

# BK BRASIL

3Q18 EARNINGS RELEASE



POPEYES

## NET OPENING OF 108 RESTAURANTS IN THE LAST 12 MONTHS AND 8.2% GROWTH IN COMPARABLE SALES BOOSTED EBITDA GROWTH ABOVE 50% IN THE QUARTER

Barueri, November 8, 2018 – 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 2018. 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.

### HIGHLIGHTS

#### 3Q18 Earnings Release

#### Conference Call and Webcast

Friday, November 9, 2018

*In Portuguese, simultaneously translated into English*

**Time:** 11:00 a.m. (BRT); 8:00 a.m. (US ET)

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#### 3Q18x3Q17 Performance:

- **Net Operating Revenue** of R\$611 million in 3Q18, up 37.9% from 3Q17;
- **Total of 20 restaurants opened** in 3Q18, leading to net opening of 108 restaurants in the last 12 months, driving the total restaurant count to 736 at the end of 3Q18;
- **Comparable sales in same restaurants grew 8.2%** in 3Q18;
- **Adjusted EBITDA<sup>1</sup>** of R\$77 million in 3Q18, up 51.5% from 3Q17;
- **Adjusted EBITDA Margin** of 12.6%, an improvement of 120 bps compared to 3Q17;
- **Net Income** of R\$27 million in 3Q18 compared to a net loss of R\$5 million in 3Q17, an absolute increase of R\$32 million.

#### 9M18x9M17 Performance:

- **Net Operating Revenue** of R\$1,630 million in 9M18, up 29.3% from 9M17;
- **Comparable sales in same restaurants grew 6.3%** in 9M18;
- **Adjusted EBITDA<sup>1</sup>** of R\$163 million in 9M18, up 27.6% from 9M17;
- **Adjusted EBITDA Margin** of 10.0%, compared to 10.1% in 9M17;
- **Net Income** of R\$44 million in 9M18 compared to a net loss of R\$18 million in 9M17, an absolute increase of R\$62 million.

FINANCIAL HIGHLIGHTS - R\$ MILLION (CONSOLIDATED)	3Q18	3Q17	VAR.	2Q18	VAR.	9M18	9M17	VAR.
NET OPERATING REVENUE	610.9	443.0	37.9%	536.9	13.8%	1,630.3	1,261.3	29.3%
ADJUSTED EBITDA <sup>1</sup>	76.7	50.6	51.5%	49.5	55.0%	162.6	127.4	27.6%
% OF NET OPERATING REVENUE	12.6%	11.4%	120bps	9.2%	340bps	10.0%	10.1%	-10bps
NET INCOME (LOSS)	27.0	(4.9)	-	8.6	215.3%	44.4	(18.0)	-
GROSS DEBT	409.9	523.4	-21.7%	427.2	-4.0%	409.9	523.4	-21.7%
NET DEBT (NET CASH)	(236.3)	220.5	-	(222.7)	6.1%	(236.3)	220.5	-
SHAREHOLDERS' EQUITY	1,662.9	674.9	146.4%	1,632.3	1.9%	1,662.9	674.9	146.4%

OPERATIONAL HIGHLIGHTS	3Q18	3Q17	VAR.	2Q18	VAR.	9M18	9M17	VAR.
# OF RESTAURANTS	736	628	108	717	19	736	628	108
OWNED RESTAURANTS								
# OWNED RESTAURANTS BEGINNING OF PERIOD	583	481	102	528	55	526	480	46
RESTAURANT OPENINGS	14	11	3	8	6	27	22	5
RESTAURANT CLOSINGS	0	0	0	(4)	4	(5)	(10)	5
ACQUISITION / SALE* OF RESTAURANT BUSINESSES	(3)	0	(3)	51	(54)	46	0	46
# OWNED RESTAURANTS END OF PERIOD	594	492	102	583	11	594	492	102
FRANCHISEES RESTAURANTS								
# FRANCHISEES RESTAURANTS BEGINNING OF PERIOD	134	133	1	181	(47)	171	121	50
RESTAURANT OPENINGS	6	4	2	4	2	18	17	1
RESTAURANT CLOSINGS	(1)	(1)	0	0	(1)	(1)	(2)	1
ACQUISITION / SALE* OF RESTAURANT BUSINESSES	3	0	3	(51)	54	(46)	0	(46)
# FRANCHISEES RESTAURANTS END OF PERIOD	142	136	6	134	8	142	136	6
COMPARABLE SALES GROWTH IN SAME RESTAURANTS (SSS)	8.2%	12.9%	-470bps	0.0%	820bps	6.3%	12.9%	-660bps

