



**International Conference Call
Burger King Brasil S/A (BKBR30
BK Brazil & Domino's Association
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Operator: Good morning and thank you for waiting. Welcome to the BK Brazil teleconference to present the agreement between BK Brazil and Domino's.

We have with us today Iuri Miranda, President, and Gabriel Guimarães, CFO and IR Director of BK Brazil. We inform that this event is being recorded and that all participants will only be hearing the teleconference during the BK Brazil presentation, afterwards will start a Q&A when more instructions will be given.

In case any of you require any assistance during the teleconference, please request assistance typing star zero. This event is also being transmitted simultaneously via the Internet, via webcast, being accessible at the address: www.burgerking.com.br/RI where the presentation will be available. The selection of the slides will be controlled by us. The replay of this event will be available right after its closing.

We would like to inform that this teleconference is being simultaneously translated to English in order to service our foreign investors.

Before proceeding, we would like to clarify that any declarations that might be made during this teleconference related to the business perspectives of BK Brazil, projections operational targets, they constitute beliefs of the company management, as well as information currently available to BK Brazil. Future considerations are not a guarantee of performance, they involve risk, uncertainties, and premises, assumptions, because they refer to future events and therefore, they depend on circumstances which may or may not happen. Investors and analysts must understand that their general conditions, sector conditions and other operating factors might affect the results of BK Brazil in the future and might lead to results which might differ materially from those expressed in these assumptions.

I would like to now pass the word to Iuri Miranda, President of BK Brazil, who will start the presentation. Please, Iuri, you may begin.

Iuri Miranda: Thank you, operator. Good morning everyone. Ladies and gentlemen, I hope you all and your families are safe. Thank you for being here today with us on this special day for all of us where we will share with you the main foundations fundamentals that led us to this association agreement with Domino's in Brazil.

We would like to say that we couldn't be happier of making an announcement like this in this week, where we complete 10 years of BK Brazil operations in the



country, which gives us confidence which we are still beginning. I have in this presentation Gabriel Guimarães, my partner and CFO of the company.

As I said, BK Brazil completes 10 years of operations, and in this short space of time when we look back, we are very proud of what we have built in the food service industry in Brazil. When we started our company way back in 2011, BK (Burger King) accounted for 100 restaurants in Brazil and they were still a little-known brand in Brazil by Brazilians, this was still a dream to be built. Today we are proud to see the size of the restaurant operation in Brazil, over 900 operations in the Burger King and Popeyes brands, we were able to build strong brands which differentiate themselves and their communication through their iconic products, through the work of our team, our franchisees, our commercial partners, the trust from our investors, and above all, the acknowledgement of all of our clients, customers.

Throughout these 10 years, as we were able to reinforce our presence throughout the national territory, we saw expressive gains in market share, which helped us to bring in over R\$3 billion in revenues. To support this quick expansion throughout these years, we also made many acquisitions and about 3 years ago we started to build what we believed will transform the QSR industry throughout the world and also in Brazil: we want to build a company which is truly technological and with strong digital capabilities. That needs to be the long-term commitment, and today, after a few years of investment, we have started to see strong progress, as for example, our recent brand or milestone of over 1 million customers registered in our loyalty program, this construction in the last 10 years, but mainly the beginning of the cycle of the next 10 years will only be possible thanks to our talented people and the culture that we have been able to achieve in our company.

It's with that mindset that we are still beginning our trajectory, and I'll share with you what we're building: a brand ecosystem inside the food [sound breakage – inaudible] able to develop strong brands with best-in-class products in lots, I repeat, lots of technology. And what is an ecosystem to us? Well, being a brand ecosystem means that we'll have the possibility of having many revenue streams in various sub segments which are complementary to each other in their portfolio synergies, common use of infrastructure in technology, and certainly they will benefit from scales of economy.

