1	TAXES PAYABLE	15.7	25.2
OTHER RECEIVABLES	23.5	25.2	DEFERRED REVENUE, NET	9.2	9.1
<b>TOTAL CURRENT ASSETS</b>	<b>715.1</b>	<b>862.4</b>	DIVIDENDS AND INTEREST ON CAPITAL	-	10.1
			OTHER PAYABLES	10.4	4.7
<b>NON-CURRENT ASSETS</b>			<b>TOTAL CURRENT LIABILITIES</b>	<b>635.7</b>	<b>671.6</b>
NON-CURRENT INVESTMENTS AT FAIR VALUE	1.4	1.4	<b>NON-CURRENT LIABILITIES</b>		
RECOVERABLE TAXES	72.1	73.1	LOANS AND FINANCING	402.9	403.3
JUDICIAL DEPOSITS	33.4	33.4	PROVISION FOR LEGAL CLAIMS	18.4	16.3
DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION	23.4	-	TAXES PAYABLE	12.3	12.6
LONG-TERM RECEIVABLES	4.1	4.5	DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION	-	8.5
PROPERTY AND EQUIPMENT	1,174.1	1,163.6	LEASING LIABILITIES	590.9	594.1
INTANGIBLE ASSETS	1,405.8	1,389.7	DEFERRED REVENUE, NET	16.8	17.9
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,714.2</b>	<b>2,665.7</b>	OTHER PAYABLES	17.1	17.2
			<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,058.4</b>	<b>1,069.9</b>
<b>TOTAL ASSETS</b>	<b>3,429.4</b>	<b>3,528.1</b>	<b>EQUITY</b>		
			CAPITAL	950.8	950.8
			EARNINGS RESERVE	134.6	134.6
			CAPITAL RESERVES AND STOCK OPTIONS PLAN	728.9	725.4
			TREASURY SHARES	(24.2)	(24.2)
			OTHER COMPREHENSIVE INCOME	0.9	0.0
			RETAINED EARNINGS (ACCUMULATED LOSSES)	(55.6)	-
			<b>TOTAL EQUITY</b>	<b>1,735.3</b>	<b>1,786.6</b>
			<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,429.4</b>	<b>3,528.1</b>

# CONSOLIDATED CASH FLOW (R\$ MILLION)

	1Q20	1Q19
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(173.7)</b>	<b>(58.2)</b>
<b>CASH GENERATED BY OPERATING ACTIVITIES</b>	<b>19.3</b>	<b>90.2</b>
EARNINGS (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	(87.4)	(7.8)
DEPRECIATION AND AMORTIZATION OF PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS	48.6	45.7
LEASING AMORTIZATION	31.0	31.1
INTEREST, CHARGES, EXCHANGE DIFFERENCES AND MONETARY VARIATIONS	16.4	11.4
OTHERS	10.7	9.8
<b>CHANGES IN ASSETS AND LIABILITIES</b>	<b>(193.0)</b>	<b>(148.5)</b>
TRADE RECEIVABLES, NET	(11.1)	(17.8)
INVENTORIES	8.8	9.0
CORPORATE PAYABLES	(14.9)	(9.2)
ADVANCES PAID	11.9	(25.3)
TRADE AND RENTAL PAYABLES	(165.3)	(75.3)
PAYROLL AND SOCIAL CHARGES	(17.8)	(11.9)
OTHERS CHANGES IN ASSETS AND LIABILITIES	(4.5)	(17.9)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(198.2)</b>	<b>118.1</b>
PURCHASES OF PROPERTY AND EQUIPMENT	(51.2)	(69.6)
PURCHASES OF INTANGIBLE ASSETS	(30.4)	(8.8)
REIMBURSABLE EXPENSES WITH SHARES OFFERING	-	(2.1)
INVESTMENT IN MARKETABLE SECURITIES	(425.4)	(147.7)
REDEMPTION OF MARKETABLE SECURITIES	308.8	346.3
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>115.9</b>	<b>(134.9)</b>
CAPITAL CONTRIBUTED IN THE PERIOD	-	42.1
NEW LOANS AND FINANCINGS	170.0	-
LOANS AND FINANCINGS COSTS	0.5	-
PAYMENT OF LOANS AND FINANCINGS (PRINCIPAL)	(6.6)	(119.5)
INTEREST ON CAPITAL PAYABLE	(10.1)	(23.2)
LEASING LIABILITIES PAYMENT	(37.9)	(34.3)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(256.0)</b>	<b>(75.1)</b>
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	325.3	175.0
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	69.3	99.9

