



BK BRASIL OPERAÇÃO E ASSESSORIA A RESTAURANTES S.A.

2Q19 CONFERENCE CALL

Operator: Good morning and thank you for waiting. Welcome to the **BK Brasil** teleconference to discussion results of the Second Quarter of 2019.

We have present with us Mr. Iuri Miranda, President of BK Brasil, Clayton Malheiros, Financial Director, and Marcelo Cintra, Investor Relations.

We inform you that this event is being recorded and that all participants will be hearing the teleconference during the presentation of BK Brasil. Afterwards, we will do the Q&A, when more instructions will be provided. In case any of you requires any assistance during the teleconference, please request assistance from an operator by dialing star 0.

This event is also being transmitted simultaneously via web, through a webcast and you may access it at: www.burgerking.com.br/RI, where you will find the presentation.

The selection of the slides will be controlled by you. The replay of this event will be available right after its closing. We would like to inform you that this teleconference is being simultaneously translated to English to help our foreign investors.

Before proceeding, we would like to declare that any declarations that may be made during this teleconference regarding the business perspectives of BK Brasil, projections, operational and financial goals are believes and premises that the company administration has, as well as information available for BK Brasil.

Future considerations are not guarantee of performance, involve risks and uncertainties because they deal with future events and they depend on circumstances that could or could not happen. Investors and analysts should understand that general conditions, sector conditions and other operational factors could affect the results of BK Brasil and may conduct to results which materially differ from those expressed in the materials.

I'd like to now pass the word to Iuri Miranda, president of BK Brasil, who will start the presentation.

Please, Iuri, you may start.

Mr. Iuri Miranda: Thank you. Thank you for the introduction, operator. Good morning everyone and thank you for the interest in our company and also for the participation in this teleconference for presenting the results of BK Brasil for the second quarter and the first semester of 2019.

As an introduction, I would like to highlight a few events and evolutions that we had in our brands in this quarter. Starting with Burger King during this quarter, the brand was considered globally the most creative in the international Festival of Cannes. Our campaign "Burn that Add" was the Brazilian campaign which was the most award-winning at the festival with 9 Lions, besides being the second most award-winning campaign of the Burger King brand globally.

We are very safe in the performance of Burger King, which continues to position itself in a differentiated manner in the Brazilian market.

As far as the Popeyes brand, although it's a brand with less than a year of national presence, we continue to see consisting growth and the acknowledgment of brand in the city of São Paulo. This leaves us very secure in the performance and the potential of this business.



Going to slide 3 in our presentation, I would like to comment on other highlights of our results. Throughout the quarter, we've achieved the opening of 16 new restaurants, 10 units are Burger King brand and another 6 Popeyes brand, that is, we continue delivering a strong pace of opening of new units with an increase of 100 new units in the last 12 months. This represents an acceleration when compared to 94 new units in the first quarter of this year.

We have reached the expressive amount of 800 Burger King restaurants in Brazil and we got to 17 Popeyes restaurants in only 8 months since the first opening. When we take a look at the milestone of 800 Burger King restaurants, we are the first fast food company in Brazil to get to this level of restaurants in only 15 years, being that 700 units have been inaugurated in the last 7 years after the creation of our company.

I would also like to highlight the **buy-in** to our strategy of growing the Burger King brand in street restaurants.

As far as our operational and financial results, even in a challenging economic environment, in the second quarter we show an increase of net operational revenue of 25.9% versus the same period of last year. This increase was brought about by the units we opened in the last 12 months, as well as the strong growth of same-store-sales of 10.9%, which continues considerably above industry, which grew 7.9% according to the Food Service Brazil Institute.

For the cumulative of the year, we present a same-store-sales of 8.4% which compares to 5.7% for the industry according also to the Food Service Institute.

Our sales performance was brought about by the constant investment in technology, our app and new sales channels combined with the constant innovation in platforms, like Kids – and here we highlight our partnership with Pokémon, the premium line is a launch of Mega Stacker Mafioso, and desserts with the national launch of the milk fudge flavor.

Besides the sales performance, we constantly strengthen the connection with our consumers, which has brought the Burger King brand to maintain itself in the leadership and preference in various Brazilian capitals.

As far as profitability of our operation, we present an adjusted EBITDA of R\$95 million, and for more comparability, excluding the effect of the introduction of the accounting norm IFRS 16, we would have an adjusted EBITDA of 65 million of EBITDA margin of 9.6% adjusted, of which represents an increase of 31.1% and 40 basis points when compared respectively with the second quarter of 2018.

