

BK

BRASIL

1Q19 Results
May 13, 2019



POPEYES



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1Q19 RESULTS

1Q19 x 1Q18 PERFORMANCE:

Net Operational Revenue of R\$665 million in 1Q19 (+37.9%);

Total of 8 restaurants opened in 1Q19, 5 BURGER KING® restaurants and 3 POPEYES® restaurants, leading to net opening of 94 restaurants in the last 12 months;

Total of 792 restaurants of BURGER KING® brand in 1Q19;

Total of 11 restaurants of POPEYES® brand in 1Q19;

Comparable sales in same restaurants growth of 5.9% in 1Q19;

Adjusted EBITDA¹ of R\$86 million in 1Q19. Excluding the effects of the new accounting standard (IFRS 16), adjusted EBITDA would have been R\$52 million, an increase of 42.4% compared to 1Q18;

Adjusted EBITDA margin of 12.9%. Excluding the effect of IFRS 16, the margin would have been 7.8%, representing an increase of 30 bps versus 1Q18;

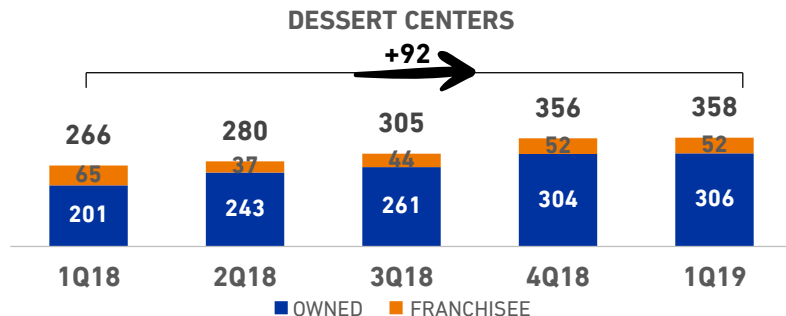
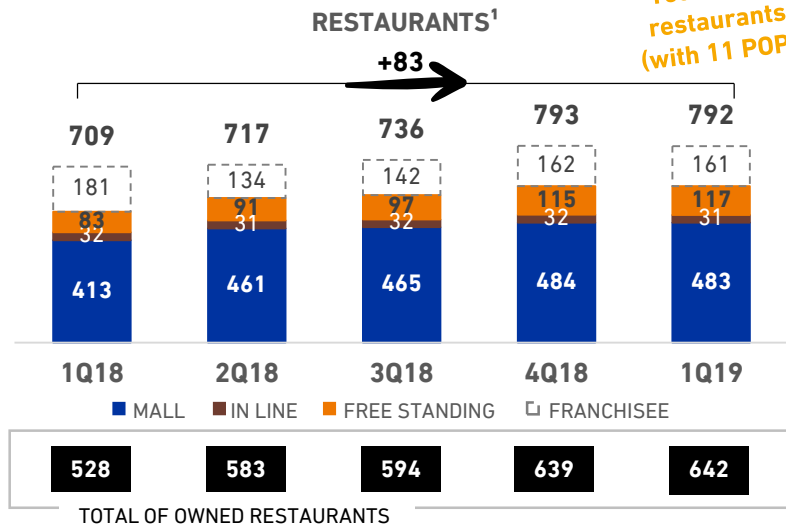
Net income of R\$ 3 million in 1Q19. Excluding the effects of IFRS 16, it would have totaled R\$8 million.