It was in that search that we started to study the pizza market globally and here in Brazil. As you can see in the chart on page 5, the pizza market, the QSR pizza market represented in 2019 a share of about R\$4 billion, and above all, in a segment which continues in strong growth with CAGRs of almost 11% between 2010 and 2019. Please, notice that with this initiative will be present in the 2 biggest addressable QSR markets in Brazil and also in the one that grows most. This movement puts us in an unmatched position in terms of the development of these 3 business fronts that we have. We also see that, like in burger, the pizza industry is still extremely underpenetrated, as you will be able



to see later ahead, it's very segmented, fragmented, the relationship between networks or chains and independents is 95 to 5 with a clear vision that we would have excellent benefits. Once we go into pizzas, of course, we couldn't be happier with the materialization of this opportunity through the main pizza brand in the world.

As you can see in the chart on page 6, today Domino's International is acknowledged by clients and shareholders, they are a synonym of value generation, a technology company which sells pizza. Many innovative initiatives have been taken in technology Domino's going from an index of 100 overperformed the S&P with basically no other company, like no other company, including the GT technology companies. The numbers are expressive: 39 quarters of positive same store sales in the competitive North American market with over 70% of sales online and the loyalty program counts on 10% of the entire American population. As many of you know, Domino's throughout the last decade was able to differentiate itself through digital including its deliveries through WhatsApp, voice apps, social networks, and even via drones.

This global moment of the brand generates strong value in returns and made it so that Domino's could have another 5 master franchisees listed throughout the world helping to build the pipeline of almost 18,000 restaurants.

Throughout the assessment process we had the opportunity of studying global cases and references in Domino's franchises, and we saw many great examples which will help to guide our operations in Brazil.

As you can see on page 7, Jubilant, Domino's Pizza Group, and Domino's Pizza Enterprises count each one with over 1,000 restaurants in their operating regions serving populations of 78 million residents, up to populations of billions of inhabitants. In the Europe 2020, despite being in a pandemic scenario, these operators were able to deliver strong volume growth in their restaurants and markets where the Domino's penetration per million residents is significantly higher than Brazil.

Besides that, as you can see in the chart on page 7, very aligned with the digital transformation that we're going through Burger King and Popeyes. These operators transact over 70% of their business via online, which reinforces the strength of the brand.

Still on slide 7, we can see that the union of a strong growth trajectory with a strong level of digitalization in the business allowed that these global operators get to multiples significantly higher than those that are normal in the segment of QSR global restaurant owners.

Going to slide 8, I would like to talk a little bit about what the Domino's brand represents in the Brazilian region. Currently in Brazil, Domino's count on around



300 restaurants, of which approximately 200 represented by their strong franchisee system, and without same stores, owned restaurants, the brand is geographically spread out in all of the regions of Brazil, but according to our penetration studies, we understand that there is still clear room for us to get to the milestone of 1,000 restaurants in the next 10 years.

Throughout the last few years, the Domino's Brazil team did an excellent job, they went from third place in market share in Brazil to market leader, 18.4% share, equivalent to 3 times the second place. This growth led the brand to bring in revenues of R\$54 million in system sales, and of those, 207 million were revenue for the company. As we saw throughout the presentation, Brazil's not different, over 60% of sales of the brand are delivery sales, of which 2/3 are done through their own delivery channel. Without a doubt, it'll be an important step in catalyzing the Burger King legacy and the Popeyes legacy.

Within the business verticals, Domino's Brazil still has a production plan where it manufactures and distributes raw materials to supply its own operations as well as its franchisee operations. Without a doubt, a business segment which is very interesting and supplemental.

Going to slide 9 and as we just said, despite the strong growth in number of stores throughout the last 12 years in Brazil, when we compare to the penetration of Domino's stores per million residents in the right-hand corner of the slide, we can see that Brazil still has one of the lowest levels of penetration per million residents when we compared to various other countries throughout the world. This data corroborates the size of the opportunity that we see ahead, and the below part of the slide you can see the level of search for the brand in digital channels, which reinforces our market leader position.

On slide 10 we have more details as far as the operating structure. Business model is made up by 3 main verticals: ours own stores; the franchise stores; and the distributing plant. the MFA contract allows us the right to develop and operate the brand in Brazil for a first cycle of 10 years with another 10 years of expansion. We'll also have the commitment with the number of stores open per year, it's very similar to the current *modus operandi*, in the franchise models the revenue comes from royalties, opening fees and renewal fees in every 5-year cycle.

