

BK BRASIL

3Q19 EARNINGS RELEASE



POPEYES

NET OPENING OF 104 RESTAURANTS IN THE LAST 12 MONTHS AND 4.0% GROWTH IN COMPARABLE SALES BOOSTED NET REVENUE GROWTH TO 18.4% IN 3Q19

Barueri, November 7, 2019 – BK Brasil Operação e Assessoria a Restaurantes S.A. (B3:BKBR3), the master franchisee of Burger King Corporation and Popeyes Louisiana Kitchen for Brazil, announces today its results for the third quarter of 2019. The consolidated quarterly information of the Company is presented in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the accounting practices adopted in Brazil. Non-financial and non-accounting data were not reviewed by the independent auditors.

3Q19 Earnings Release

Conference Call and Webcast

November 8, 2019

In Portuguese, simultaneously translated into English

Time: 11:00 a.m. (BRT); 9:00 a.m. (US ET)

Dial-in:

From Brazil:

+55 11 3181-8565 or
+55 11 4210-1803

From other countries:

+1 412 717-9627 or
+1 844 204-8942
(Toll Free)
Code: BK Brasil

Investor Relations:

Clayton Malheiros

Marcelo Cintra
+55 11 2397-0368

Carolina Martins
+55 11 2397-0369

HIGHLIGHTS

3Q19x3Q18 Performance:

- **Net operating revenue** of R\$723 million in 3Q19, up 18.4% from 3Q18;
- **Total of 25 restaurants opened** during 3Q19, of which 19 are BURGER KING® restaurants leading to a net opening of 104 restaurants in the last 12 months;
- **Total of 817 restaurants of the BURGER KING® brand** at the end of 3Q19;
- **Total of 23 restaurants of the POPEYES® brand** at the end of 3Q19;
- **Growth of comparable sales in same restaurants¹** of 4.0% in 3Q19, compared to 9.2% in 3Q18;
- **Adjusted EBITDA²** of R\$115 million in 3Q19. Excluding the effects of the new accounting standard (IFRS 16), Adjusted EBITDA would have been R\$82 million;
- **Adjusted EBITDA Margin** of 15.9%. Excluding the effect of IFRS 16, the margin would have been 11.3% in 3Q19;
- **Net income** of R\$ 5 million in 3Q19. Excluding the effects of IFRS 16, net income would have totaled R\$ 10 million.

9M19x9M18 Performance:

- **Net operating revenue** of R\$2,065 million in 9M19, up 26.6% from 9M18;
- **Growth of comparable sales in same restaurants¹** of 7.9% in 9M19, compared to 6.6% in 9M18;
- **Adjusted EBITDA²** of R\$294 million in 9M19. Excluding the effects of the new accounting standard (IFRS 16), Adjusted EBITDA would have been R\$196 million in 9M18;
- **Adjusted EBITDA Margin** of 14.3% in 9M19. Excluding the effect of IFRS 16, the margin would have been 9.5% in 9M19;
- **Net income** of R\$7 million in 9M19. Excluding the effects of IFRS 16, net income would have totaled R\$ 23 million.

FINANCIAL HIGHLIGHTS - R\$ MILLION (CONSOLIDATED)	3Q19	3Q18	VAR.	9M19	9M18	VAR.
NET OPERATING REVENUE	723.4	610.9	18.4%	2,064.6	1,630.3	26.6%
ADJUSTED EBITDA ⁽²⁾	115.0	76.7	50.0%	294.2	162.6	81.0%
% OF NET OPERATING REVENUE	15.9%	12.6%	330bps	14.3%	10.0%	430bps
ADJUSTED EBITDA ⁽²⁾ EX-IFRS16 EFFECTS	81.5	76.7	6.3%	196.2	162.6	20.7%
% OF NET OPERATING REVENUE	11.3%	12.6%	-130bps	9.5%	10.0%	-50bps
NET INCOME (LOSS)	5.4	27.0	-80.1%	7.2	44.4	-83.7%
NET INCOME (LOSS) EX-IFRS16 EFFECTS	10.4	27.0	-61.6%	13.2	44.4	-70.2%
GROSS DEBT	132.8	409.9	-67.6%	132.8	409.9	-67.6%
NET DEBT (NET CASH)	(47.8)	(236.3)	-79.8%	(47.8)	(236.3)	-79.8%
SHAREHOLDERS' EQUITY	1,755.1	1,662.9	5.5%	1,755.1	1,662.9	5.5%