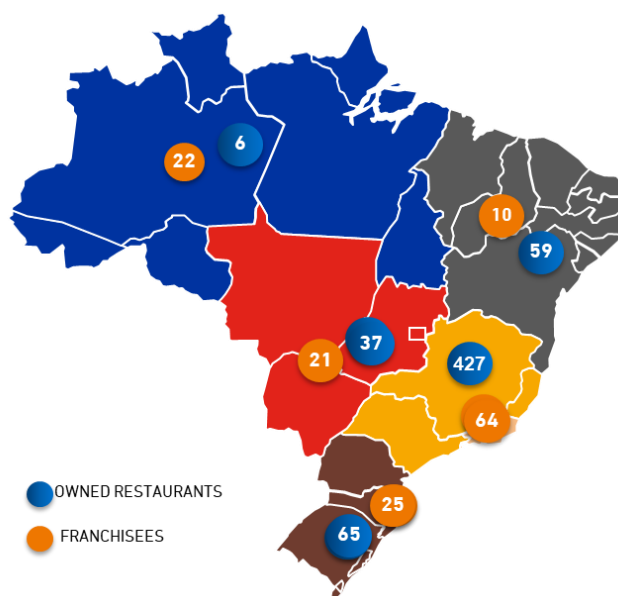
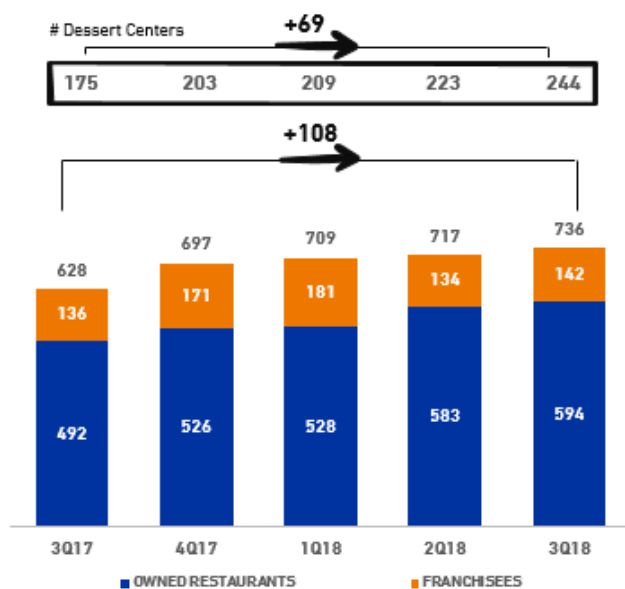
\*SALE OF COMPANY-OWNED RESTAURANTS TO FRANCHISEES.

<sup>1</sup> "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.

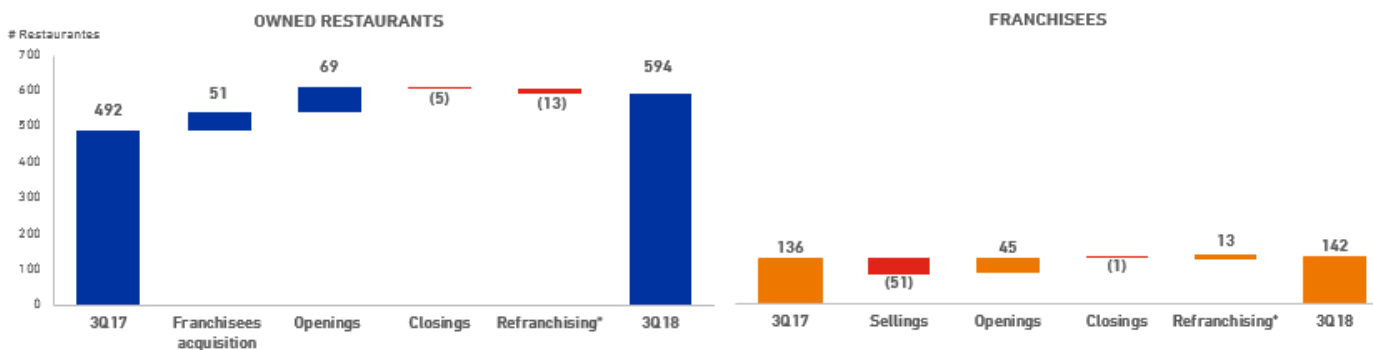
## OPERATING AND FINANCIAL PERFORMANCE

### Restaurant expansion

During 3Q18, BURGER KING® opened 20 new restaurants, of which 14 were company-owned restaurants and 6 were franchisees. Considering only restaurants operated by BK Brasil, net of sale of restaurant businesses\* (3 restaurants), the Company ended the third quarter with 594 company-owned restaurants, an increase of 102 restaurants from 3Q17, including the acquisition of franchisees announced in April this year (51 restaurants). As for franchised restaurants, net of closures (1 restaurant), BURGER KING® ended 3Q18 with 142 restaurants. As such, the BURGER KING® system ended the month of September with a total of 736 restaurants operating across the country, a net increase of 108 restaurants when compared to September 2017. In addition to the 736 restaurants, the BURGER KING® system ended 3Q18 with 244 dessert centers, an increase of 69 units when compared to a growth of 54 during 2Q18.