Although the good performance in same-store-sales, we haven't had operational leveraging in past efficiency levels. We have implemented initiatives that will bring about fruits for the company in the next few months.

Finally, as far as the net profit for the quarter, we were close to break even, and for the semester we present a positive R\$2 million. With everything, excluding the effects of IFRS 16 in our net profit, our net profit would have been R\$6 million in the second quarter of 2019 and R\$13 million in the cumulative for the year.

With this, I pass the word to my partner and CFO, Clayton Malheiros, to give you more details on the performance of the company. Clayton.

Mr. Clayton Malheiros: Thank you, Iuri. Good morning everyone. Advancing our presentation, let's go to slide 4.

Here we can see that during the second quarter of 2019, as commented by Iuri, we opened 10 Burger King restaurants and 6 Popeyes restaurants. Considering the 2 closings of the BK restaurants in the quarter, we closed the period with 817 restaurants under the Burger King and Popeyes brands, of

which 652 are operated by BK Brasil, consolidating even more our company as the biggest restaurant operator in Brazil with a broad advantage compared to the second place.

In this quarter, we increased the geography of our main brand and we reached 230 cities in Brazil. Our focus is still the opening freestanding restaurants, that in the garden grill model provide a you need experience to our users in terms of comfort and environment.

This model represented 60% of total openings in the semester, and when we look at the last 12 months, this model represents over 50% of the total of restaurants opening, same-store openings.

Going to the evolution of the dessert center openings (another big focus of growth for the company), in this quarter we opened 12 dessert centers and we closed the period with 270 units, which represents an opening of 90 dessert centers in the last 12 months.

And last, as far as Popeyes, we continue with our expansion plan and we opened another 6 units in the quarter, reaching 17 Popeyes restaurants at the end of the second semester of 2019 located in important malls of the Metropolitan region of São Paulo.

Now going to slide 5, our comparable sales growth in the same-stores in the semester was 10.9%, result of the continuous evolution of the brand and the speeding up of the sales in digital channels like delivery, which got to 59 cities, and BK Express, our mobile order and pay app, which has overcome the milestone of 13,000 downloads available in all restaurants for BK Brasil.

Besides that, we also had a comparison base due to the truckers' strike and the World Cup in 2018. With this, the cumulative in the year for same-store cumulative sales was 8.4%, much above GDP.

Now, our net operational revenue grew 25.9% compared to the same period last year and brought about by the performance of the restaurants and dessert centers opened in the last 12 months. In the semester, our net operational revenue grew 45%.

Before going into the next slide, just like we did in the first quarter of 2019, I'd like to highlight that after January of this year we started to adopt a new accounting norm IFRS 16. Due to that reason, in the next slides we will present our numbers and the following with and without the effects of the norm. Thus, throughout the presentation we will work on the adjusted numbers to exclude this impact so that we can understand better and compare to the same period of last year.

Going now into slide 6, we present the evolution of our costs and expenses. The total expenses reached R\$632 million, and as a percentage of the net operational revenue, they went from 92.7% to 93.5%, increasing 80 basis points.

The cost of goods sold, as a percentage of net operational revenue, reduced compared to the same period last year, reaching 35.7%, benefited by the new sales channel, the digital one, reduction of operational losses and tax credits from previous periods of approximately R\$10 million according to the incorrect taxing of ICMS.

The expenses with the sales less depreciation and amortization represented 50.3% of the net operational revenue, expanding 70 basis points when compared to 2018, reflecting in more expenses with tickets and higher expenses with third parties.

Besides the increase with the restaurants in this semester, we believe that an improvement is to come, bringing the company to the historical efficiency levels. We implemented initiatives that will bring about fruits to the company in the next few months.

In the comparison of semesters, as a percentage of net operational revenues, the expenses increased 90 basis points, the result of higher expenses with contractors due to expenses with

delivery, personnel, and higher expenses with utilities, compensated by the reduction of 90 basis points for the cost of goods sold.

Now, the administrative expenses reduced 30 basis points, reaching 3.8% in the second quarter of 2019. This reduction reflects the continuous focus in expenses control, operational leveraging and the better management of our restaurants. In the semester comparison, this represents 4,0% of the net revenues.