OPERATIONAL HIGHLIGHTS	3Q19	3Q18	VAR. ⁽³⁾	1H19	1H18	VAR. ⁽³⁾
# OF RESTAURANTS	840	736	104	840	736	104
OWNED RESTAURANTS						
# OWNED RESTAURANTS BEGINNING OF PERIOD	652	583	69	639	526	113
BURGER KING® RESTAURANT OPENINGS	15	14	1	25	27	(2)
BURGER KING® RESTAURANT CLOSINGS	(2)	-	(2)	(8)	(5)	(3)
ACQUISITION / SALE ⁽⁴⁾ OF BURGER KING® RESTAURANT BUSINESSES	-	(3)	3	-	46	(46)
POPEYES® RESTAURANT OPENINGS	6	-	6	15	-	15
# OWNED RESTAURANTS END OF PERIOD	671	594	77	671	594	77
FRANCHISEES RESTAURANTS						
# FRANCHISEES RESTAURANTS BEGINNING OF PERIOD	165	134	31	162	171	(9)
BURGER KING® RESTAURANT OPENINGS	4	6	(2)	9	18	(9)
BURGER KING® RESTAURANT CLOSINGS	-	(1)	1	(2)	(1)	(1)
ACQUISITION / SALE ⁽⁴⁾ OF BURGER KING® RESTAURANT BUSINESSES	-	3	(3)	-	(46)	46
# FRANCHISEES RESTAURANTS END OF PERIOD	169	142	27	169	142	27
COMPARABLE SALES GROWTH IN SAME RESTAURANTS (SSS) ⁽¹⁾	4.0%	9.2%	-520bps	7.9%	6.6%	130bps

⁽¹⁾ SALE OF COMPANY-OWNED RESTAURANTS TO FRANCHISEES.

¹ Comparable sales growth in same restaurants. Considers the sales of restaurants operated by BK Brasil that have been open for more than 13 months compared to the same period in the previous year.

² "Adjusted EBITDA" is a non-accounting measure adopted by the Company, which corresponds to EBITDA adjusted by pre-operating expenses, expenses with mergers and acquisitions, and other expenses, which the Company's Management believes are not part of the normal course of business and/or distort any analysis of the Company's operating performance, including: (i) write-off of property and equipment (damages, obsolescence, gain (loss) from asset divestment and impairment); and (ii) costs with stock option plan.

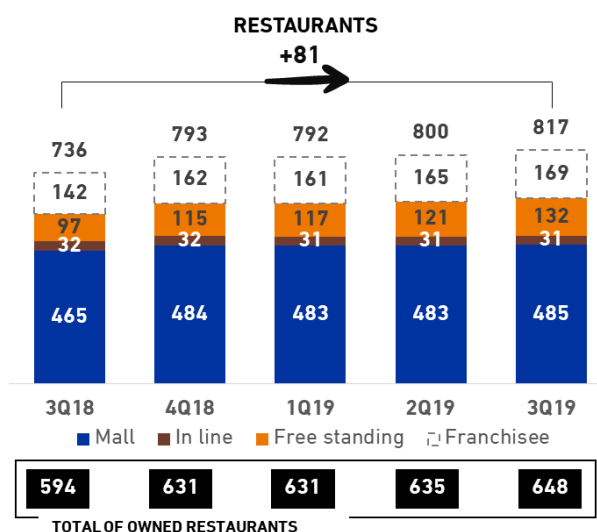
³ Net variation.

⁴ Sale of company-owned restaurants to franchisees.

OPERATING AND FINANCIAL PERFORMANCE

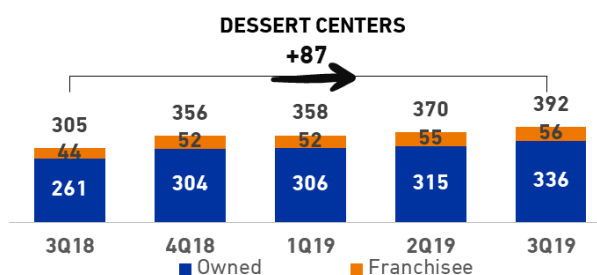
BURGER KING® restaurant expansion⁵

During 3Q19, BURGER KING® system opened 19 new restaurants, of which 15 were company-owned restaurants and 4 were franchisees. Considering only restaurants owned by BK Brasil, net of closures (2 restaurants), the Company ended the quarter with a total of 648 owned restaurants, an increase of 54 restaurants from 3Q18. As for franchised restaurants, BURGER KING® system ended 3Q19 with 169 restaurants. As such, the BURGER KING® system ended the third quarter with a total of 817 restaurants operating in Brazil, a net increase of 81 restaurants in the last 12 months.



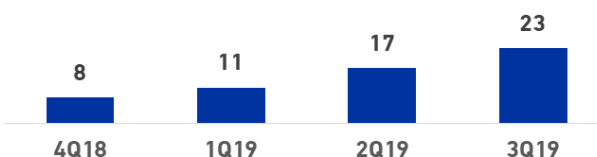
BURGER KING® dessert centers expansion

In addition to the 817 restaurants, the BURGER KING® system ended 3Q19 with 392 dessert centers, an increase of 87 units when compared to 3Q18.



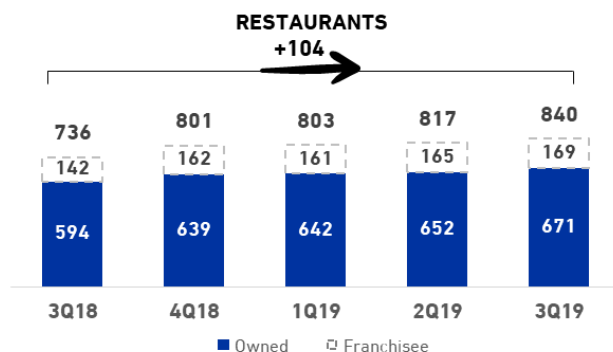
POPEYES® restaurant expansion

Throughout 3Q19, the POPEYES® system opened 6 new restaurants and ended the quarter with 23 units, in line with the expansion plan for the brand in Brazil.