In the last 12 months, 114 restaurants were opened, of which 69 were company-owned and 45 were franchisees. Meanwhile, a total of 6 restaurants were closed, whereof 5 were company-owned and 1 franchisee.



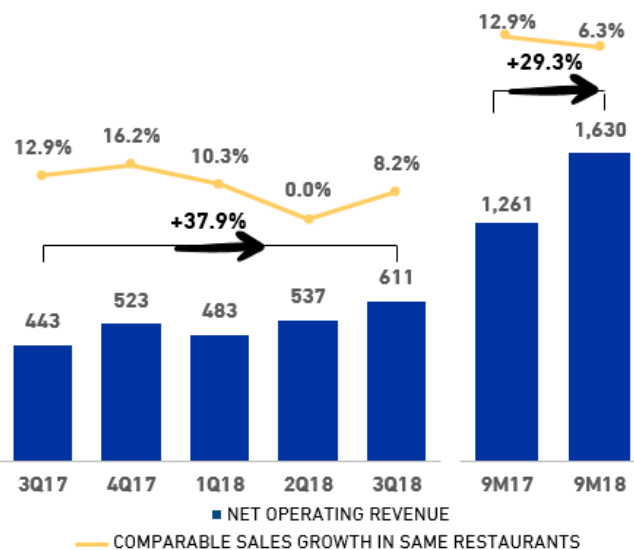
\*SALE OF COMPANY-OWNED RESTAURANTS TO FRANCHISEES.

### Net operating revenue

In 3Q18, BK Brasil posted net operating revenue of R\$611 million, an increase of 37.9% from 3Q17. This increase is related to the restaurants opened in the last 12 months, the acquisition of franchised restaurants and the robust growth in comparable sales by 8.2%. The growth in comparable sales is a result of the continuous evolution of the brand, operational improvement and assertive execution of the marketing strategy. During this quarter we highlight the launch of Mega Stacker Catupiry® on the premium platform, the *dulce the leche* flavor on the ice cream platform and the successful campaigns on the kids platform including Emoji, Nerf® and Miraculous®.

In 9M18, net operating revenue grew 29.3% when compared to the same period in 2017, leveraged by the comparable sales growth of 6.3%, the good performance of the new stores opened, and the consolidation of the restaurants acquired from franchisees in 2Q18.

NET OPERATING REVENUE (R\$ MM) AND COMPARABLE SALES GROWTH IN SAME RESTAURANTS (%)



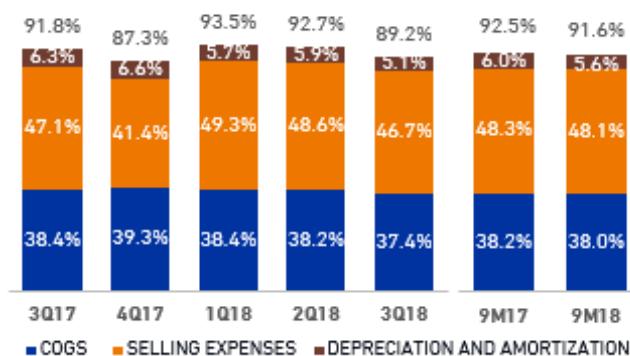
### Cost of goods sold and selling expenses

Total restaurant expenses, including cost of goods sold and selling expenses at restaurants, were R\$545 million in 3Q18, representing 89.2% of net operating revenue, an improvement of 260 bps compared to 3Q17.

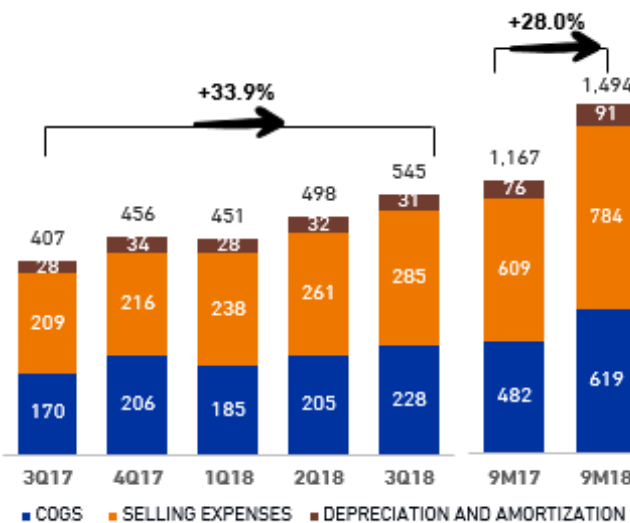
Cost of goods sold in 3Q18 improved to 37.4% of net operating revenue, reaching the lowest level since 4Q16, which represents a decrease of 100 bps compared to 3Q17, reflecting a better product mix and efficient cost control. Moreover, selling expenses at restaurants (excluding depreciation and amortization) represented 46.7% of net operating revenue, a reduction of 40 bps versus 3Q17, reflecting the Company's operating leverage, with improvement mainly in the personnel and occupation and utilities costs, partially offset by an increase in the repair and maintenance expenses.

