

BK BRASIL

4Q18 and 2018 Results
February 28, 2019



POPEYES

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4Q18 AND 2018 RESULTS

4Q18x4Q17 PERFORMANCE:

Net Operational Revenue of R\$718 million in 4Q18 (+37.4%);

Total openings of 65 units during 4Q18, considering BURGER KING® and POPEYES® brands – total net openings of 104 units in 2018;

Total of 793 restaurants of BURGER KING® brand in 2018 – 57 openings in 4Q18;

Total of 8 restaurants of POPEYES® brand opened in 4Q18;

Comparable sales in same restaurants growth of 7.1% in 4Q18;

Adjusted EBITDA¹ of R\$125 million in 4Q18 (+50.6%) and **adjusted EBITDA margin** of 17.5% in 4Q18 (+160 bps);

Net income of R\$84 million in 4Q18 (+R\$62 million vs. 2017).

2018x2017 PERFORMANCE:

Net Operational Revenue of R\$2,348 million in 2018 (+31.6%);

Comparable sales in same restaurants growth of 6.5% in 2018;

AEBITDA Ajustado¹ of R\$288 million in 2018 (+36.7%) and **adjusted EBITDA margin** of 12.3% (+50 bps);

Net income of R\$128 million (+R\$124 million vs. 2017);

Interest on capital distribution of R\$30 million.



Source: BK Brasil Note:1Adjusted 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

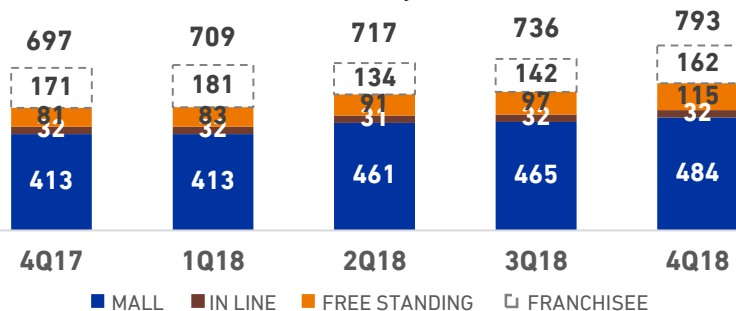
EXPANSION OF RESTAURANTS NETWORK

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

Total number of restaurants: 801 (with 8 Popeyes)