EXPANSION OF RESTAURANTS NETWORK

EXPANSION OF RESTAURANTS AND DESSERT CENTERS NETWORK (# of restaurants and dessert centers)

Total number of restaurants: 803 (with 11 POPEYES)



EXPANSION OF BURGER KING RESTAURANTS (# of restaurants)



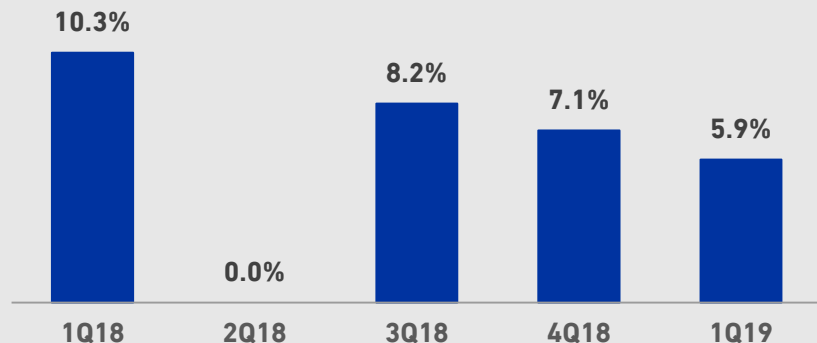
Source: BK Brasil / 1. Mall: Shopping malls, hypermarkets and air | road terminals; In line: Stores with direct access to the public thoroughfare, which have internal lounges with tables and seats; Free standings: Street stores with drive-thru.

² Sale of company-owned restaurants to franchisees

GROWTH IN NET OPERATING REVENUE AND COMPARABLE RESTAURANT SALES

GROWTH IN COMPARABLE SALES IN SAME RESTAURANTS

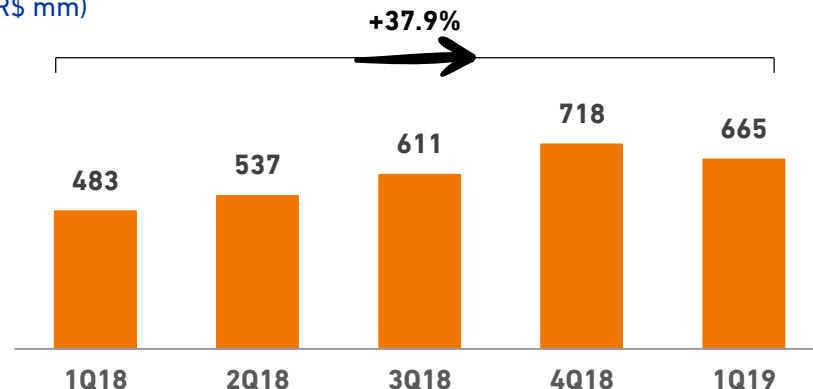
(%)



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 strong positioning of the brand through the marketing campaigns and product innovations.

NET OPERATING REVENUE

(R\$ mm)



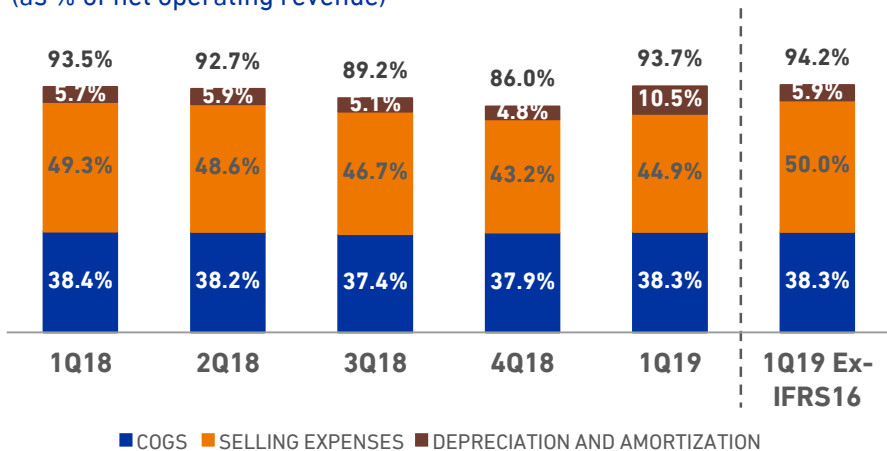
The increase in net operating revenue is related to the performance of restaurants opened in the last 12 months, the acquisition of franchised restaurants and the growth in comparable sales by 5.9% in the period.