In 9M18, total restaurant expenses were R\$1,494 million, representing 91.6% of net operating revenue, an improvement of 90 bps against 9M17. Cost of goods sold represented 38.0% of net operating revenue, improving 20 bps compared to 9M17. Lastly, selling expenses at restaurants (excluding depreciation and amortization) represented 48.1% of net operating revenue, a decrease of 20 bps, despite the non-recurring effects in 2Q18 that negatively impacted the Company's operating margins.

% OF NET OPERATING REVENUE



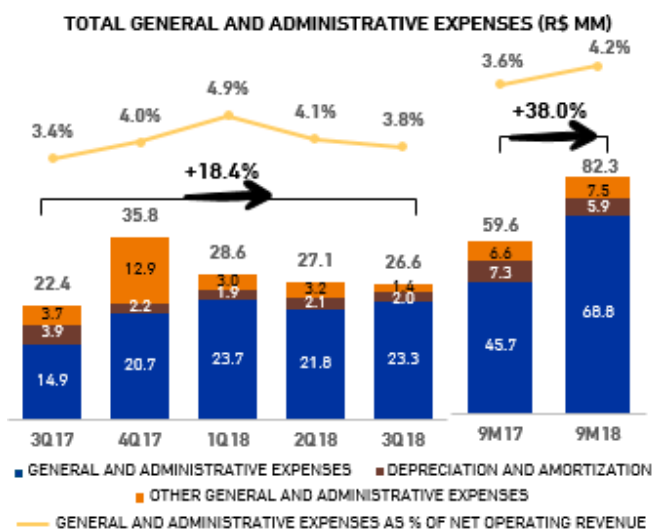
COST OF GOODS SOLD AND SELLING EXPENSES (R\$ MM)



### Total general and administrative expenses

Corporate general and administrative expenses (G&A) represented 3.8% of net operating revenue in 3Q18, reflecting expenses on services for the management of acquired franchisees, higher provisions for lawsuits and attorneys' fees. These corporate expenses totaled R\$23 million in 3Q18 compared to R\$15 million in 3Q17. Total general and administrative expenses reached R\$27 million, an increase of 18.4% compared to 3Q17, mainly due to the increase in corporate general and administrative expenses, partially offset by the decrease in other expenses.

Corporate general and administrative expenses represented 4.2% of net revenue in 9M18, mainly due to higher expenses on provisions for lawsuits and expenses on services for the management of acquired franchisees, as well as expenses to meet the Company's requirements after the listing process.



## Adjusted EBITDA

In 3Q18, adjusted EBITDA increased by 51.5%, from R\$51 million in 3Q17 to R\$77 million. The increase in adjusted EBITDA was due to the increase in net operating revenue, given the increase in the number of restaurants, strong growth of comparable sales, acquisition of franchisees, as well as the continued focus on cost control. Adjusted EBITDA margin increased 120 bps to 12.6% due to the improvement in gross margin and the Company's operating leverage.

In 9M18, adjusted EBITDA reached R\$163 million, an increase of 27.6% compared to 9M17, despite the impact of the truckers' strike and the World Cup in 2Q18. As a result, the adjusted EBITDA margin was 10.0% in the period.