Following to slide 7, we can see the growth of adjusted EBITDA of 31.1%, reaching R\$65 million in the second quarter of 2019, reflecting an increase in our net operational revenue, higher gross profit and reducing administrative expenses, partially compensated with more sales. With this, the adjusted EBITDA margin increased 40 basis points.

In the comparison of semesters, the adjusted EBITDA increased 33.5% and reached R\$115 million, reflecting the solid growth and the control of costs. Due to this, the adjusted EBITDA margin reached 8.5% in 2019.

Still in slide, we can see that our net profit was R\$6 million in this quarter, and in the cumulative we reached R\$13 million, impacted by higher income tax, especially for the companies acquired in the last year which will be Incorporated in the third quarter of 2019.

Now on slide 8, we can see the CAPEX, financial leveraging and operational cash flow. In the second quarter of 2019, our CAPEX totaled R\$108 million, an increase compared to 2019 including be opening of restaurants and dessert centers, investments in remodeling, and the construction of the restaurants to be inaugurated throughout the year.

It is important to highlight that this year we have a higher pipeline of openings in the history of BK Brasil this time and with large focus on freestanding restaurants. In the semester, the organic growth of CAPEX reached R\$186 million.

Going to financial leveraging, we closed the month of June with total cash of R\$274 million, a drop of 59.3% when compared to the same period 2018 due to the organic expansion of the company and amortization of debts, according to the amortization schedule. Our cash was R\$150 million, a reduction of 48.8% compared to the second quarter of 2018.

Finally, in the first quarter of 2019, the operational cash flow generation gives us an increase of R\$32 million compared to 2018, giving us higher operational results and an impact from the IFRS 16 accounting norm, also impacted by working capital requirements due to an increase in advancements to contractors.

And with this, I pass the word to luri to close the presentation.

Mr. Miranda: Thank you Clayton. And to end of the presentation of the company and before we open up for Q&A, I would like to take advantage and give you an update on some matters.

As far as our expansion of new units, we continue with a very robust pipeline of openings, and we expect to maintain the historical opening focusing on free-standings for BK and food courts for Popeyes.

As far as technology, we are advancing quickly into new initiatives, which will help us to understand better the consumers, their habits and their consumer preferences in fast food. This is an important step for customized offers and increment in traffic and competitive advantage.

Like Clayton said, we are the biggest fast food restaurant in the country with an operational structure connected from the POS to the back-office, which places us into a privileged position to capture and

analyze data. Our business advances quickly in various channel, becoming an omnichannel operation.

Throughout this quarter, we have added the delivery service in approximately 50 new restaurants, and today we have over 170 restaurants offering delivery. Due to the assessments received, our delivery is one of the best and quickest in the market. We expect to add new units throughout the next months.

Our mobile order & pay app, BK Express, continues to grow. We have over 13 million downloads, an important base for order development of our consumer relationship management program (our CRM). We believe that the CRM will help us to understand consumer habits and to interact with our clients in an innovative manner.

Additionally, looking for more efficiency, productivity and support to our expansion plan, we have started a project of digital transformation of our back-office using modern technology tools like RPA, OCR and the use of artificial intelligence.

We want to leap the traditional approach of a shared center looking to increase profit, that is, we want a modern and efficient restaurant structure in a large-scale. And when we talk about efficiency, I also would like to share with you an initiative in sustainability: we have established a partnership with a company which is reference in renewable energy for the development of 5 energy generation plants through photovoltaic panels. The project will be responsible for the supply of 50 units of our brand with clean and renewable energy. Clean energy that will be generated with this project that can power up to 5,000 residences.

In terms of corporate governance, we are happy with the entry in April of another independent board member. Actually, a female board member; Paula comes to our board bringing diversity and a technology background, which is very interesting. Paula has been responsible for Microsoft in Brazil, and currently issues VP of sales for Microsoft for America Latina.

Another highlight that we have was receiving the Revelation Award of the best companies in the stock market organized by Info Money magazine, and we were one of the top 3 companies considering performance, value generation and governance.

To end, I would like to highlight that although we have a macroeconomic scenario which is difficult, BK continues to show strong results, strong organic growth, gain of market share, profitability, implementing initiatives to keep our company at the front of the fast food market. We believe in our strategy, in our team, in our potential and our brands.

With this, we end our presentation, and now I would like to open up for Q&A. Operator, please, let's go to the questions.

Question-and-Answer Session

Operator: Ladies and gentlemen, to ask a question please dial star 1. To remove your question, please dial star 2.