TOTAL SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

COST OF GOODS SOLD AND SELLING EXPENSES

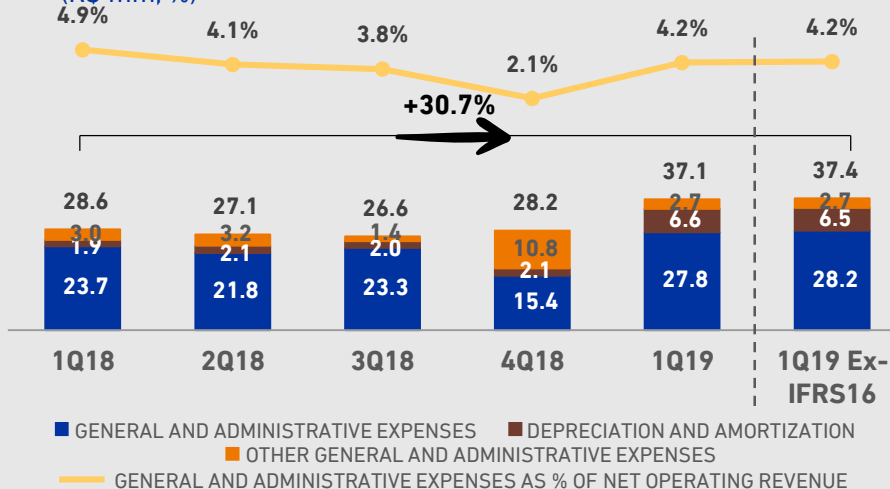
(as % of net operating revenue)



COGS improved 10 bps, reflecting our focus on improving the products mix and cost control, despite the prevailing challenging macroeconomic scenario. Selling expenses at restaurants represented 50.0% of net operating revenue, due to higher personnel expenses, repairs and maintenance and expenses with third-party services due to new sales channels.

GENERAL AND ADMINISTRATIVE EXPENSES

(R\$ mm, %)



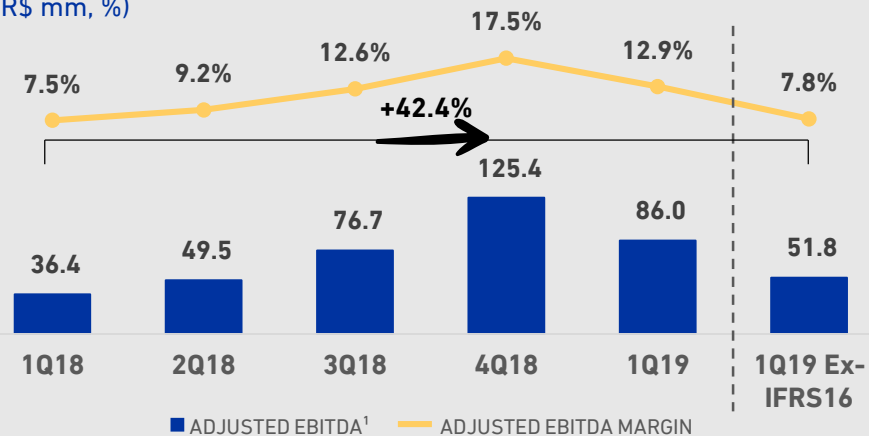
Corporate general and administrative expenses improved 70 bps versus 1Q18, reflecting the strong focus on controlling the Company's expenses, operating leverage and synergies due to the acquisition of franchised restaurants.