Total restaurant expansion

Therefore, we ended 3Q19 with a total of 840 restaurants managed by the Company, of which 671 are company-owned BURGER KING® and POPEYES® restaurants and 169 are BURGER KING® franchised restaurants.



⁵ 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

Effects of the IFRS 16 adoption

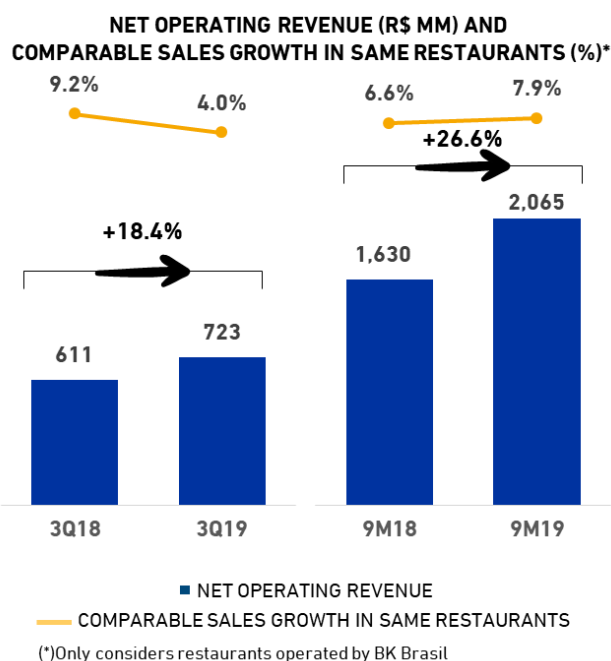
On January 1, 2019, the Company adopted the accounting standard IFRS 16 – Leases. According to the new standard, the Company, as the lessee, recognizes a right-of-use asset related to the leased asset and a lease liability representing its obligation to make future lease payments. As the Company's main lease agreement refers to rent of company-operated restaurants, the fixed portion of lease expenses is now recognized as amortization and financial expense, while the variable portion of lease expenses continues recognized as occupancy expense. For better understanding, throughout this report, information on the effects from adoption of the new accounting standard on the main accounts impacted in 3Q19 and 9M19 was included, both in tables and graphs.

Consolidated Income Statement (R\$ million)	3Q19 Reported	IFRS16 Effects	3Q19 Ex-IFRS16	3Q18 Reported	Var. %	9M19 Reported	IFRS16 Effects	9M19 Ex-IFRS16	9M18 Reported	Var. %
NET OPERATING REVENUE	723.4	-	723.4	610.9	18.4%	2,064.6	-	2,064.6	1,630.3	26.6%
COST OF GOOD SOLD	(276.5)	-	(276.5)	(228.4)	21.1%	(778.8)	-	(778.8)	(618.8)	25.8%
GROSS PROFIT	446.8	-	446.8	382.5	16.8%	1,285.8	-	1,285.8	1,011.4	27.1%
TOTAL SELLING EXPENSES	(384.0)	(6.5)	(390.5)	(316.3)	23.4%	(1,129.9)	(19.4)	(1,149.3)	(874.8)	31.4%
PERSONNEL EXPENSES	(121.3)	-	(121.3)	(105.5)	15.0%	(377.1)	-	(377.1)	(295.6)	27.6%
ROYALTIES AND MARKETING FUND	(67.8)	-	(67.8)	(57.3)	18.3%	(191.5)	-	(191.5)	(150.2)	27.5%
EXPENSES ON OCCUPANCY AND UTILITIES	(59.0)	(33.2)	(92.2)	(72.7)	26.8%	(168.6)	(97.6)	(266.2)	(201.0)	32.5%
PRE-OPERATING EXPENSES	(6.3)	-	(6.3)	(2.5)	156.5%	(11.0)	-	(11.0)	(4.1)	168.0%
DEPRECIATION AND AMORTIZATION	(71.8)	26.7	(45.1)	(31.3)	44.1%	(206.8)	78.2	(128.6)	(90.7)	41.9%
OTHER SELLING EXPENSES	(57.7)	-	(57.7)	(47.1)	22.6%	(174.9)	-	(174.9)	(133.4)	31.2%
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	(35.9)	0.0	(35.8)	(26.6)	34.7%	(105.5)	0.5	(105.0)	(82.3)	27.6%
GENERAL AND ADMINISTRATIVE EXPENSES	(26.1)	(0.2)	(26.2)	(23.3)	12.7%	(79.5)	(0.4)	(79.9)	(68.8)	16.1%
DEPRECIATION AND AMORTIZATION	(4.6)	0.2	(4.4)	(2.0)	123.1%	(15.6)	0.9	(14.7)	(5.9)	147.4%
EXPENSES WITH MERGER AND ACQUISITIONS	(0.5)	-	(0.5)	(0.6)	-22.2%	(3.0)	-	(3.0)	(3.1)	-2.6%
GAIN (LOSS) FROM WRITE-OFF OF PROPERTY, EQUIPMENT AND IMPAIRMENT	(3.7)	-	(3.7)	0.4	-	(5.1)	-	(5.1)	(1.1)	367.9%
COST OF STOCK OPTION PLAN	(1.0)	-	(1.0)	(1.1)	-10.9%	(2.3)	-	(2.3)	(3.4)	-31.6%
PROFIT (LOSS) BEFORE FINANCIAL INCOME	27.0	(6.5)	20.6	39.6	-48.1%	50.4	(18.9)	31.5	54.4	-42.0%
FINANCIAL RESULTS	(17.6)	13.9	(3.7)	2.3	-	(49.0)	43.1	(5.9)	7.9	-
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	9.5	7.4	17.0	42.0	-59.4%	1.4	24.2	25.6	62.2	-58.9%
INCOME TAX AND SOCIAL CONTRIBUTION	(4.1)	(2.5)	(6.5)	(14.9)	-56.3%	5.8	(8.2)	(2.4)	(17.8)	-86.4%
NET INCOME (LOSS) FOR THE PERIOD	5.4	4.9	10.4	27.0	-61.6%	7.2	16.0	23.2	44.4	-47.8%