RESTAURANTS

+96

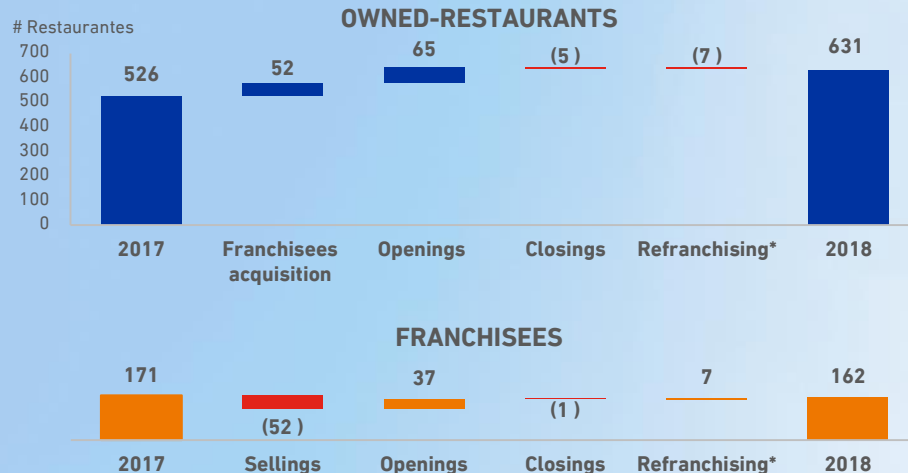


DESSERT CENTERS

+98

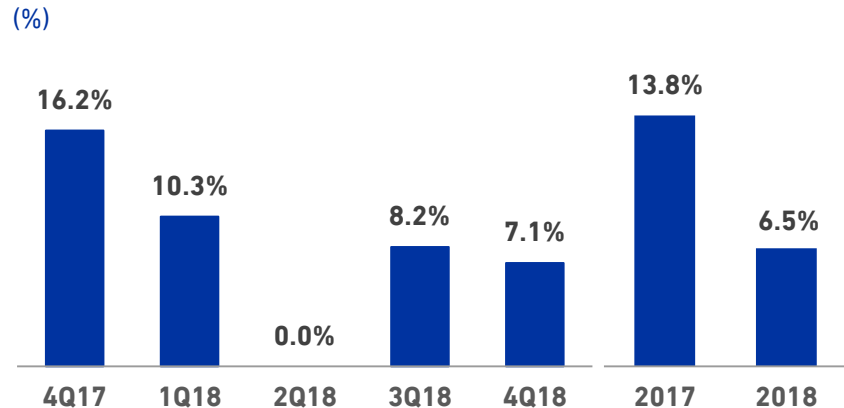


EXPANSION OF BURGER KING RESTAURANTS IN 2018 (# of restaurants)



GROWTH IN NET OPERATING REVENUE AND COMPARABLE RESTAURANT SALES

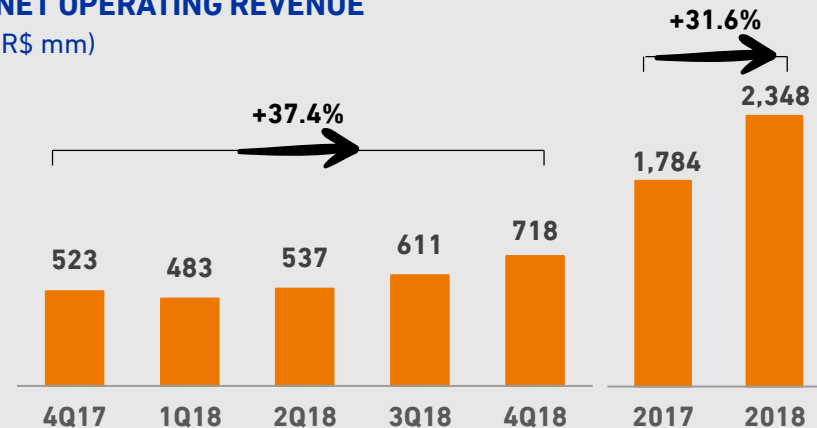
GROWTH IN COMPARABLE SALES IN SAME RESTAURANTS



The solid growth in comparable sales is a result of the further evolution of the brand in the country, the development of new sales channels such as mobile order-and-pay app and the delivery service, as well as the strong performance of our innovations and products.

NET OPERATING REVENUE

(R\$ mm)



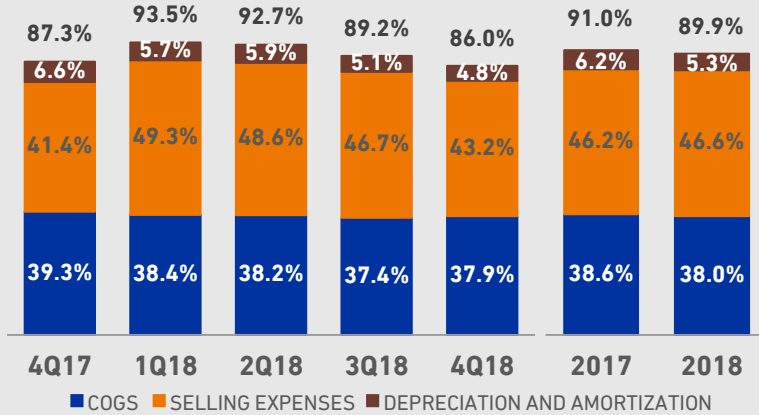
The increase in net operating revenue is related to the growth in comparable sales by 7.1% in the period, the strong performance of restaurants opened during the last 12 months and the acquisition of franchised restaurants.