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

Mr. Ford: Good morning and thanks for taking my questions. Luri, could you tell me a little bit about the leveraging of the operational in the semester and your expectations here forward? And also, could you quantify the increase that you expect from the efficiency efforts that you're undertaking?

And in this context, could you also tell me about the decision of the appeals court as far as intermittent work and the implications for BK Brasil, if there is something?

Mr. Miranda: Hello Bob, good morning, thank you for your questions. Starting with the question of operational leveraging, this really was an opportunity for us in the quarter because we had already identified. We really thought that perhaps we could have leveraged a little bit more.

The good news is that we have done this historically, and so, if you take a look at the company in previous years, we have run at levels of operational leveraging which are higher than we got in the second quarter, which shows that we know how to do it and we are doing.

And so, taking a look forward, what we do see is that we want to get to historical levels of operational leveraging and there are some lines that we have identified: one, for example, is the line of productivity at the restaurants. We believe that we can increase productivity; a second train of thought is the utilities. There was an impact of gas and energy, but we have already started some initiatives, like the migration of some restaurants to the free market and this initiative that I just talked about as far as the photovoltaic energy that we expect to implement starting now until 2020 in 60 restaurants.

The part of sales, which also allows for leveraging, we continue to see the performance of the company better than the market. Once again, looking at a challenging economic environment, we have been able to get good growth results and we don't see reasons for this to change in the future.

As far as the comment that I talked about, about the digital platform and what we intend to implement in our back-office, what I can say to you is that this is a project, Bob, that we are doing together with IBM and we have already mapped out various processes, internal processes, and like I said, the use of RPA, cognitive, artificial intelligence, OCR technology, you know, and for the biggest restaurant operator, with the volume that we have, we can apply many of these modern processes and to have an efficiency and even better efficiency than a customer support center, a traditional customer support center.

We've done all the tests, we are undergoing the calculation of returns, impacts, but very soon we will start to implement the first processes and we will be able to share with you what are the expected gains.

And as far as the intermittent work question, this was a point that came about from the labor reform. It was questioned by courts in the past, in the past some companies decided to do it, some companies decided not to do it. Like I talked to you in previous calls, our initial decision was to not implement until we have more clarity on this issue.

The Superior Court judged favorably a company, as you said, here in Brazil, so this opens up a new perspective, but it's one decision from the Supreme Court. I believe that it's more prudent for us to wait and see how the understanding of this decision will be at the other levels and if it really will become case law.

Mr. Ford: Thank you Iuri. Could you also give us an update on the last trends of the Popeyes restaurants in terms of sales, branding, breakeven and your thoughts about the opportunity for growth, long-term?

Mr. Miranda: Sure. Well, once again, the first restaurant that we opened was in October, we were able to do a very quick expansion and we already have 17 restaurants, some of them have very few months of operation, and so it's too soon for us to give a good financial number to you. But what I can tell you is that it is aligned to our expectations and more and then aligned to our expectations, what is surprising are the assessments of the clients to this offer.

So what we saw back then in the potential chicken market, really, we are seeing hands-on that there is a market for chicken and that we are building this habit. We continue very optimistic for the future.

A piece of information that I can give you is that we already start now that we have 17 restaurants, for example, we start to offer delivery services in Popeyes restaurants. We started this about a month/month and a half, the initial results are encouraging even because we have looked at Popeyes in other businesses, in other countries, and delivery has worked well in other countries.

Mr. Malheiros: Just complementing – this is Clayton speaking Bob – delivery it would also follow an important role of helping in the trial of the brand, and so reaching a higher audience than of only those who visit one of the 17 malls where we are present.

And this will help to build brand awareness, and it will help to build brand preference at the right time. The product, as you know, it travels very well. So we are very secure that this will help to speed up this growth.

Mr. Miranda: All right, thanks Clayton. Just adding, Bob, we already see a knowledge of the brand, like I said. In the city of São Paulo we see very expressive knowledge of the brand awareness, so if you think in terms of strategy, the strategy is to continue opening mall restaurants and, like Clayton said, to generate trials because by the research that we do with the consumers which try our product, this encourages us and we do need to make people try this.

Mr. Ford: It's clear, thank you so much.

Mr. Miranda: Thanks, Bob.

Operator: The next question comes from Luís Felipe Guanais, BTG Pactual.

Mr. Guanai: Good morning everyone. My question is regarding the gross margin, I wanted to understand, guys, how we could think about this dynamic of margin in the next quarters considering the competitive dynamics and any cost pressures, especially related to the protein.