# ADJUSTED EBITDA<sup>1</sup> AND NET DEBT (R\$ MILLION)

## EBITDA AND ADJUSTED EBITDA<sup>1</sup>

EBITDA - R\$ MILLION	1Q20	1Q19	VAR %	4Q19	VAR %
<b>NET INCOME (LOSS) FOR THE PERIOD</b>	<b>(55.6)</b>	<b>3.1</b>	<b>-</b>	<b>41.3</b>	<b>-</b>
(+) FINANCIAL INCOME (LOSS)	16.5	12.5	31.9%	21.7	-24.1%
(+) DEPRECIATION AND AMORTIZATION	79.7	76.8	3.7%	80.8	-1.4%
(+/-) INCOME TAX AND SOCIAL CONTRIBUTION	(31.8)	(10.8)	193.1%	11.0	-
<b>EBITDA</b>	<b>8.7</b>	<b>81.5</b>	<b>-89.4%</b>	<b>154.8</b>	<b>-94.4%</b>
<i>EBITDA MARGIN</i>	<i>1.3%</i>	<i>12.2%</i>	<i>-1090bps</i>	<i>19.3%</i>	<i>-1800bps</i>
(+) OTHERS EXPENSES	0.1	1.3	-91.5%	7.2	-98.5%
(+) COST OF STOCK OPTION PLAN	3.4	0.7	420.0%	2.0	72.9%
(+) MERGE AND ACQUISITION EXPENSES	0.0	0.7	-96.8%	0.1	-81.6%
(+) PRE-OPERATING EXPENSES	1.6	1.9	-13.3%	7.1	-77.1%
<b>ADJUSTED EBITDA</b>	<b>13.9</b>	<b>86.0</b>	<b>-83.9%</b>	<b>171.2</b>	<b>-91.9%</b>
<i>ADJUSTED EBITDA MARGIN</i>	<i>2.1%</i>	<i>12.9%</i>	<i>-1080bps</i>	<i>21.3%</i>	<i>-1920bps</i>

## TOTAL DEBT AND LEVERAGE

NET DEBT - R\$ MILLION	MAR/20	MAR/19	VAR %	DEC/19	VAR %
<b>LOANS AND FINANCINGS</b>	<b>691.4</b>	<b>164.3</b>	<b>320.8%</b>	<b>519.9</b>	<b>33.0%</b>
CURRENT	288.4	52.3	451.7%	116.6	147.5%
NON-CURRENT	402.9	112.0	259.7%	403.3	-0.1%
<b>CASH AND CASH EQUIVALENTS AND MARKETABLE SECURITIES</b>	<b>469.1</b>	<b>334.5</b>	<b>40.2%</b>	<b>605.5</b>	<b>-22.5%</b>
CASH AND CASH EQUIVALENTS AND MARKETABLE SECURITIES (CURRENT)	467.7	323.0	44.8%	604.1	-22.6%
MARKETABLE SECURITIES (NON-CURRENT)	1.4	11.6	-88.1%	1.4	0.7%
<b>NET DEBT</b>	<b>222.3</b>	<b>(170.3)</b>	<b>-</b>	<b>(85.6)</b>	<b>-</b>
ADJUSTED EBITDA (12M)*	252.4	303.4	-16.8%	328.3	-23.1%
<i>NET DEBT / TOTAL ADJUSTED EBITDA (12M)</i>	<i>0.9x</i>	<i>(0.6x)</i>	<i>-</i>	<i>(0.3x)</i>	<i>-</i>

\* Considers Adjusted EBITDA ex-IFRs 16 effects

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.

# BK BRASIL

INVESTOR RELATIONS  
[www.burgerking.com.br/ri](http://www.burgerking.com.br/ri)  
[ri@burgerking.com.br](mailto:ri@burgerking.com.br)  
Phone: +55 11 2397-0369



POPEYES