OPERATING LEVERAGE, WITH COSTS AND EXPENSES CONTROL

COST OF GOODS SOLD AND SELLING EXPENSES

(as % of net operating revenue)

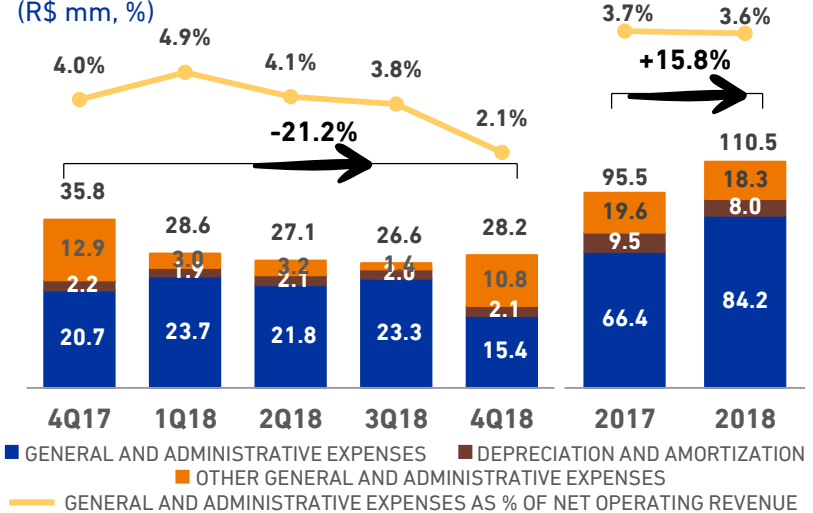


Cost of goods sold in 4Q18 improved 140 bps, reflecting a more favorable product mix, the development of new sales channels such as delivery and efficient cost control.

Selling expenses at restaurants increased 180 bps, reflecting higher expenses with third-party services due to new sales channels, pre-operating expenses due to the greater number of free standing restaurants and first openings of the POPEYES® restaurants, besides the strong comparison base in 4Q17.

GENERAL AND ADMINISTRATIVE EXPENSES

(R\$ mm, %)



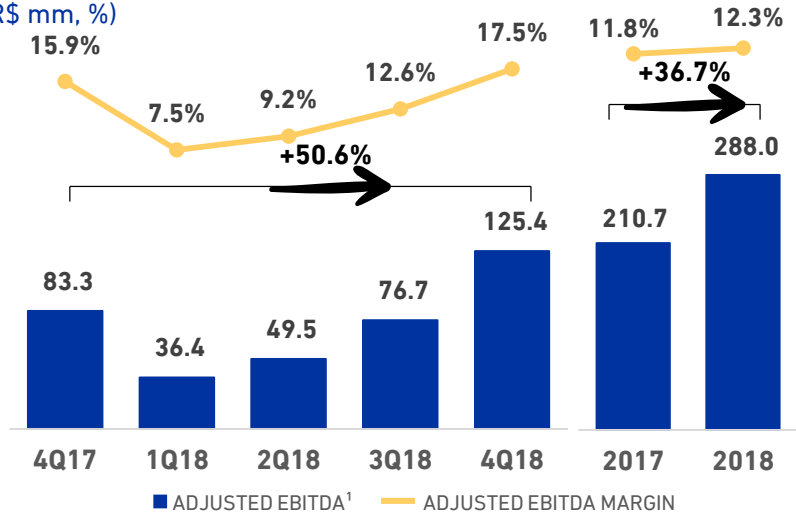
Corporate general and administrative expenses (G&A) represented 2.1% of net operating revenue in 4Q18, mainly impacted by lower provisions for lawsuits and higher concentration of other revenues in the last quarter of the year.