And then a second question would be, you talked about the potential of opening stores and you reinforced the openings in the free standing and food court formats, but I wanted to understand how the mapping of these new points are thinking about a horizon of 1 year to 2 years. Thanks.

Mr. Miranda: Thank you for your question, Luís. As far as gross margin, what we see forward is an environment of stability. Why? Because the economy is still challenging. We expect now, with the approval of the pension reform, that it starts to advance gradually, and I think with this the economic environment will also start to take on legs, and this is good for us, and we think in 2020 this will really show.

We see this more as a question of the stability. And why stability? Because, like I said, when you take a look at sales, we continue to see good sales performance of the brands, so we continue to see a good return, and when we look at costs, when we take a look at costs (and then you talked about protein cost pressure), well, we haven't experienced higher pressure from proteins.

Our internal inflation continues below IPCA inflation levels, and a lot of this has to do with the growth itself. And so Burger King, Popeyes, BK Brasil becomes a bigger and bigger company, with more and more restaurants, and this helps us with the relationship with our contractors, and our operational leveraging is helping us to offset costs and renegotiation of contracts even below inflation.

As far as mapping of opportunities and pipeline, this for me is another virtuous cycle. I believe that the economy helps in this point because the availability, especially for the expansion of street restaurants, it does exist. The brand, like I said, if you think about Burger King, the Burger King brand is more and more known with preference in various capitals of the country, people want to do business with us, and so we are good tenants for the renters. There is this availability.

And when you think about Popeyes for malls, which is our strategy now, people and the partnership that we have developed with the mall chains during these 7 years showing that we are capable of doing a Burger King expansion, this really does leverage the opportunities for Popeyes.

So much so, if we imagine that we opened the first Popeyes restaurant in October and we already have 17 and this comes from the expertise of our development team, our SG&A team and also due to the good relationship we have developed with the malls.

Mr. Guanai: Excellent Yuri. Thank you. If I could just ask you a third question as far as Popeyes. You signed a partnership last year and you talked about adapting the menu a Popeyes for the Brazilian taste, but I wanted to know if this adaptation is 100% complete, if you believe that nowadays the Popeyes menu is the way that you would imagine at this level of development of the brand.

Mr. Miranda: That's an excellent question. Actually, yes, I would say that the menu that we have nowadays for Popeyes has undergone most of the innovations that we wanted to go through, and the biggest indication that we have that the innovation was adequate was the feedback that we have gained from the consumers.

And so, it's no use us thinking that we are good if our clients say that our products are not good. So the best feedback that we can get is from our clients that we really apparently have adapted the menu.

Now, you know the fast food market and you know that one of the important factors of this market is innovation. And so, it wouldn't be different for Popeyes since we have Burger King and we will have in Popeyes. We will always have some type of innovation and improvement due to future trends which will come about from the consumers.

But so far, we are very happy with the feedback from the clients to the adaptations that we have made to the Popeyes menu in the Brazilian market.

Mr. Guanai: Excellent, thank you.

Operator: The next question comes from Richard Cathcart, Bradesco.

Mr. Cathcart: Hello, good morning everyone. I just wanted to go back to the question of the operating costs. I wanted to ask you about the staff line because there was a deleveraging in the first quarter also in the second, although the same-store sales were good. But could you explain a little bit why these collaborator costs are increasing, please? Thank you.

Mr. Miranda: Hey Richard. Thank you for your question. And sincerely and honestly, we expected and prepared ourselves for more sales. Although it was above industry levels, an expressive number of same-store-sales we expected perhaps a recovery, a quicker recovery of the economy at this time, we were expecting higher sales and we had prepared ourselves for this.

In the future, you are asking if we are adequating ourselves to the current levels of sales, and like I said, we continue to see a very good sales level forward, but we are going to adequate the productivity to historical levels we've had.

It's not that we are going to do something different than we've done in the past. If we take a look at previous years, we had adequate productivity to the sales level that we had in the past, and that's exactly what we will do from here forward.

Mr. Malheiros: Richard, if I can ask another question... Actually, this is Clayton. There are 2 peculiarities specifically as far as labor, which are connected to seasonality: in the first quarter, you have the impact of the descending curve post December, which obligates an adjustment, and the size of this adjustment is proportional to what we believe that will come as demand, always trying to

look at a good equation from the perspective of cost and service quality that we offer to our clients; and when we take a look at the second quarter, you have an end of the second quarter culminating with the month of July, which is a strong month in terms of seasonality and also implies in how you prepare yourself for this month, for all this demand that is coming.