ADJUSTED EBITDA¹ EVOLUTION AND NET INCOME

ADJUSTED EBITDA¹ AND ADJUSTED EBITDA MARGIN

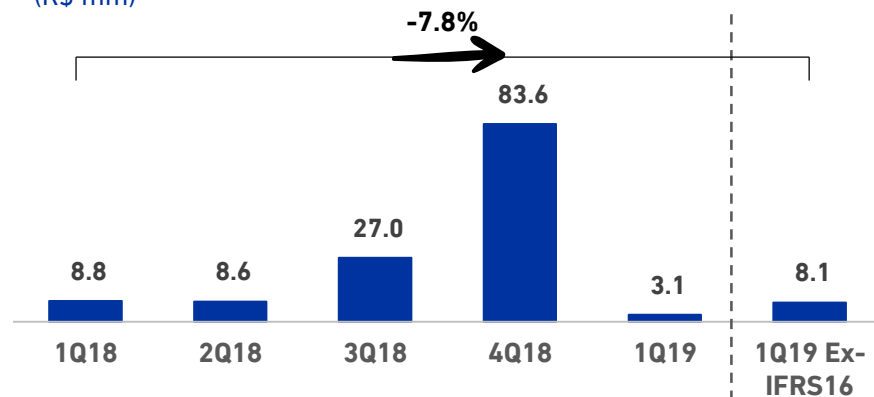
(R\$ mm, %)



The increase in adjusted EBITDA was due to the strong increase in net operating revenues, reflecting the growth of comparable sales in same restaurants, and the recurring focus on expenses control. As a result, the adjusted EBITDA margin (excluding the effects of IFRS 16) improved by 30 bps, reaching 7.8%.

NET INCOME

(R\$ mm)



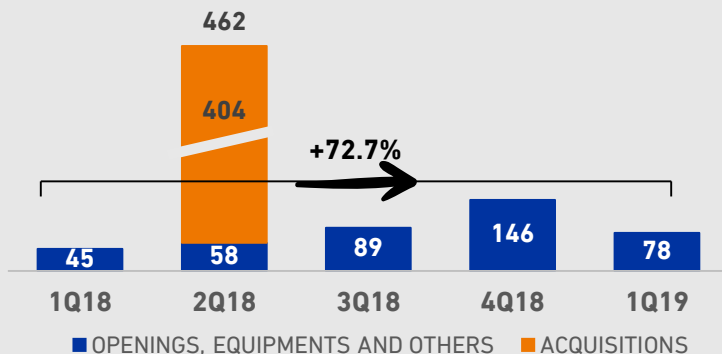
Net income reached R\$3 million, impacted by the non-recurring effect of R\$4 million in depreciation and amortization related to the franchisee acquisition, partially benefited by the also non-recurring recognition of deferred income tax asset in the amount of R\$7 million.



CAPEX, LEVERAGE AND CASH FLOW

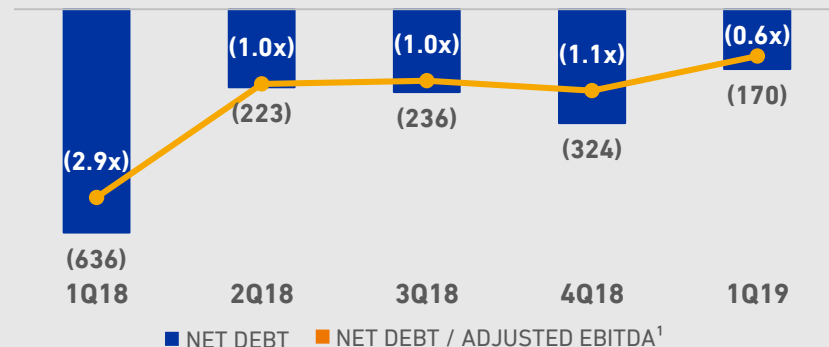
CAPEX

(R\$ mm)