<b>EBITDA - R\$ MILLION</b>	<b>3Q18</b>	<b>3Q17</b>	<b>VAR %</b>	<b>2Q18</b>	<b>VAR %</b>	<b>9M18</b>	<b>9M17</b>	<b>VAR %</b>
<b>INCOME (LOSS) FOR THE PERIOD</b>	<b>27.0</b>	<b>(4.9)</b>	<b>-</b>	<b>8.6</b>	<b>215.3%</b>	<b>44.4</b>	<b>(18.0)</b>	<b>-</b>
(+) FINANCIAL INCOME (LOSS)	(2.3)	18.7	-	2.5	-	(7.9)	49.1	-
(+) DEPRECIATION AND AMORTIZATION	33.3	31.8	4.5%	33.7	-1.3%	96.6	83.3	16.0%
(+/-) INCOME TAX AND SOCIAL CONTRIBUTION	14.9	0.1	-	0.8	-	17.8	3.6	393.0%
<b>EBITDA</b>	<b>72.9</b>	<b>45.7</b>	<b>59.6%</b>	<b>45.6</b>	<b>59.9%</b>	<b>151.0</b>	<b>118.0</b>	<b>27.9%</b>
<i>EBITDA MARGIN</i>	<i>11.9%</i>	<i>10.3%</i>	<i>160bps</i>	<i>8.5%</i>	<i>340bps</i>	<i>9.3%</i>	<i>9.4%</i>	<i>-10bps</i>
(+) OTHERS EXPENSES*	(0.4)	0.3	-	0.4	-	1.1	2.6	-57.9%
(+) COST OF STOCK OPTION PLAN	1.1	2.6	-56.6%	1.1	0.1%	3.4	2.6	30.0%
(+) MERGE AND ACQUISITION EXPENSES	0.6	0.8	-17.1%	1.6	-59.4%	3.1	1.4	113.7%
(+) PRE-OPERATING EXPENSES	2.5	1.3	91.7%	0.7	227.9%	4.1	2.8	45.1%
<b>ADJUSTED EBITDA<sup>1</sup></b>	<b>76.7</b>	<b>50.6</b>	<b>51.5%</b>	<b>49.5</b>	<b>55.0%</b>	<b>162.6</b>	<b>127.4</b>	<b>27.6%</b>
<i>ADJUSTED EBITDA MARGIN</i>	<i>12.6%</i>	<i>11.4%</i>	<i>120bps</i>	<i>9.2%</i>	<i>340bps</i>	<i>10.0%</i>	<i>10.1%</i>	<i>-10bps</i>

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

## Net income

Net income increased significantly, reaching R\$27 million in 3Q18 compared to a net loss of R\$5 million in 3Q17, as a result of the strong revenue growth and the Company's operating leverage.

In 9M18, the Company posted a net income of R\$44 million against a net loss of R\$18 million in 9M17, an increase of R\$62 million, due to better operating and financial results.

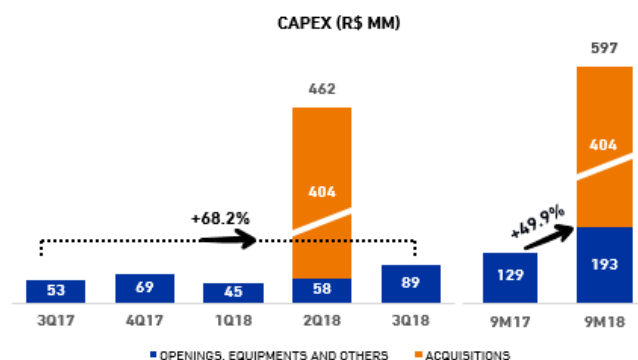
## Total debt

In September 2018, the Company's gross debt was R\$410 million, down 21.7% from R\$523 million in September 2017. Total cash balance was R\$646 million at the end of 3Q18, an increase of 113.3% compared to 3Q17, mainly due to the proceeds from the IPO in December 2017 and the generation of operating cash flow in the period. Consequently, in September 2018 the Company had net cash position of R\$236 million, compared to net debt of R\$221 million in the same period of 2017.

<b>NET DEBT - R\$ MILLION</b>	<b>SEP/18</b>	<b>SEP/17</b>	<b>VAR %</b>	<b>JUN/18</b>	<b>VAR %</b>
<b>LOANS AND FINANCINGS</b>	<b>409.9</b>	<b>523.4</b>	<b>-21.7%</b>	<b>427.2</b>	<b>-4.0%</b>
CURRENT	278.9	127.1	119.4%	284.3	-1.9%
NON-CURRENT	131.1	396.3	-66.9%	142.9	-8.3%
<b>CASH AND CASH EQUIVALENTS AND MARKETABLE SECURITIES</b>	<b>646.2</b>	<b>302.9</b>	<b>113.3%</b>	<b>649.8</b>	<b>-0.6%</b>
CASH AND CASH EQUIVALENTS AND MARKETABLE SECURITIES (CURRENT)	633.4	295.4	114.5%	636.8	-0.5%
MARKETABLE SECURITIES (NON-CURRENT)	12.8	7.5	69.6%	13.0	-1.3%
<b>NET DEBT</b>	<b>(236.3)</b>	<b>220.5</b>	<b>-</b>	<b>(222.7)</b>	<b>6.1%</b>
<b>ADJUSTED EBITDA (12M)</b>	<b>245.9</b>	<b>183.6</b>	<b>33.9%</b>	<b>219.8</b>	<b>11.9%</b>
<i>NET DEBT/ TOTAL ADJUSTED EBITDA (12M)</i>	<i>(1.0x)</i>	<i>1.2x</i>	<i>(2.2x)</i>	<i>(1.0x)</i>	<i>0.1x</i>