So I think these are two additional points which make it so that this number have this period, these two results of deleveraging. But once again, like Luri said, the initiatives are being undertaken so that we go back to historical levels.

Mr. Cathcart: All right, thank you. And if I can just ask another question on gross margin. Well, we compare year by year, if we take out the tax credit, and you put into your presentation that delivery is helping and that there was a reduction in operational load, and so excluding these impacts, I wanted to understand a little bit the dynamic of the gross margin, if you are perhaps investing more in promotions given that the market has become more competitive given that the demand is a little bit weaker, if you have something as far as mix and etc. Could you give me a little bit more information on that?

Mr. Miranda: All right, thank you Richard. Well, the answer is no, we haven't invested more in promotions. The market is competitive, and I believe that this is natural even due to the economic situation of the country. I wouldn't expect it to be something different.

Once again, looking forward, we see stability of gross margin perhaps with a little gain or perhaps a gradual gain of gross margin, and this gradual gain for me is very connected to the economic recovery. From the moment that we have a drop in the unemployment levels, and we have higher trust from consumers then we see a retake in the economy. We've seen in this in previous periods when the economy is growing how we can leverage, especially for companies that have preference, companies which have the brand awareness that we have.

And that's why we invest so much and we invest in brand growth, and that's why we mentioned that we are preference leaders in various capitals, this helps us at the moment that the consumer has more income available, they know exactly where they want to seek his preferred products, and we are ready to capture that as soon as it comes about.

And on the other side, we have a company, we are the biggest operator of owned restaurants, which gives us negotiating power to hold off on cost and to have good negotiations with our suppliers.

And so I think that that's the combination looking forward that allows us to think about a gradual growth of gross margin, once again, through the preference, due to the economic environment and cost control.

Mr. Cathcart: All right. Excellent, thank you.

Operator: Next question comes from Ian Luketic, J.P. Morgan.

Mr. Luketic: Good morning Luri and Clayton. Quick question. We just want to understand what led to the increase of R\$15 million in other expenses with sales. Was this connected to stronger sales expectation or was there specific impact?

Mr. Miranda: Yes, we had an impact and I'm going to let Clayton tell you more about this, but when we think about last year, the main alterations: we had the issue of utilities, as I had already mentioned, compared to the previous year, we had a little bit of a growth in the gas and energy costs, and we are talking about expenses as a whole compared to previous year looking at the entire scenario.

So we do have a pressure for energy compared to last year, which by the initiatives that I talked about which are implemented now in the first quarter, we are trying to offset the second semester of the year.

And Clayton can tell you more about the other lines?

Mr. Malheiros: Hey Ian, it's Clayton. Well, within this group, we have a few services, especially third-party services connected to the restaurants where you have a part of that connected to our own growth. And so we are talking here about cleaning services, we are talking about security services, we are talking about **cash pickup**. So within this group, we have a group of expenses which are variable; you have a fixed part, but you do have some parts which are variable here. So naturally this would grow.

And what we have in here are the expenses related to the delivery, which is related to the take rate of the partner which comes in as a contractor expense on this line. So once delivery ends up growing, this is a line that will grow as well, but which is being offset by bringing in increments when we think about gross profit, which is the combination of more sales minus the cost of the product, so that net is what we understand as being an incremental to the company and positive.

So basically, that's what I am telling you, okay? One part should grow due to the growth of the company itself, and another piece is connected to the delivery service, and this one is becoming bigger due to the growth of volume of delivery in our business.

Mr. Luketic: So just to be clear, the expenses with third parties would go into other expenses, which was of R\$62.8 million in the quarter without IFRS?

Mr. Miranda: Yes.

Mr. Luketic: Perfect, thanks.

Operator: We now close the Q&A. I would like to pass the word to luri for final considerations. Please luri, you may proceed.

Mr. Miranda: Once again, I'd like to thank you all. We know that this time is a time where you need to service various conferences at the same time, and so thank you for the interest in the company and we will keep our complete trust in the growth of the brands, the potential of the market and how we are preparing to continue at the front of fast food for the future with various initiatives that for us are transformational, not only as far as efficiency, but also cash generation and brand awareness in the fast food industry.

So I wish you all a great weekend.

Operator: The BK Brasil audio conference is now closed. Thank you for your participation, have a great weekend and thank you for using Chorus Call.