ADJUSTED EBITDA¹ AND NET INCOME EVOLUTION

ADJUSTED EBITDA¹ AND ADJUSTED EBITDA MARGIN

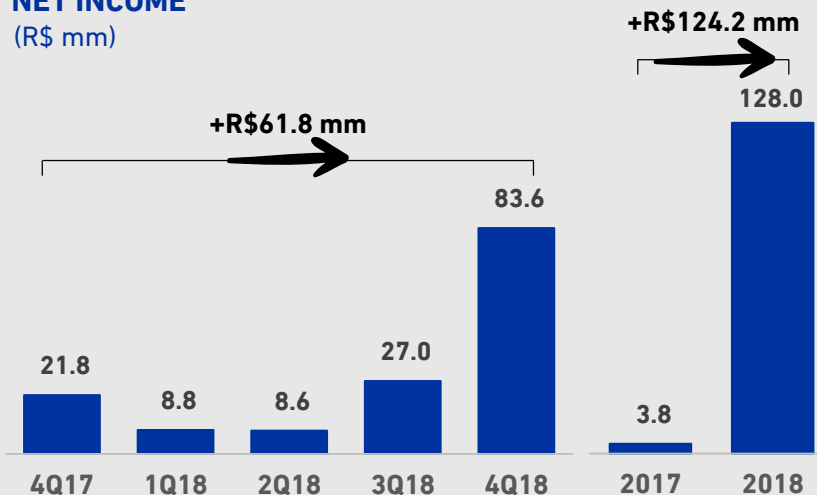
(R\$ mm, %)



The increase in adjusted EBITDA was due to a strong increase in net operating revenue, given the solid growth of comparable sales in same restaurants, consistent growth of gross margin, and a focus on cost control. Adjusted EBITDA margin increased 160 bps to 17.5% due to the improvement in gross margin and the Company's operating leverage.

NET INCOME

(R\$ mm)



The growth in net income reflects the solid growth in operating income, the Company's operating leverage and the non-recurring effect of the recognition of deferred income tax asset in the amount of R\$30 million.

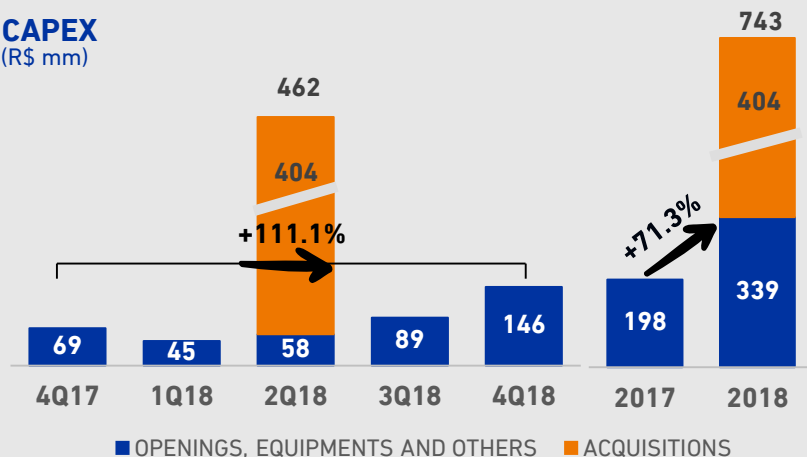


Source: BK Brasil Note: ¹Adjusted EBITDA is a non-accounting measure adopted by the Company, which corresponds to EBITDA adjusted by pre-operating expenses, expenses with mergers and acquisitions, and other expenses, which the Company's Management believes are not part of the normal course of business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

INVESTMENTS IN RESTAURANTS OPENINGS AND CASH FLOW GENERATION

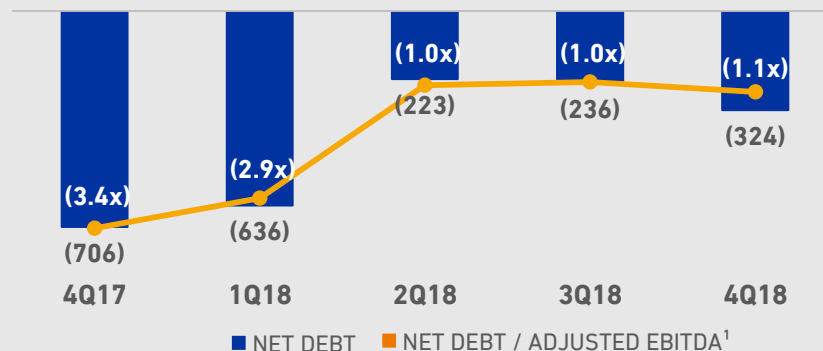
CAPEX

(R\$ mm)