Finally, one of the main business lines for the company is the raw material plant, and through its plant it manufactures and distributes mass balls for the operations concentrated in the southeast region, where the brand concentrates most of its restaurants.

Going to the next slide, we can see how relevant the intersections between the 3 brains are and how much value we can generate considering all the different synergies. We understand that we have the opportunity of generating 1/3 of additional value to this transaction if we consider all of the different synergies



between the businesses. Besides scale and all of the management infrastructure that we built in the last decade, there are clear benefits brought about by the different business models, which will be part of our strategy: common use of technology - and we will give you more details in the next slide about that –; a vendor system; partners; and franchisees. In this last front, we'll count on a network of over 200 different franchisees, which could in the near future have a portfolio to develop 3 brands.

On slide 12, following everything that we have said about technology, we can see clearly the many opportunities of integrating functionalities, digital products, and initiatives which will permeate the 3 brands in our digital backbone. With that transformation we will be able to unite relevant Domino's initiatives with the building of its own delivery, contact center for delivery, orders via WhatsApp, and on the BK and PLK side we can add to everything that we have built in terms of CRM, loyalty program, drive through, and self-service totems. This union will allow for the construction of a digital ecosystem which is cross brand, the one where we'll use many tools, processes, insights to accelerate and scale digital channels in all 3 brands.

On slide 3 we went briefly through the structure of the transaction. If approved by the antitrust agency and the shareholders after the shareholder meeting, the company will issue 54 million common shares or 16.5% of the share capital for the current shareholders of Domino's Pizza Brazil. The closing expected of this transaction should happen until the end of the fourth quarter. It's important that we reinforce that the capitalization, the financing of Domino's Pizza as we informed of about R\$207 million in pre-closing, Domino's Pizza will be incorporated with a cash position close to net cash. The structure of this transaction will be fundamental so that we may remain with a strong capital structure able to support in a healthy manner our long-term growth.

With the approval of the antitrust agency and the approval of the shareholder assembly, the company will propose that the administration board go from 7 to 9 members, and the 7 board members now present with their own expertise in different contributions to the company will be maintained in an independent manner, together with them Carlos Eduardo Martins, Cadu, known by management and a person key in the building of our company, together with the other indication will start to be part of the administration board.

To our board, we would like to manifest our sincere thanks for the contributions made to the company, and to Cadu I would like to wish him – in case everything works out – an excellent and promising return. With the approval of the transaction this will start to be the shareholder structure of the company: Vinci Partners will hold 21.9% of the shares, Atmos 8%, RBI, Morgan Stanley 4.9%, Capital Group 4.7%, APG 4.6%, Somerset 3%, the other shareholders of the company will keep 45%. To all of our investor, my sincere thanks for your confidence and for believing in our company throughout these many years.



Finally, I would like to close our call today on slide 16, once again showing you the fundamental pillars of this transaction and the importance of each one of them for the building of our dreams. Throughout the next days, myself, Gabriel, and the IR team will be at your disposal to explain any issue which you might have a doubt on. I also close thanking you for your confidence, thank you for our global franchisees, like RBI, and thank you for believing in our company as the exclusive operator of these brands in Brazil.

With that, we now open up for our Q&A session.

Question-and-Answer Session

Operator: Thank you. Ladies and gentlemen, we'll now start the Q&A session. To ask a question, please type star 1. To remove your question from the list, type start 2.

Our first question comes from Robert Ford, from Bank of America. Please, Mr. Ford.

Robert Ford: Thank you. Good morning Iuri, Gabriel, congrats! Could you talk a little bit about how Domino's did during the pandemic and why has Domino's been in historically? How have they performed historically and how should we think about Domino's in this fragmented market of Brazil?

Iuri Miranda: Hello, Bob, thank you for the question. I hope you and your family are well. The pizza business has performed better than the average QSR business during the pandemic, especially Domino's, which is very fundamented or founded on the delivery or supported by delivery, and it made a move, and I would say a very pioneering move here was made in Brazil, which was the expansion of their aggregator base. Beforehand, they had only their own delivery, and after 2019 they started to allow themselves to be added to aggregators, big aggregators here in Brazil. This work was done, and it had great, great results.