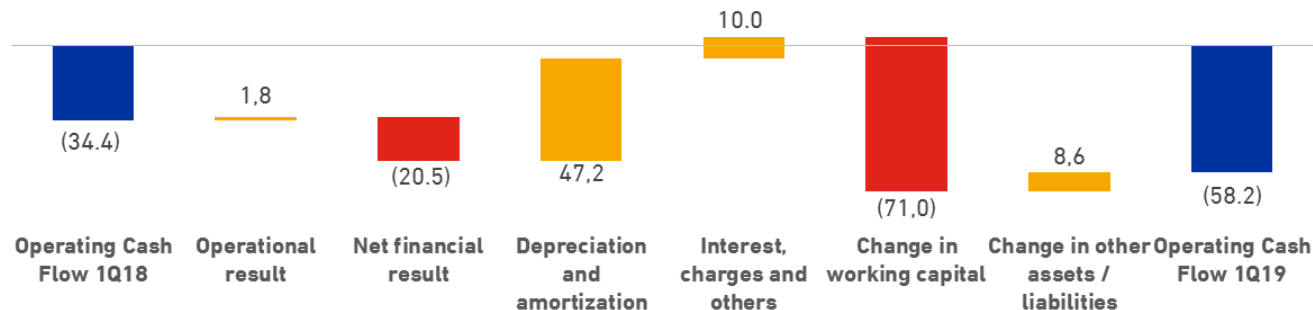
NET DEBT AND LEVERAGE

(R\$ mm, xAdj. EBITDA)



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 option plan

APPENDIX



EFFECTS OF NEW ACCOUNTING STANDARD IFRS16 – (R\$ million)

Consolidated Income Statement (R\$ million)	1Q19 Reported	IFRS16 Effects	1Q19 Ex-IFRS16	1Q18 Reported	Var. %
NET OPERATING REVENUE	665.3	-	665.3	482.5	37.9%
COST OF GOOD SOLD	(254.5)	-	(254.5)	(185.2)	37.4%
GROSS PROFIT	410.8	-	410.8	297.3	38.2%
TOTAL SELLING EXPENSES	(369.1)	(2.9)	(371.9)	(265.8)	39.9%
PERSONNEL EXPENSES	(127.8)	-	(127.8)	(89.7)	42.5%
ROYALTIES AND MARKETING FUND	(61.6)	-	(61.6)	(45.3)	36.0%
EXPENSES ON OCCUPANCY AND UTILITIES	(53.3)	(33.9)	(87.1)	(64.0)	36.1%
PRE-OPERATING EXPENSES	(1.9)	-	(1.9)	(0.9)	109.1%
DEPRECIATION AND AMORTIZATION	(70.2)	31.0	(39.2)	(27.7)	41.2%
OTHER SELLING EXPENSES	(54.3)	-	(54.3)	(38.2)	42.2%
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	(37.1)	(0.3)	(37.4)	(28.6)	30.7%
GENERAL AND ADMINISTRATIVE EXPENSES	(27.8)	(0.4)	(28.2)	(23.7)	18.8%
DEPRECIATION AND AMORTIZATION	(6.6)	0.1	(6.5)	(1.9)	250.9%
EXPENSES WITH MERGER AND ACQUISITIONS	(0.7)	-	(0.7)	(0.9)	-14.9%
GAIN (LOSS) FROM WRITE-OFF OF PROPERTY, EQUIPMENT AND IMPAIRMEN	(1.3)	-	(1.3)	(1.1)	23.0%
COST OF STOCK OPTION PLAN	(0.7)	-	(0.7)	(1.1)	-41.1%
PROFIT (LOSS) BEFORE FINANCIAL INCOME	4.7	(3.2)	1.5	2.9	-46.5%
FINANCIAL RESULTS	(12.5)	10.8	(1.7)	8.0	-
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	(7.8)	7.7	(0.1)	10.9	-
INCOME TAX AND SOCIAL CONTRIBUTION	10.8	(2.6)	8.2	(2.1)	-
NET INCOME FOR THE PERIOD	3.1	5.1	8.1	8.8	-7.8%

CONSOLIDATED INCOME STATEMENT (R\$ MILLION)