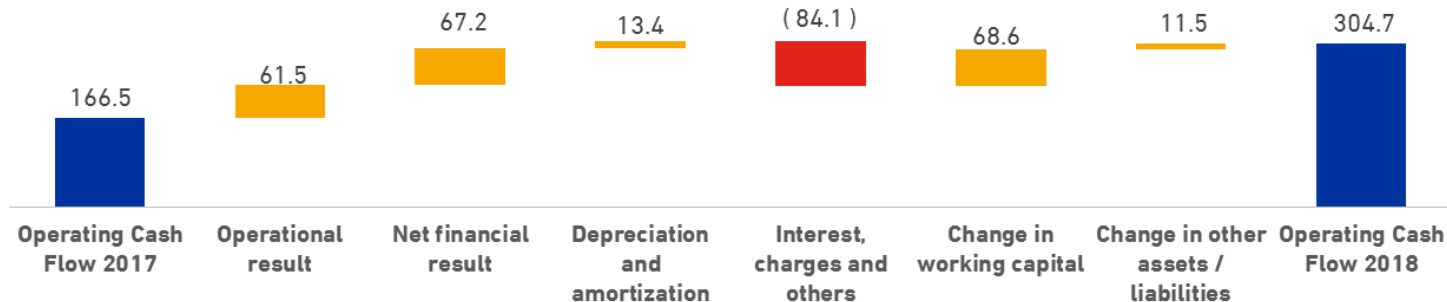
NET DEBT AND LEVERAGE

(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

2018 SUMMARY



FRANCHISEE ACQUISITION

- Acquisition and integration of **51 restaurants and 20 dessert kiosks** of a franchisee



ADDITIONAL OPPORTUNITIES FOR GROWTH

- Opening of **8 restaurants of POPEYES®** brand in big shopping malls of the city of São Paulo and São Paulo metropolitan area, after 7 months of MFDA assignment



NEW SERVICES AND TECHNOLOGY

- Delivery development: **+100 restaurants**
- Implementation of mobile order and payment app: **over 50% of owned restaurants**



ORGANIC GROWTH

- Net openings of **96 restaurants** of BURGER KING® brand
- Openings of **29 Free-Standing restaurants** of BURGER KING® brand
- Openings of **98 dessert centers** of BURGER KING® brand
- **Comparable sales growth** of 6.5% in 2018

APPENDIX



CONSOLIDATED INCOME STATEMENT – 4Q18 (R\$ MILLION)

	4Q18	4Q17	VAR %	3Q18	VAR %
NET OPERATING REVENUE	718.1	522.5	37.4%	610.9	17.6%
GROSS REVENUE FROM SALES	776.9	564.8	37.6%	662.9	17.2%
GROSS REVENUE FROM SALES DEDUCTIONS	(62.3)	(46.5)	34.1%	(55.1)	13.1%
GROSS REVENUE FROM SERVICES	4.1	4.5	-9.5%	3.5	17.7%
GROSS REVENUE FROM SERVICES DEDUCTIONS	(0.5)	(0.3)	101.9%	(0.4)	21.2%
COST OF GOOD SOLD	(272.5)	(205.6)	32.5%	(228.4)	19.3%
GROSS PROFIT	445.6	316.9	40.6%	382.5	16.5%
TOTAL SELLING EXPENSES	(344.9)	(250.5)	37.7%	(316.3)	9.1%
PERSONNEL EXPENSES	(108.9)	(81.1)	34.3%	(105.5)	3.3%
ROYALTIES AND MARKETING FUND	(65.6)	(38.0)	72.6%	(57.3)	14.5%
EXPENSES ON OCCUPANCY AND UTILITIES	(79.3)	(59.2)	34.0%	(72.7)	9.0%
PRE-OPERATING EXPENSES	(5.6)	(3.3)	68.4%	(2.5)	126.9%
DEPRECIATION AND AMORTIZATION	(34.5)	(34.3)	0.6%	(31.3)	10.1%
OTHER SELLING EXPENSES	(51.1)	(34.6)	47.5%	(47.1)	8.5%
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	(28.2)	(35.8)	-21.2%	(26.6)	6.2%
GENERAL AND ADMINISTRATIVE EXPENSES	(15.4)	(20.7)	-25.9%	(23.3)	-33.9%
DEPRECIATION AND AMORTIZATION	(2.1)	(2.2)	-3.2%	(2.0)	5.9%
EXPENSES WITH MERGER AND ACQUISITIONS	(3.6)	(0.7)	453.4%	(0.6)	464.5%
GAIN (LOSS) FROM WRITE-OFF OF PROPERTY, EQUIPMENT AND IMPAIRMENT	(6.0)	(9.4)	-35.7%	0.4	-
COST OF STOCK OPTION PLAN	(1.1)	(2.9)	-61.7%	(1.1)	-0.1%
PROFIT (LOSS) BEFORE FINANCIAL INCOME	72.5	30.6	136.7%	39.6	82.9%
FINANCIAL RESULTS	3.0	(7.2)	-	2.3	29.0%
FINANCIAL EXPENSES	(10.5)	(15.1)	-30.3%	(9.4)	11.7%
FINANCIAL INCOME	13.5	7.9	71.6%	11.7	15.2%
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	75.5	23.4	222.1%	42.0	79.9%
INCOME TAX AND SOCIAL CONTRIBUTION	8.1	(1.6)	-	(14.9)	-
CURRENT	(21.0)	-	-	(13.0)	61.6%
DEFERRED	29.1	(1.6)	-	(1.9)	-
NET INCOME FOR THE PERIOD	83.6	21.8	283.2%	27.0	209.4%