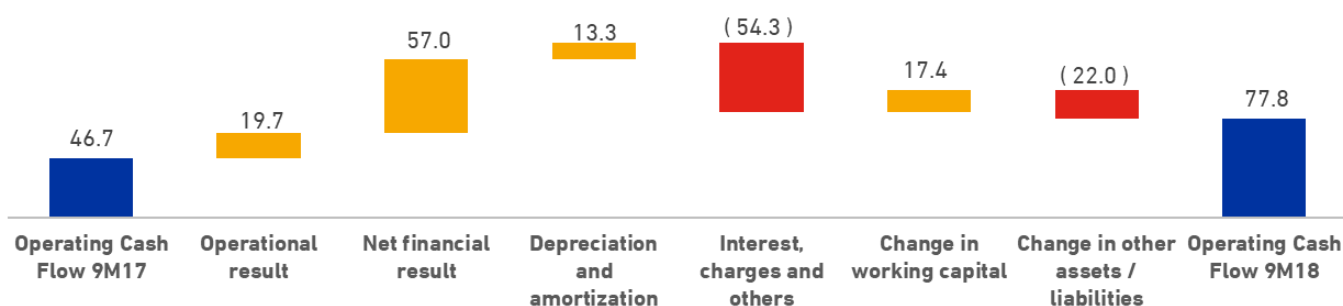
## CAPEX

During 3Q18, total CAPEX of the Company was R\$89 million, an increase of 68.2% from 3Q17, mainly due to the Company's expansion strategy focused on opening restaurants of the free-standing format. For 9M18, CAPEX of restaurants, excluding investment in the acquisition of franchisees in 2Q18, grew 49.9% when compared to 9M17.



## Operating cash flow

In 9M18, the Company's operating cash generation was positive and totaled R\$78 million, an increase of R\$31 million when compared to a cash generation of R\$47 million in 9M17. This increase was chiefly due to better financial results, reflecting lower financial leverage given cash generation in the period and reduction in interest rates, as well as improvement of the Company's operating income and active management of working capital.



## CAPITAL MARKET

### Ownership Structure

The shares of BK Brasil debuted at B3 on December 18, 2017, traded on the Novo Mercado listing segment under the ticker BKBR3. They are currently part of the Broad Brazil Index (IBRA), Consumption Index (ICON), Corporate Governance Trade Index (IGCT), Differentiated Corporate Governance Index (IGCX), Novo Mercado Governance Index (IGNM) and Small Cap Index (SMLL). On September 28, 2018, BKBR3 shares closed at R\$13.45, representing a market capitalization of R\$3.0 billion.

The Company's ownership structure at the end of the third quarter is as follows:

<b>OWNERSHIP STRUCTURE ON 09/30/2018</b>	<b>COMMON SHARES</b>	<b>%</b>
VINCI CAPITAL PARTNERS II B FIP (VINCI PARTNERS)	29,535,393	13.3%
MONTJUIC FUNDO DE INVESTIMENTO (CAPITAL GROUP)	28,380,817	12.8%
BURGER KING CORPORATION (BKC)	22,442,100	10.1%
SOMMERVILLE INVESTMENTS BV (TEMASEK )	18,523,620	8.3%
OTHERS	123,643,891	55.5%
<b>TOTAL</b>	<b>222,525,821</b>	<b>100.0%</b>

### Capital Increase

At a meeting held on August 28, 2018, the Company's Board of Directors approved an increase in the Company's capital, within the limit of the authorized capital and without amendment to the Company's Bylaws, as a result of the exercise of stock options within the scope of: First Stock Option Plan of the Company; Second Stock Option Plan of the Company; and Third Stock Option Plan of the Company.

As a result of the decisions, the Company's capital stock increased from R\$896 million, divided into 222,278,169 registered common shares with no par value, to R\$898 million, divided into 222,525,821 registered common shares with no par value.