Net operating revenue

In 3Q19, BK Brasil posted net operating revenue of R\$723 million, an increase of 18.4% compared to 3Q18. This increase is related to the performance of restaurants and dessert centers opened in the last 12 months, and the growth in comparable sales of 4.0% in the period. The growth in comparable sales, compared to a strong base of 9.2% in 3Q18, was mainly supported by the continuous evolution of the Company's digital sales channels. The quarter was also marked by relevant and innovative releases in the Premium line, such as Prime Blend Cheese and Rebel Whopper, the first 100% plant-based burger launched by a large fast food brand in Brazil.

In 9M19, net operating revenue was up 26.6% over the same period last year, driven by the 7.9% growth in comparable sales and the performance of new open stores.



Cost of goods sold and selling expenses

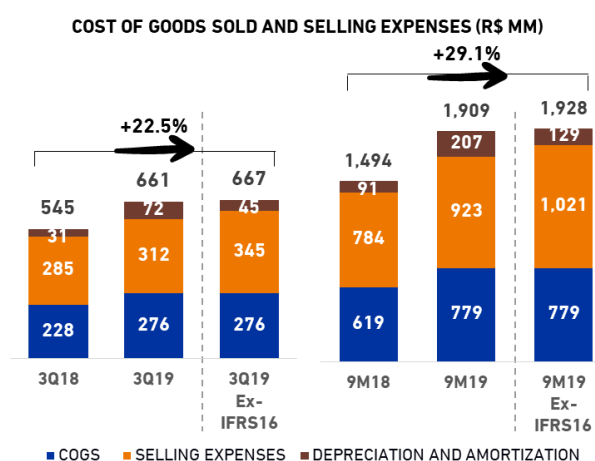
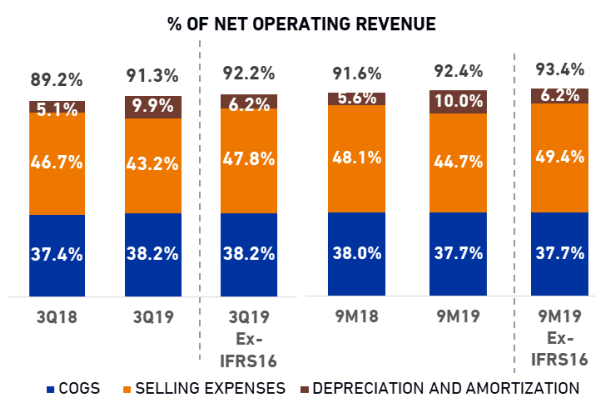
Total restaurant expenses, excluding the effects of IFRS 16, were R\$667 million in 3Q19, representing 92.2% of net operating revenue.

The cost of goods sold reached 38.2% of net operating revenue, stable compared to previous quarter (adjusted by the effect of tax credit in 2Q19), reflecting the current macroeconomic scenario and increased competition.

Selling expenses at restaurants (excluding depreciation and amortization) represented 47.8% of net operating revenue, an increase of 110 bps in comparison with 3Q18.

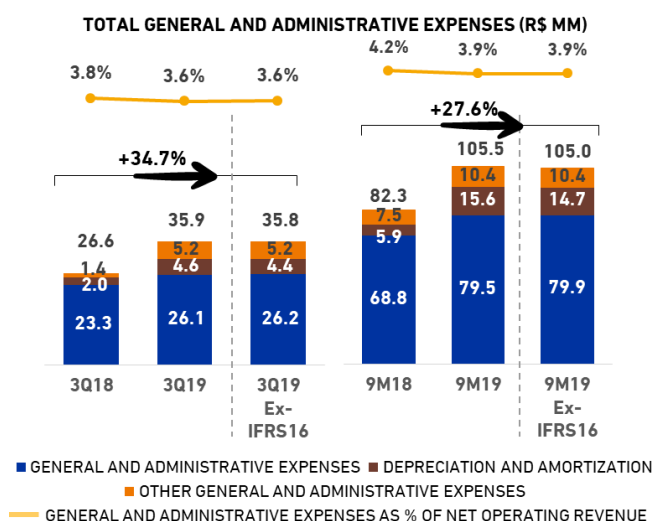
This variation was a result of higher expenses with third party services due to sales growth in digital channels, higher expenses with utilities due to adjustments above inflation and higher pre-operating expenses reflecting the greater number of restaurant openings of the POPEYES® brand due to its early stage of development. However, the variation was partially benefited by higher efficiency in personnel expenses, which improved by 50 bps versus 3Q18.