CONSOLIDATED INCOME STATEMENT – 2018 (R\$ MILLION)

	2018	2017	VAR %
NET OPERATING REVENUE	2,348.3	1,783.8	31.6%
GROSS REVENUE FROM SALES	2,541.8	1,917.7	32.5%
GROSS REVENUE FROM SALES DEDUCTIONS	(206.1)	(148.1)	39.2%
GROSS REVENUE FROM SERVICES	14.3	15.1	-5.1%
GROSS REVENUE FROM SERVICES DEDUCTIONS	(1.7)	(0.8)	100.0%
COST OF GOOD SOLD	(891.3)	(687.9)	29.6%
GROSS PROFIT	1,457.0	1,096.0	32.9%
TOTAL SELLING EXPENSES	(1,219.7)	(935.2)	30.4%
PERSONNEL EXPENSES	(404.5)	(308.2)	31.2%
ROYALTIES AND MARKETING FUND	(215.8)	(160.1)	34.8%
EXPENSES WITH OCCUPANCY AND UTILITIES	(280.2)	(221.9)	26.3%
PRE-OPERATING EXPENSES	(9.7)	(6.1)	57.7%
DEPRECIATION AND AMORTIZATION	(125.1)	(110.2)	13.5%
OTHER SELLING EXPENSES	(184.4)	(128.7)	43.3%
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	(110.5)	(95.5)	15.8%
GENERAL AND ADMINISTRATIVE EXPENSES	(84.2)	(66.4)	26.8%
DEPRECIATION AND AMORTIZATION	(8.0)	(9.5)	-15.5%
EXPENSES WITH MERGER AND ACQUISITIONS	(6.7)	(2.1)	219.9%
GAIN (LOSS) FROM WRITE-OFF OF PROPERTY, EQUIPMENT AND IMPAIRMENT	(7.1)	(12.2)	-41.9%
GAIN (LOSS) ON CLAIMS	0.0	0.3	-98.7%
COST OF STOCK OPTION PLAN	(4.5)	(5.5)	-18.7%
PROFIT (LOSS) BEFORE FINANCIAL INCOME	126.8	65.3	94.2%
FINANCIAL RESULTS	10.9	(56.3)	-
FINANCIAL EXPENSES	(44.6)	(84.7)	-47.3%
FINANCIAL INCOME	55.5	28.4	95.3%
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	137.7	9.0	-
INCOME TAX AND SOCIAL CONTRIBUTION	(9.7)	(5.2)	85.3%
CURRENT	(35.5)	-	-
DEFERRED	25.8	(5.2)	-
NET INCOME FOR THE PERIOD	128.0	3.8	-

CONSOLIDATED BALANCE SHEET – 2018 (R\$ MILLION)