## CONSOLIDATED INCOME STATEMENT 3Q18 (R\$ MILLION)

	3Q18	3Q17	VAR %	2Q18	VAR %
<b>NET OPERATING REVENUE</b>	<b>610.9</b>	<b>443.0</b>	<b>37.9%</b>	<b>536.9</b>	<b>13.8%</b>
GROSS REVENUE FROM SALES	662.9	479.0	38.4%	578.7	14.5%
GROSS REVENUE FROM SALES DEDUCTIONS	(55.1)	(39.9)	38.0%	(45.0)	22.6%
GROSS REVENUE FROM SERVICES	3.5	4.2	-16.8%	3.5	0.0%
GROSS REVENUE FROM SERVICES DEDUCTIONS	(0.4)	(0.3)	63.5%	(0.4)	22.2%
<b>COST OF GOOD SOLD</b>	<b>(228.4)</b>	<b>(170.0)</b>	<b>34.3%</b>	<b>(205.2)</b>	<b>11.3%</b>
<b>GROSS PROFIT</b>	<b>382.5</b>	<b>273.0</b>	<b>40.1%</b>	<b>331.6</b>	<b>15.3%</b>
<b>TOTAL SELLING EXPENSES</b>	<b>(316.3)</b>	<b>(236.7)</b>	<b>33.6%</b>	<b>(292.7)</b>	<b>8.1%</b>
PERSONNEL EXPENSES	(105.5)	(79.5)	32.7%	(100.4)	5.0%
ROYALTIES AND MARKETING FUND	(57.3)	(42.6)	34.6%	(47.5)	20.6%
EXPENSES ON OCCUPANCY AND UTILITIES	(72.7)	(55.3)	31.4%	(64.3)	13.1%
PRE-OPERATING EXPENSES	(2.5)	(1.3)	91.7%	(0.7)	227.9%
DEPRECIATION AND AMORTIZATION	(31.3)	(27.9)	12.0%	(31.6)	-1.0%
OTHER SELLING EXPENSES	(47.1)	(30.1)	56.3%	(48.1)	-2.1%
<b>TOTAL GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>(26.6)</b>	<b>(22.4)</b>	<b>18.4%</b>	<b>(27.1)</b>	<b>-1.9%</b>
GENERAL AND ADMINISTRATIVE EXPENSES	(23.3)	(14.9)	56.0%	(21.8)	6.5%
DEPRECIATION AND AMORTIZATION	(2.0)	(3.9)	-49.2%	(2.1)	-6.5%
EXPENSES WITH MERGER AND ACQUISITIONS	(0.6)	(0.8)	-17.1%	(1.6)	-59.4%
GAIN (LOSS) FROM WRITE-OFF OF PROPERTY, EQUIPMENT AND IMPAIRMENT	0.4	(0.4)	-	(0.5)	-
GAIN (LOSS) ON CLAIMS	-	0.1	-100.0%	0.0	-100.0%
COST OF STOCK OPTION PLAN	(1.1)	(2.6)	-56.6%	(1.1)	0.1%
<b>PROFIT (LOSS) BEFORE FINANCIAL INCOME</b>	<b>39.6</b>	<b>13.9</b>	<b>186.1%</b>	<b>11.9</b>	<b>233.9%</b>
<b>FINANCIAL RESULTS</b>	<b>2.3</b>	<b>(18.7)</b>	<b>-</b>	<b>(2.5)</b>	<b>-</b>
FINANCIAL EXPENSES	(9.4)	(27.0)	-65.3%	(13.2)	-28.7%
FINANCIAL INCOME	11.7	8.3	40.7%	10.7	9.7%
<b>PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION</b>	<b>42.0</b>	<b>(4.8)</b>	<b>-</b>	<b>9.4</b>	<b>-</b>
<b>INCOME TAX AND SOCIAL CONTRIBUTION</b>	<b>(14.9)</b>	<b>(0.1)</b>	<b>-</b>	<b>(0.8)</b>	<b>-</b>
CURRENT	(13.0)	-	-	(0.1)	-
DEFERRED	(1.9)	(0.1)	-	(0.8)	153.9%
<b>NET INCOME (LOSS)</b>	<b>27.0</b>	<b>(4.9)</b>	<b>-</b>	<b>8.6</b>	<b>215.3%</b>

## CONSOLIDATED INCOME STATEMENT 9M18 (R\$ MILLION)

	9M18	9M17	VAR %
<b>NET OPERATING REVENUE</b>	<b>1,630.3</b>	<b>1,261.3</b>	<b>29.3%</b>
GROSS REVENUE FROM SALES	1,764.9	1,352.9	30.5%
GROSS REVENUE FROM SALES DEDUCTIONS	(143.8)	(101.6)	41.5%
GROSS REVENUE FROM SERVICES	10.2	10.6	-3.2%
GROSS REVENUE FROM SERVICES DEDUCTIONS	(1.2)	(0.6)	99.1%
<b>COST OF GOOD SOLD</b>	<b>(618.8)</b>	<b>(482.3)</b>	<b>28.3%</b>
<b>GROSS PROFIT</b>	<b>1,011.4</b>	<b>779.0</b>	<b>29.8%</b>
<b>TOTAL SELLING EXPENSES</b>	<b>(874.8)</b>	<b>(684.7)</b>	<b>27.8%</b>
PERSONNEL EXPENSES	(295.6)	(227.1)	30.2%
ROYALTIES AND MARKETING FUND	(150.2)	(122.0)	23.0%
EXPENSES WITH OCCUPANCY AND UTILITIES	(201.0)	(162.8)	23.5%
PRE-OPERATING EXPENSES	(4.1)	(2.8)	45.1%
DEPRECIATION AND AMORTIZATION	(90.7)	(75.9)	19.4%
OTHER SELLING EXPENSES	(133.4)	(94.0)	41.8%
<b>TOTAL GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>(82.3)</b>	<b>(59.6)</b>	<b>38.0%</b>
GENERAL AND ADMINISTRATIVE EXPENSES	(68.8)	(45.7)	50.7%
DEPRECIATION AND AMORTIZATION	(5.9)	(7.3)	-19.1%
EXPENSES WITH MERGER AND ACQUISITIONS	(3.1)	(1.4)	113.7%
GAIN (LOSS) FROM WRITE-OFF OF PROPERTY, EQUIPMENT AND IMPAIRMENT	(1.1)	(2.9)	-61.9%
GAIN (LOSS) ON CLAIMS	0.0	0.3	-98.6%
COST OF STOCK OPTION PLAN	(3.4)	(2.6)	30.0%
<b>PROFIT (LOSS) BEFORE FINANCIAL INCOME</b>	<b>54.4</b>	<b>34.7</b>	<b>56.7%</b>
<b>FINANCIAL RESULTS</b>	<b>7.9</b>	<b>(49.1)</b>	<b>-</b>
FINANCIAL EXPENSES	(34.1)	(69.6)	-51.0%
FINANCIAL INCOME	42.0	20.6	104.3%
<b>PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION</b>	<b>62.2</b>	<b>(14.4)</b>	<b>-</b>
<b>INCOME TAX AND SOCIAL CONTRIBUTION</b>	<b>(17.8)</b>	<b>(3.6)</b>	<b>-</b>
CURRENT	(14.5)	-	-
DEFERRED	(3.4)	(3.6)	-7.2%
<b>NET INCOME (LOSS)</b>	<b>44.4</b>	<b>(18.0)</b>	<b>-</b>