In 9M19, total restaurant expenses were R\$1,928 million, representing 93.4% of net operating revenue, an increase of 180 bps compared to the same period of the previous year. Cost of goods sold represented 37.7%, an improvement of 30 bps compared to 9M18, reflecting the recognition of tax credit benefits from prior periods in the amount of approximately R\$ 10 million in 2Q19. Lastly, selling expenses at restaurants (excluding depreciation and amortization) represented 49.4% in 9M19, an increase of 130 bps in comparison to 9M18, reflecting higher pre-operating expenses, third-party services due to new sales channels, and greater utilities expenses.



Total general and administrative expenses

Corporate general and administrative expenses, excluding the effects of IFRS 16, represented 3.6% of net operating revenue in 3Q19, an improvement of 20 bps in comparison to 3Q18, reflecting the strong focus on controlling the Company's expenses, operating leverage and synergies related to the acquisition of franchised restaurants. In the quarter, corporate general and administrative expenses reached R\$26 million, compared to R\$23 million in 3Q18. In 9M19, corporate general and administrative expenses represented 3.9% of net revenue, an improvement of 30 bps compared to 9M18, reflecting the same impacts mentioned above. The introduction of IFRS 16 had no material effects on the company's general and administrative expenses.



Adjusted EBITDA

In 3Q19, adjusted EBITDA reached R\$115 million, already reflecting the adoption of the new accounting standard IFRS 16. Excluding this impact, adjusted EBITDA would have increased by 6.3%, from R\$77 million in 3Q18 to R\$82 million. Adjusted EBITDA growth, excluding the effects of IFRS 16, was due to the increase in net operating revenue. The adjusted EBITDA margin (excluding the effects of IFRS 16) decreased by 130 bps, reaching 11.3%.

In 9M19, adjusted EBITDA, excluding the effects of IFRS 16, reached R\$196 million, an increase of 20.7% compared to the same period last year, reflecting growth in net operating revenue and cost control. As a result, the adjusted EBITDA margin was 9.5% in the period.

EBITDA - R\$ MILLION	3Q19	3Q18	VAR %	9M19	9M18	VAR %
NET INCOME (LOSS) FOR THE PERIOD	5.4	27.0	-80.1%	7.2	44.4	-83.8%
(+) FINANCIAL INCOME (LOSS)	17.5	(2.3)	-	49.0	(7.9)	-
(+) DEPRECIATION AND AMORTIZATION	76.5	33.3	129.9%	222.4	96.6	130.2%
(+/-) INCOME TAX AND SOCIAL CONTRIBUTION	4.1	14.9	-72.5%	(5.8)	17.8	-
EBITDA	103.5	72.9	42.0%	272.8	151.0	80.7%
EBITDA MARGIN	14.3%	11.9%	240bps	13.2%	9.3%	390bps
(+) OTHERS EXPENSES*	3.7	(0.4)	-	5.1	1.1	369.6%
(+) COST OF STOCK OPTION PLAN	1.0	1.1	-10.4%	2.3	3.4	-31.6%
(+) MERGE AND ACQUISITION EXPENSES	0.5	0.6	-18.8%	3.0	3.1	-2.6%
(+) PRE-OPERATING EXPENSES	6.3	2.5	155.0%	11.0	4.1	168.0%
ADJUSTED EBITDA ⁽²⁾	115.0	76.7	50.0%	294.2	162.6	80.9%
ADJUSTED EBITDA MARGIN	15.9%	12.6%	330bps	14.3%	10.0%	430bps
IFRS16 EFFECTS	(33.5)	-	-	(98.0)	-	-
ADJUSTED EBITDA EX-IFRS16 EFFECTS	81.5	76.7	6.3%	196.2	162.6	20.7%
ADJUSTED EBITDA MARGIN EX-IFRS16 effects	11.3%	12.6%	-130bps	9.5%	10.0%	-50bps

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

Net income

The Company posted net income of R\$5 million in 3Q19. Excluding the effects from the adoption of IFRS 16, net income would have been R\$10 million, compared to net income of R\$27 million in 3Q18, mainly reflecting the lower financial income and the pressure on gross margin caused by the economic environment and greater competition.

In 9M19, net income, excluding the effects of IFRS 16, was R\$ 23 million, compared to net income of R\$44 million in 9M18.