	1Q19	1Q18	VAR %	4Q18	VAR %
NET OPERATING REVENUE	665.3	482.5	37.9%	718.1	-7.3%
GROSS REVENUE FROM SALES	712.9	523.3	36.2%	776.9	-8.2%
GROSS REVENUE FROM SALES DEDUCTIONS	(51.8)	(43.7)	18.5%	(62.3)	-16.9%
GROSS REVENUE FROM SERVICES	4.8	3.3	44.2%	4.1	16.7%
GROSS REVENUE FROM SERVICES DEDUCTIONS	(0.5)	(0.4)	42.0%	(0.5)	3.3%
COST OF GOOD SOLD	(254.5)	(185.2)	37.4%	(272.5)	-6.6%
GROSS PROFIT	410.8	297.3	38.2%	445.6	-7.8%
TOTAL SELLING EXPENSES	(369.1)	(265.8)	38.8%	(344.9)	7.0%
PERSONNEL EXPENSES	(127.8)	(89.7)	42.5%	(108.9)	17.4%
ROYALTIES AND MARKETING FUND	(61.6)	(45.3)	36.0%	(65.6)	-6.2%
EXPENSES ON OCCUPANCY AND UTILITIES	(53.3)	(64.0)	-16.8%	(79.3)	-32.8%
PRE-OPERATING EXPENSES	(1.9)	(0.9)	109.1%	(5.6)	-66.2%
DEPRECIATION AND AMORTIZATION	(70.2)	(27.7)	153.1%	(34.5)	103.7%
OTHER SELLING EXPENSES	(54.3)	(38.2)	42.2%	(51.1)	6.4%
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	(37.1)	(28.6)	29.6%	(28.2)	31.3%
GENERAL AND ADMINISTRATIVE EXPENSES	(27.8)	(23.7)	17.2%	(15.4)	80.9%
DEPRECIATION AND AMORTIZATION	(6.6)	(1.9)	255.0%	(2.1)	216.3%
EXPENSES WITH MERGER AND ACQUISITIONS	(0.7)	(0.9)	-14.9%	(3.6)	-79.9%
GAIN (LOSS) FROM WRITE-OFF OF PROPERTY, EQUIPMENT AND IMPAIRMENT	(1.3)	(1.1)	23.0%	(6.0)	-78.5%
COST OF STOCK OPTION PLAN	(0.7)	(1.1)	-41.1%	(1.1)	-41.0%
PROFIT (LOSS) BEFORE FINANCIAL INCOME	4.7	2.9	63.4%	72.5	-93.5%
FINANCIAL RESULTS	(12.5)	8.0	-	3.0	-
FINANCIAL EXPENSES	(19.0)	(11.6)	64.4%	(10.5)	81.6%
FINANCIAL INCOME	6.6	19.6	-66.5%	13.5	-51.5%
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	(7.8)	10.9	-	75.5	-
INCOME TAX AND SOCIAL CONTRIBUTION	10.8	(2.1)	-	8.1	33.4%
CURRENT	-	(1.4)	-	(21.0)	-
DEFERRED	10.8	(0.6)	-	29.1	-62.7%
NET INCOME FOR THE PERIOD	3.1	8.8	-65.4%	83.6	-96.4%

CONSOLIDATED BALANCE SHEET – 2018 (R\$ MILLION)

03/31/2019 12/31/2018

03/31/2019 12/31/2018

ASSETS

CURRENT ASSETS

CASH AND CASH EQUIVALENTS	99.9	175.0
MARKETABLE SECURITIES	223.1	415.6
TRADE RECEIVABLES, NET	77.4	59.6
DERIVATIVE FINANCIAL INSTRUMENTS	-	0.1
INVENTORIES	72.2	81.3
RECOVERABLE TAXES	34.9	40.4
ADVANCES PAID	52.0	26.6
RELATED PARTIES	2.1	-
OTHER RECEIVABLES	21.9	21.1
TOTAL CURRENT ASSETS	583.6	819.7