Another part, which was more of an opportunity thing, Bob, during the pandemic the Domino's business has an interesting characteristic, besides delivery of the digital structure, the dining piece, the on-site consumption represents around 25% of the business, so that's very specific to Brazil, which has been growing in the Brazil business. It's very specific, and then you look at dining and you look at a business which has been growing in US as well, which is pickup, and logically due to Covid there was a certain impact in 2020 at the beginning of 2021 due to a few restrictions, but we see that with the loosening of the restrictions, things have been improving.

Therefore, this is a business which grew a lot in terms of delivery due to the ease, due to the new aggregators, and we now expect with the return of the consumption or loosening of restrictions that we get back that dining, and we



expect higher delivery rates, like Popeyes and Burger King, like we've seen there, and we see a gradual return of dine-in.

In terms of future opportunities to generate value for the business, Bob, the businesses complement themselves in our perspective, there is a pizza market which is underpenetrated, and I would say it's even more fragmented than the fast food business as a whole. When we think about fast food, we see a segmentation of fragmentation of around 12%, so 12% of the entire market would be in the hands of big chains.

When we think about pizza, it's even more fragmented than that, around 5% of pizza chains are owned by the bigs, and 95% of these pizza stores, shops, are moms and pops. What we see with the advance of technology brought about mainly by COVID, we saw that consolidation comes through the use of data, through contact centers, through technology, through CRM, through our own delivery, last mile, order control. These are all things which scale will allow higher competitiveness on, and I think that will accelerate consolidation in the market. That's how I see it.

Robert Ford: Thank you, Iuri. Congratulations again.

Operator: Our next question comes from Roberto Brown, from Morgan Stanley. Roberto.

Roberto Brown: Good morning, Iuri, Gabriel, thank you for the call and for the explanations. I have many questions, but I have 2 main questions. the first one is: I'm trying to understand the financials of Domino's, I think that in its current stage there's not much you can share, but if you could talk more about the economics of the stores, revenue per store perhaps, EBITDA in a mature store, the investment for us to have a better idea of what that portfolio could generate. And could you talk about the distribution economics as much as you can?

And the second question, could you talk about the growth base, openings per year that can be expected? I don't know if it's too soon to ask that, but if you can share that that would help us to understand the financials of the deal. Thank you.

Iuri Miranda: OK, Roberto, I hope you are well, thank you for your question. Let's start with the financials, alright? In a general manner, the financials of a Domino's restaurant think about a 4 wall EBITDA in the high teens, an interesting margin I would say, with Capex compared to other more traditional models like hamburger, chicken, poultry, it requires less Capex. Think about Capex around 800,000 and R\$1 million. In terms of returns, we thought about a return our business plan thinks about a return very close to the other threshold levels that we have for investment in BK Brazil, which is a return of 20% in 5 years, a Tier of 20%. Pizza compared to BK or Popeyes, you know, it's got less sales per restaurant, but the balance between Capex and sales is very



interesting and a margin in the high teens, which is also very interesting for the business.

Our own delivery, well, will have all the synergies that our own delivery could bring, it's an important part of the Domino's business which will help to close this equation. The other part comes from distribution, Domino's has a manufacturing plant which manufactures mass spheres for its own business as well as its franchise business, and they have evolved with other ingredients. At the time, this plant is servicing regions like São Paulo, Rio and Minas Gerais, but the plan is to expand the capillarity of that distribution, which without a doubt also helps in the return of the business.

We're not talking about high teens for a plant, of course, but still so with a complementary margin in the business since you verticalized production and that is very interesting for us. In terms of growth pace, today Domino's has 200 restaurants present in Brazil, since 2018 they sped up growth, of course there was a pandemic in the way, the same way that, you know, it was in the way of the rest of industry, but when we look ahead, Roberto, this is what I said earlier, the expansion phase which started in 2018 and when we look at the penetration – and I mentioned this slide of the number of Domino's stores, it's about 1.4 stores per one million residents –, it's a very, very low ratio when you look at that, and that leads us to believe that in the next 10-year cycle there will be a potential to see something around 1,000 Domino's restaurants present in the country.