Total debt

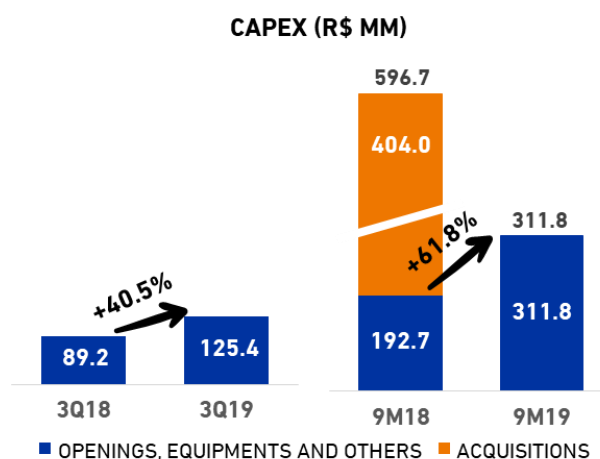
As at September 30, 2019, the Company's gross debt was R\$133 million, down 67.6% from R\$410 million as at September 30, 2018. Total cash balance was R\$181 million at the end of 3Q19, a decrease of 72.1% compared to 3Q18, mainly due to the use of part of the resources to the Company's organic expansion and reduction of gross debt, in line with debts amortization schedule. As a result, as at September 30, 2019, the Company had net cash position of R\$48 million.

NET DEBT - R\$ MILLION	SEP/19	SEP/18	VAR %	JUN/19	VAR %
LOANS AND FINANCINGS	132.8	409.9	-67.6%	150.2	-11.6%
CURRENT	26.2	278.9	-90.6%	43.9	-40.1%
NON-CURRENT	106.5	131.1	-18.7%	106.4	0.1%
CASH AND CASH EQUIVALENTS AND MARKETABLE SECURITIES	180.6	646.2	-72.1%	264.2	-31.6%
CASH AND CASH EQUIVALENTS AND MARKETABLE SECURITIES (CURRENT)	179.2	633.4	-71.7%	252.5	-29.0%
MARKETABLE SECURITIES (NON-CURRENT)	1.4	12.8	-89.4%	11.8	-88.5%
NET DEBT	(47.8)	(236.3)	-79.8%	(114.0)	-58.0%
ADJUSTED EBITDA* (12M)	321.5	245.9	30.8%	316.7	1.5%
NET DEBT / TOTAL ADJUSTED EBITDA (12M)	(0.1x)	(1.0x)	0.8x	(0.4x)	0.2x

*Considers Adjusted EBITDA ex-IFRS16 in 9M19

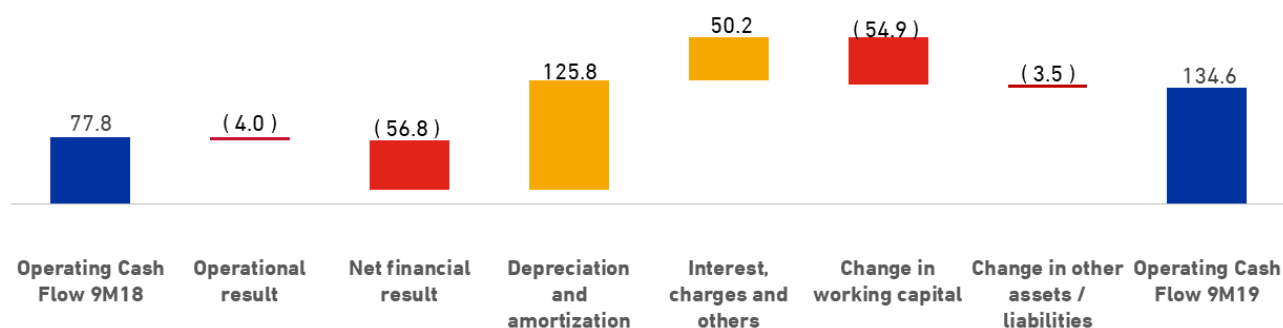
CAPEX

During 3Q19, the total investments of the Company in fixed assets reached R\$125 million, an organic increase of 40.5% when compared to 3Q18. This increase was mainly due to the opening of BURGER KING® restaurants, mainly of the Free Standing model, and POPEYES® restaurants in 3Q19, construction of the restaurants that will be opened over the following quarters, openings of dessert centers, in addition to reinvestment and restaurants remodeling. For 9M19, excluding investment in the acquisition of franchisees in 2Q18, CAPEX grew 61.8% compared to 9M18 and reached R\$312 million.



Operating cash flow

In 9M19, the Company's operating cash generation amounted to R\$135 million, an increase of R\$57 million compared to the cash generation of R\$78 million in the same period of 2018. This increase in operating cash generation reflected the adoption of IFRS 16, which was partially offset by higher working capital needs due to seasonality of supplier payments, as a result of the concentration of openings in the fourth quarter.



MERGER

Annual General Meeting

At the Annual Shareholders' Meeting held on October 7, 2019, the mergers of BGMAXX Comércio de Produtos Alimentícios Ltda. and BGMAXX BA Comércio de Produtos Alimentícios Ltda. were approved.