NON-CURRENT ASSETS

NON-CURRENT INVESTMENTS AT FAIR VALUE	11.6	12.4
RECOVERABLE TAXES	22.6	15.6
JUDICIAL DEPOSITS	32.6	30.9
LONG-TERM RECEIVABLES	5.0	4.6
PROPERTY AND EQUIPMENT	959.2	928.2
INTANGIBLE ASSETS	1,433.8	714.3
TOTAL NON-CURRENT ASSETS	2,464.9	1,705.9

TOTAL ASSETS 3,048.6 2,525.6

LIABILITIES AND EQUITY

CURRENT LIABILITIES

LOANS AND FINANCING	52.3	161.6
TRADE PAYABLES	166.0	241.2
LEASING LIABILITIES	101.1	-
PAYROLL AND SOCIAL CHARGES	88.4	95.2
CORPORATE PAYABLES	8.8	18.0
TAXES PAYABLE	14.1	33.8
DEFERRED REVENUE, NET	9.1	9.1
DIVIDENDS AND INTEREST ON CAPITAL	3.6	26.7
OTHER PAYABLES	23.1	14.1
TOTAL CURRENT LIABILITIES	466.5	599.7

NON-CURRENT LIABILITIES

LOANS AND FINANCING	112.0	117.5
PROVISION FOR LEGAL CLAIMS	12.2	10.7
TAXES PAYABLE	22.2	21.8
DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION	1.6	12.5
LEASING LIABILITIES	628.4	-
DEFERRED REVENUE, NET	24.3	26.4
OTHER PAYABLES	18.5	20.1
TOTAL NON-CURRENT LIABILITIES	819.2	209.0

EQUITY

CAPITAL	940.3	898.2
EARNINGS RESERVE	97.6	97.6
CAPITAL RESERVES AND STOCK OPTIONS PLAN	721.8	721.1
OTHER COMPREHENSIVE INCOME	0.2	(0.0)
RETAINED EARNINGS (ACCUMULATED LOSSES)	3.1	-
TOTAL EQUITY	1,762.9	1,717.0

TOTAL LIABILITIES AND EQUITY 3,048.6 2,525.6

CONSOLIDATED CASH FLOW (R\$ MILLION)

	1Q19	1Q18
CASH FLOW FROM OPERATING ACTIVITIES	(58.2)	(34.4)
CASH GENERATED BY OPERATING ACTIVITIES	90.2	51.7
EARNINGS (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	(7.8)	10.9
DEPRECIATION AND AMORTIZATION OF PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS	45.7	29.6
LEASING AMORTIZATION	31.1	-
INTEREST, CHARGES, EXCHANGE DIFFERENCES AND MONETARY VARIATIONS	11.4	(3.2)
OTHERS	9.8	14.4
CHANGES IN ASSETS AND LIABILITIES		
TRADE RECEIVABLES, NET	(17.8)	2.0
INVENTORIES	9.0	(10.2)
RECOVERABLE TAXES	(1.6)	(2.9)
ADVANCES PAID	(25.3)	0.9
TRADE AND RENTAL PAYABLES	(75.3)	(35.7)
PAYROLL AND SOCIAL CHARGES	(11.9)	(12.0)
PAYMENT OF INTEREST ON LOANS AND FINANCINGS	(1.1)	(8.2)
OTHERS CHANGES IN ASSETS AND LIABILITIES	(24.4)	(20.0)
NET CASH USED IN INVESTING ACTIVITIES	118.1	90.8
PURCHASES OF PROPERTY AND EQUIPMENT	(69.6)	(40.4)
PURCHASES OF INTANGIBLE ASSETS	(8.8)	(5.0)
REIMBURSABLE EXPENSES WITH SHARES OFFERING	(2.1)	-
INVESTMENT IN MARKETABLE SECURITIES	(147.7)	(142.2)
REDEMPTION OF MARKETABLE SECURITIES	346.3	278.4
NET CASH USED IN FINANCING ACTIVITIES	(134.9)	(31.7)
CAPITAL CONTRIBUTED IN THE PERIOD	42.1	-
SHARE PREMIUM INCREASE, NET OF ISSUANCE COSTS	-	(2.0)
PAYMENT OF LOANS AND FINANCINGS (PRINCIPAL)	(119.5)	(29.7)
INTEREST ON CAPITAL PAYABLE	(23.2)	-
LEASING LIABILITIES PAYMENT	(34.3)	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(75.1)	24.7
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	175.0	102.3
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	99.9	127.1