12/31/2018 12/31/2017

12/31/2018 12/31/2017

ASSETS

CURRENT ASSETS

CASH AND CASH EQUIVALENTS	175.0	102.3
MARKETABLE SECURITIES	415.6	1,076.4
TRADE RECEIVABLES, NET	59.6	61.0
DERIVATIVE FINANCIAL INSTRUMENTS	0.1	0.1
INVENTORIES	81.3	39.7
RECOVERABLE TAXES	40.4	25.0
ADVANCES PAID	26.6	24.8
OTHER RECEIVABLES	21.1	9.1
TOTAL CURRENT ASSETS	819.7	1,338.4

NON-CURRENT ASSETS

NON-CURRENT INVESTMENTS AT FAIR VALUE	12.4	13.3
RECOVERABLE TAXES	15.6	17.3
JUDICIAL DEPOSITS	30.9	26.6
LONG-TERM RECEIVABLES	4.6	4.2
PROPERTY AND EQUIPMENT	928.2	699.6
INTANGIBLE ASSETS	714.3	316.1
TOTAL NON-CURRENT ASSETS	1,705.9	1,077.1

TOTAL ASSETS 2,525.6 2,415.6

LIABILITIES AND EQUITY

CURRENT LIABILITIES

LOANS AND FINANCING	161.6	210.0
TRADE PAYABLES	241.2	139.0
PAYROLL AND SOCIAL CHARGES	95.2	69.8
CORPORATE PAYABLES	18.0	14.0
TAXES PAYABLE	33.8	20.3
DEFERRED REVENUE, NET	9.1	-
DIVIDENDS AND INTEREST ON CAPITAL	26.7	-
OTHER PAYABLES	14.1	19.9
TOTAL CURRENT LIABILITIES	599.7	473.0

NON-CURRENT LIABILITIES

LOANS AND FINANCING	117.5	275.7
PROVISION FOR LEGAL CLAIMS	10.7	6.2
TAXES PAYABLE	21.8	5.1
DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION	12.5	38.3
DEFERRED REVENUE, NET	26.4	-
OTHER PAYABLES	20.1	-
TOTAL NON-CURRENT LIABILITIES	209.0	325.4

EQUITY

CAPITAL	898.2	895.8
EARNINGS RESERVE	97.6	-
CAPITAL RESERVES AND STOCK OPTIONS PLAN	721.1	915.7
RETAINED EARNINGS/ACCUMULATED LOSSES	-	(194.4)
TOTAL EQUITY	1,717.0	1,617.2

TOTAL LIABILITIES AND EQUITY 2,525.6 2,415.6

CONSOLIDATED CASH FLOW (R\$ MILLION)

	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES	304.7	166.5
CASH GENERATED BY OPERATING ACTIVITIES	321.8	263.8
EARNINGS (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	137.7	9.0
DEPRECIATION AND AMORTIZATION OF PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS	133.1	119.7
INTEREST, CHARGES, EXCHANGE DIFFERENCES AND MONETARY VARIATIONS	(7.6)	67.4
OTHERS	58.5	67.6
CHANGES IN ASSETS AND LIABILITIES		
TRADE RECEIVABLES, NET	8.5	(27.3)
INVENTORIES	(39.4)	(8.9)
RECOVERABLE TAXES	(12.0)	(2.0)
ADVANCES PAID	(1.5)	(16.1)
TRADE AND RENTAL PAYABLES	96.6	58.6
PAYROLL AND SOCIAL CHARGES	(10.1)	(11.1)
PAYMENT OF INTEREST ON LOANS AND FINANCINGS	(30.8)	(68.2)
OTHERS CHANGES IN ASSETS AND LIABILITIES	(28.4)	(22.3)
NET CASH USED IN INVESTING ACTIVITIES	6.0	(1,208.4)
PURCHASES OF PROPERTY AND EQUIPMENT	(321.4)	(172.2)
PURCHASES OF INTANGIBLE ASSETS	(17.5)	(25.6)
CONSIDERATION PAID ON THE ACQUISITION OF INVESTMENTS	(360.9)	-
INVESTMENT IN MARKETABLE SECURITIES	(722.9)	(1,304.9)
REDEMPTION OF MARKETABLE SECURITIES	1,428.7	294.4
NET CASH USED IN FINANCING ACTIVITIES	(238.1)	887.3
CAPITAL CONTRIBUTED IN THE PERIOD	2.4	890.1
SHARE PREMIUM INCREASE, NET OF ISSUANCE COSTS	-	178.8
SHARES ISSUANCE COSTS	(4.7)	(48.6)
PAYMENT OF LOANS AND FINANCINGS (PRINCIPAL)	(235.7)	(121.3)
PAYMENT OF CONTINGENT CONSIDERATION AND PAYABLES FOR ACQUISITION OF SUBSIDIARIES	-	(11.6)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	72.6	(154.6)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	102.3	256.9
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	175.0	102.3