CONSOLIDATED INCOME STATEMENT 3Q19 (R\$ MILLION)

	3Q19	3Q18	VAR %
NET OPERATING REVENUE	723.4	610.9	18.4%
GROSS REVENUE FROM SALES	773.7	662.9	16.7%
GROSS REVENUE FROM SALES DEDUCTIONS	(55.2)	(55.1)	0.2%
GROSS REVENUE FROM SERVICES	5.3	3.5	52.8%
GROSS REVENUE FROM SERVICES DEDUCTIONS	(0.5)	(0.4)	16.3%
COST OF GOOD SOLD	(276.5)	(228.4)	21.1%
GROSS PROFIT	446.9	382.5	16.8%
TOTAL SELLING EXPENSES	(384.0)	(316.3)	21.4%
PERSONNEL EXPENSES	(121.3)	(105.5)	15.0%
ROYALTIES AND MARKETING FUND	(67.8)	(57.3)	18.3%
EXPENSES ON OCCUPANCY AND UTILITIES	(59.1)	(72.7)	-18.7%
PRE-OPERATING EXPENSES	(6.3)	(2.5)	156.5%
DEPRECIATION AND AMORTIZATION	(71.9)	(31.3)	129.7%
OTHER SELLING EXPENSES	(57.7)	(47.1)	22.6%
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	(35.9)	(26.6)	34.9%
GENERAL AND ADMINISTRATIVE EXPENSES	(26.0)	(23.3)	11.8%
DEPRECIATION AND AMORTIZATION	(4.6)	(2.0)	133.3%
EXPENSES WITH MERGER AND ACQUISITIONS	(0.5)	(0.6)	-22.2%
GAIN (LOSS) FROM WRITE-OFF OF PROPERTY, EQUIPMENT AND IMPAIRMENT	(3.7)	0.4	-
COST OF STOCK OPTION PLAN	(1.0)	(1.1)	-10.9%
PROFIT (LOSS) BEFORE FINANCIAL INCOME	27.0	39.6	-31.8%
FINANCIAL RESULTS	(17.5)	2.3	-
FINANCIAL EXPENSES	(21.8)	(9.4)	132.3%
FINANCIAL INCOME	4.3	11.7	-63.3%
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	9.5	42.0	-77.4%
INCOME TAX AND SOCIAL CONTRIBUTION	(4.1)	(14.9)	-72.5%
CURRENT	-	(13.0)	-
DEFERRED	(4.1)	(1.9)	110.6%
NET INCOME (LOSS) FOR THE PERIOD	5.4	27.0	-80.1%

CONSOLIDATED INCOME STATEMENT 9M19 (R\$ MILLION)

	9M19	9M18	VAR %
NET OPERATING REVENUE	2,064.6	1,630.3	26.6%
GROSS REVENUE FROM SALES	2,210.0	1,764.9	25.2%
GROSS REVENUE FROM SALES DEDUCTIONS	(158.8)	(143.8)	10.5%
GROSS REVENUE FROM SERVICES	14.8	10.2	44.5%
GROSS REVENUE FROM SERVICES DEDUCTIONS	(1.5)	(1.2)	29.2%
COST OF GOOD SOLD	(778.8)	(618.8)	25.8%
GROSS PROFIT	1,285.8	1,011.4	27.1%
TOTAL SELLING EXPENSES	(1,129.9)	(874.8)	29.2%
PERSONNEL EXPENSES	(377.1)	(295.6)	27.6%
ROYALTIES AND MARKETING FUND	(191.5)	(150.2)	27.5%
EXPENSES ON OCCUPANCY AND UTILITIES	(168.6)	(201.0)	-16.1%
PRE-OPERATING EXPENSES	(11.0)	(4.1)	168.0%
DEPRECIATION AND AMORTIZATION	(206.8)	(90.7)	128.1%
OTHER SELLING EXPENSES	(174.8)	(133.4)	31.1%
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	(105.5)	(82.3)	28.2%
GENERAL AND ADMINISTRATIVE EXPENSES	(79.5)	(68.8)	15.5%
DEPRECIATION AND AMORTIZATION	(15.6)	(5.9)	162.5%
EXPENSES WITH MERGER AND ACQUISITIONS	(3.0)	(3.1)	-2.6%
GAIN (LOSS) FROM WRITE-OFF OF PROPERTY, EQUIPMENT AND IMPAIRMENT	(5.1)	(1.1)	367.9%
COST OF STOCK OPTION PLAN	(2.3)	(3.4)	-31.6%
PROFIT (LOSS) BEFORE FINANCIAL INCOME	50.4	54.4	-7.3%
FINANCIAL RESULTS	(49.0)	7.9	-
FINANCIAL EXPENSES	(65.7)	(34.1)	92.5%
FINANCIAL INCOME	16.7	42.0	-60.2%
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	1.4	62.2	-97.8%
INCOME TAX AND SOCIAL CONTRIBUTION	5.8	(17.8)	-
CURRENT	-	(14.5)	-
DEFERRED	5.8	(3.4)	-
NET INCOME (LOSS) FOR THE PERIOD	7.2	44.4	-83.7%

CONSOLIDATED BALANCE SHEET 9M19 (R\$ MILLION)