ADJUSTED EBITDA¹ AND NET DEBT (R\$ MILLION)

EBITDA AND ADJUSTED EBITDA¹

EBITDA - R\$ MILLION	1Q19	1Q18	VAR %	4Q18	VAR %
NET INCOME FOR THE PERIOD	3.1	8.8	-65.4%	83.6	-96.4%
(+) FINANCIAL INCOME (LOSS)	12.5	(8.0)	-	(3.0)	-
(+) DEPRECIATION AND AMORTIZATION	76.8	29.6	159.5%	36.6	110.1%
(+/-) INCOME TAX AND SOCIAL CONTRIBUTION	(10.8)	2.1	-	(8.1)	33.4%
EBITDA	81.5	32.5	151.0%	109.0	-25.3%
<i>EBITDA MARGIN</i>	<i>12.2%</i>	<i>6.7%</i>	<i>550bps</i>	<i>15.2%</i>	<i>-300bps</i>
(+) OTHERS EXPENSES*	1.3	1.1	23.0%	6.0	-78.5%
(+) COST OF STOCK OPTION PLAN	0.7	1.1	-41.1%	1.1	-41.0%
(+) MERGE AND ACQUISITION EXPENSES	0.7	0.9	-14.9%	3.6	-79.9%
(+) PRE-OPERATING EXPENSES	1.9	0.9	109.1%	5.6	-66.2%
ADJUSTED EBITDA¹	86.0	36.4	136.4%	125.4	-31.4%
<i>ADJUSTED EBITDA MARGIN</i>	<i>12.9%</i>	<i>7.5%</i>	<i>540bps</i>	<i>17.5%</i>	<i>-460bps</i>
IFRS16 EFFECTS	34.2	-	-	-	-
ADJUSTED EBITDA EX-IFRS16 EFFECTS	51.8	36.4	42.4%	125.4	-58.7%
<i>ADJUSTED EBITDA MARGIN EX-IFRS16 effects</i>	<i>7.8%</i>	<i>7.5%</i>	<i>30bps</i>	<i>17.5%</i>	<i>-970bps</i>

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

TOTAL DEBT AND LEVERAGE

NET DEBT - R\$ MILLION	MAR/19	MAR/18	VAR %	DEC/18	VAR %
LOANS AND FINANCINGS	164.3	458.3	-64.2%	279.1	-41.1%
CURRENT	52.3	303.6	-82.8%	161.6	-67.6%
NON-CURRENT	112.0	154.7	-27.6%	117.5	-4.7%
CASH AND CASH EQUIVALENTS AND MARKETABLE SECURITIES	334.5	1,094.2	-69.4%	602.9	-44.5%
CASH AND CASH EQUIVALENTS AND MARKETABLE SECURITIES (CURRENT)	323.0	1,081.0	-70.1%	590.6	-45.3%
MARKETABLE SECURITIES (NON-CURRENT)	11.6	13.3	-12.8%	12.4	-6.5%
NET DEBT	(170.3)	(635.9)	-73.2%	(323.8)	-47.4%
ADJUSTED EBITDA* (12M)	303.4	222.4	36.4%	288.0	5.4%
<i>NET DEBT / TOTAL ADJUSTED EBITDA (12M)</i>	<i>(0.6x)</i>	<i>(2.9x)</i>	<i>2.3x</i>	<i>(1.1x)</i>	<i>0.6x</i>

*Considers Adjusted EBITDA ex-IFRS16 in 1Q19

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INVESTOR RELATIONS

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