ADJUSTED EBITDA¹ AND NET DEBT (R\$ MILLION)

EBITDA AND ADJUSTED EBITDA¹

EBITDA - R\$ MILLION	4Q18	4Q17	VAR %	3Q18	VAR %	2018	2017	VAR %
NET INCOME FOR THE PERIOD	83.6	21.8	283.2%	27.0	209.4%	128.0	3.8	-
(+) FINANCIAL INCOME (LOSS)	(3.0)	7.2	-	(2.3)	29.0%	(10.9)	56.3	-
(+) DEPRECIATION AND AMORTIZATION	36.6	36.4	0.4%	33.3	9.8%	133.1	119.7	11.2%
(+/-) INCOME TAX AND SOCIAL CONTRIBUTION	(8.1)	1.6	-	14.9	-	9.7	5.2	85.3%
EBITDA	109.0	67.0	62.7%	72.9	49.6%	260.0	185.0	40.5%
<i>EBITDA MARGIN</i>	<i>15.2%</i>	<i>12.8%</i>	<i>240bps</i>	<i>11.9%</i>	<i>330bps</i>	<i>11.1%</i>	<i>10.4%</i>	<i>70bps</i>
(+) OTHERS EXPENSES*	6.0	9.4	-35.6%	(0.4)	-	7.1	11.9	-40.4%
(+) COST OF STOCK OPTION PLAN	1.1	2.9	-61.7%	1.1	-0.1%	4.5	5.5	-18.7%
(+) MERGE AND ACQUISITION EXPENSES	3.6	0.7	453.4%	0.6	464.5%	6.7	2.1	219.9%
(+) PRE-OPERATING EXPENSES	5.6	3.3	68.4%	2.5	126.9%	9.7	6.1	57.7%
ADJUSTED EBITDA¹	125.4	83.3	50.6%	76.7	63.4%	288.0	210.7	36.7%
<i>ADJUSTED EBITDA MARGIN</i>	<i>17.5%</i>	<i>15.9%</i>	<i>160bps</i>	<i>12.6%</i>	<i>490bps</i>	<i>12.3%</i>	<i>11.8%</i>	<i>50bps</i>

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

TOTAL DEBT AND LEVERAGE

NET DEBT - R\$ MILLION	DEC/18	DEC/17	VAR %	SEP/18	VAR %
LOANS AND FINANCINGS	279.1	485.7	-42.5%	409.9	-31.9%
CURRENT	161.6	210.0	-23.1%	278.9	-42.1%
NON-CURRENT	117.5	275.7	-57.4%	131.1	-10.3%
CASH AND CASH EQUIVALENTS AND MARKETABLE SECURITIES	602.9	1,192.0	-49.4%	646.2	-6.7%
CASH AND CASH EQUIVALENTS AND MARKETABLE SECURITIES (CURRENT)	590.6	1,178.7	-49.9%	633.4	-6.8%
MARKETABLE SECURITIES (NON-CURRENT)	12.4	13.3	-7.0%	12.8	-3.4%
NET DEBT	(323.8)	(706.3)	-54.2%	(236.3)	37.0%
ADJUSTED EBITDA (12M)	288.0	210.7	36.7%	245.9	17.1%
<i>NET DEBT/ TOTAL ADJUSTED EBITDA (12M)</i>	<i>(1.1x)</i>	<i>(3.4x)</i>	<i>2.2x</i>	<i>(1.0x)</i>	<i>(0.2x)</i>

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

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BRASIL

INVESTOR RELATIONS

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POPEYES