	09/30/2019	12/31/2018
ASSETS	2,936.5	2,525.6
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS	76.4	175.0
MARKETABLE SECURITIES	102.9	415.6
TRADE RECEIVABLES	60.3	59.6
DERIVATIVE FINANCIAL INSTRUMENTS	-	0.1
INVENTORIES	86.7	81.3
RECOVERABLE TAXES	28.4	40.4
ADVANCES PAID	49.3	26.6
RELATED PARTIES	2.7	-
OTHER RECEIVABLES	15.1	21.1
TOTAL CURRENT ASSETS	421.7	819.7
NON-CURRENT ASSETS		
NON-CURRENT INVESTMENTS AT FAIR VALUE	1.4	12.4
RECOVERABLE TAXES	74.5	15.6
JUDICIAL DEPOSITS	32.9	30.9
LONG-TERM RECEIVABLES	4.9	4.6
PROPERTY AND EQUIPMENT	1,080.4	928.2
INTANGIBLE ASSETS	1,320.7	714.3
TOTAL NON-CURRENT ASSETS	2,514.8	1,705.9
TOTAL ASSETS	2,936.5	2,525.6
LIABILITIES	1,181.4	808.7
CURRENT LIABILITIES		
LOANS AND FINANCING	26.2	161.6
TRADE PAYABLES	199.6	241.2
LEASING LIABILITIES	87.5	-
PAYROLL AND SOCIAL CHARGES	107.7	95.2
CORPORATE PAYABLES	13.2	18.0
TAXES PAYABLE	13.1	33.8
DEFERRED REVENUE, NET	9.1	9.1
DIVIDENDS AND INTEREST ON CAPITAL	-	26.7
OTHER PAYABLES	6.7	14.1
TOTAL CURRENT LIABILITIES	463.2	599.7
NON-CURRENT LIABILITIES		
LOANS AND FINANCING	106.5	117.5
PROVISION FOR LEGAL CLAIMS	13.6	10.7
TAXES PAYABLE	17.7	21.8
DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION	6.7	12.5
LEASING LIABILITIES	535.8	-
DEFERRED REVENUE, NET	20.1	26.4
OTHER PAYABLES	17.9	20.1
TOTAL NON-CURRENT LIABILITIES	718.2	209.0
EQUITY		
CAPITAL	950.8	898.2
EARNINGS RESERVE	97.6	97.6
CAPITAL RESERVES AND STOCK OPTIONS PLAN	723.4	721.1
	(24.2)	-
OTHER COMPREHENSIVE INCOME	0.3	(0.0)
RETAINED EARNINGS (ACCUMULATED LOSSES)	7.2	-
TOTAL EQUITY	1,755.1	1,717.0
TOTAL LIABILITIES AND EQUITY	2,936.5	2,525.6

The numbers of 9M19 are presented with the adoption of the new accounting standard IFRS 16

CONSOLIDATED STATEMENT OF CASH FLOWS 9M19 (R\$ MILLION)

	9M19	9M18
CASH FLOW FROM OPERATING ACTIVITIES	134.6	77.8
CASH GENERATED BY OPERATING ACTIVITIES	306.7	191.4
EARNINGS (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	1.4	62.2
DEPRECIATION AND AMORTIZATION OF PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS	143.3	96.6
LEASING AMORTIZATION	79.1	-
INTEREST, CHARGES, EXCHANGE DIFFERENCES AND MONETARY VARIATIONS	46.7	(1.7)
OTHERS	36.2	34.3
CHANGES IN ASSETS AND LIABILITIES	-	-
TRADE RECEIVABLES, NET	(0.7)	0.2
INVENTORIES	(5.4)	(22.0)
RECOVERABLE TAXES	(47.0)	(15.9)
ADVANCES PAID	(22.7)	(17.7)
TRADE AND RENTAL PAYABLES	(41.7)	18.0
PAYROLL AND SOCIAL CHARGES	(5.5)	(0.2)
PAYMENT OF INTEREST ON LOANS AND FINANCINGS	(3.9)	(27.8)
OTHERS CHANGES IN ASSETS AND LIABILITIES	(45.3)	(48.4)
NET CASH USED IN INVESTING ACTIVITIES	19.6	1.0
PURCHASES OF PROPERTY AND EQUIPMENT	(281.1)	(178.2)
PURCHASES OF INTANGIBLE ASSETS	(30.7)	(14.5)
CONSIDERATION PAID ON THE ACQUISITION OF INVESTMENTS	-	(360.9)
REIMBURSABLE EXPENSES WITH SHARES OFFERING	(2.7)	-
INVESTMENT IN MARKETABLE SECURITIES	(219.2)	(499.8)
REDEMPTION OF MARKETABLE SECURITIES	553.3	1,054.4
NET CASH USED IN FINANCING ACTIVITIES	(252.7)	(103.0)
CAPITAL CONTRIBUTED IN THE PERIOD	52.5	2.4
SHARES ISSUANCE COSTS	-	(4.6)
ACQUISITION OF TREASURY SHARES	(24.2)	-
PAYMENT OF LOANS AND FINANCINGS (PRINCIPAL)	(156.3)	(100.7)
INTEREST ON CAPITAL PAYABLE	(26.7)	-
LEASING LIABILITIES PAYMENT	(98.0)	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(98.6)	(24.2)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	175.0	102.3
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	76.4	78.1

The numbers of 9M19 are presented with the adoption of the new accounting standard IFRS 16