When you look at other countries in Latin America, when you compare it to Mexico and Australia, we can see that there is a huge potential, a potential which is really achievable.

Gabriel Magalhães: With those numbers that Iuri represented, the company should get to a standalone milestone above the 1,000 restaurants and there will be 60% same stores and 40% franchises, and we understand that in 10 years this standalone business would have the condition to perform in sales as well as EBITDA and operating cash generation to numbers which are very similar to what BK performed in 2019. We're talking about something close to 3 billion in revenues with over 300 million in EBITDA, and if we incorporate synergies generating value close to 1/3 of that deal, we could get EBITDA generation in 10 years above what we've achieved for BK.

So, the potential earnings power is very strong when we look at the next 10-year cycle.

Roberto Brown: Wonderful, guys, thank you for the explanation.

Operator: Our next question comes from Tiago Bartolucci, Goldman Sachs. Please, Tiago.



Tiago Bartolucci: Hey, guys, congratulations! Good morning and thank you for taking my question. I wanted to talk about average ticket. Well, it looks like your ticket is above the average Domino's ticket, above the average of the sector, and above Pizza Hut. Assuming you're right, the question is: do you consider this amount adequate? What are the components of this price point? What supports a price point above one of your direct competitors and how do you see the price progression in the future?

Iuri Miranda: Hello, Tiago, thank you for your question. Well, behind your question we have lots of revenue, you know, I'm going to try to explain this strategy without giving revenue to the competitor. The Domino's team has done wonderful work in upselling, as you have mentioned, one of the things that has helped us in upselling was the development that they did of a contact center, many stores prior they would take the orders through the representatives, the sale reps at the cashiers, and many times they would be trying to receive a call, writing down an order, and now the orders were centralized into a contact center where people absolutely trained are able to do upselling of the orders.

Without a doubt, for me that was one of the fundamental factors to the success. Looking ahead, when we speak about strategy the fast food business, the future fast food business is a business where technology is the new margin leverage. Domino's due to its digital technology, they do this very well and we believe that with everything that we built with BK this union will be incredible.

What am I saying to you? I'm going to give you an example in house: when you think about a CRM (a customer relationship manager), think about a contact center with the consumer data, of course, with all the data protection laws being complied with, where you can customize offers including, from the perspective of margins, that is you don't need to provide a discount to all consumers and you are able to guide that sale, if you can do that that's something only technology can help you with.

If today we have reps in a contact center, very soon we could have an algorithm pulling the data from the client, the loyalty number, their loyalty number, looking at their purchase history and making them the order suggestion. That's the first thing. Second, the fast food business, and I mean Brazil runs around 35 million consumers are fast food heavy users and they consume fast food various times per week, and honestly they alternate between fast food chains. When you have data about those consumers and you can generate additional sales and trials of products, which are very good, that is a sale that even if you make a promotion for them, when you think about the gross margin that you're bringing in since it's additional sales, surplus sales than that's very interesting.

So, margin will be a combination of incremental sales of new clients with the management of existing client margins. For that you need strong brands, technology, and client data. I believe that Domino's has a very interesting platform which unites everything that we have built in terms of CRM, our loyalty



program, basically safeguarding the individualities because they are separate brands and be confident that the management strategy behind it will be the same despite the brands being different.

Operator: Reminding you that to ask your question, please type star 1.

We're now waiting for additional questions.

If there are no additional questions, we'll close the Q&A sessions at this time. I'd now like to pass the word to luri for his final comments.

luri Miranda: Thank you, operator. Thank you everyone for your attention here today, it's a very special week for BK Brazil and we are honored by this association with Domino's, and we are sure that we are taking an important step, a differentiated step in the fast-food history in Brazil. Everyone have a great week. Thank you.

Operator: The BK Brazil audio conference is now closed. We thank you for your participation, have a wonderful day and thank you for using Chorus Call.