## CONSOLIDATED BALANCE SHEET 3Q18 (R\$ MILLION)

	09/30/2018	12/31/2017
<b>ASSETS</b>	<b>2,472.9</b>	<b>2,415.6</b>
<b>CURRENT ASSETS</b>		
CASH AND CASH EQUIVALENTS	78.1	102.3
MARKETABLE SECURITIES	555.3	1,076.4
TRADE RECEIVABLES, NET	67.9	61.0
FINANCIAL INSTRUMENTS	0.2	0.1
INVENTORIES	63.9	39.7
RECOVERABLE TAXES	46.9	25.0
ADVANCES PAID	42.8	24.8
OTHER RECEIVABLES	15.7	9.1
<b>TOTAL CURRENT ASSETS</b>	<b>870.8</b>	<b>1,338.4</b>
<b>NON-CURRENT ASSETS</b>		
NON-CURRENT INVESTMENTS AT FAIR VALUE	12.8	13.3
RECOVERABLE TAXES	12.9	17.3
JUDICIAL DEPOSITS	32.4	26.6
LONG-TERM RECEIVABLES	3.8	4.2
PROPERTY AND EQUIPMENT	824.6	699.6
INTANGIBLE ASSETS	715.7	316.1
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,602.2</b>	<b>1,077.1</b>
<b>TOTAL ASSETS</b>	<b>2,472.9</b>	<b>2,415.6</b>
<b>LIABILITIES</b>	<b>810.0</b>	<b>798.4</b>
<b>CURRENT LIABILITIES</b>		
LOANS AND FINANCING	278.9	210.0
TRADE PAYABLES	162.7	139.0
SOCIAL AND LABOR LIABILITIES	93.3	69.8
CORPORATE PAYABLES	10.7	14.0
TAXES PAYABLE	22.8	20.3
OTHER PAYABLES	15.9	19.9
<b>TOTAL CURRENT LIABILITIES</b>	<b>584.3</b>	<b>473.0</b>
<b>NON-CURRENT LIABILITIES</b>		
LOANS AND FINANCING	131.1	275.7
PROVISIONS FOR TAX, SOCIAL SECURITY, LABOR AND CIVIL CLAIMS	10.2	6.2
TAXES PAYABLE	27.4	5.1
DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION	36.4	38.3
OTHER PAYABLES	20.7	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>225.7</b>	<b>325.4</b>
<b>EQUITY</b>		
CAPITAL	898.2	895.8
CAPITAL RESERVES	720.1	915.7
OTHER COMPREHENSIVE INCOME	0.1	-
RETAINED EARNINGS/ACCUMULATED LOSSES	44.4	(194.4)
<b>TOTAL EQUITY</b>	<b>1,662.9</b>	<b>1,617.2</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,472.9</b>	<b>2,415.6</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS 9M18 (R\$ MILLION)

	9M18	9M17
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>77.8</b>	<b>46.7</b>
<b>CASH GENERATED BY OPERATING ACTIVITIES</b>	<b>191.4</b>	<b>155.8</b>
EARNINGS (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	62.2	(14.4)
DEPRECIATION AND AMORTIZATION OF PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS	96.6	83.3
INTEREST, CHARGES, EXCHANGE DIFFERENCES AND MONETARY VARIATIONS	(1.7)	55.0
OTHERS	34.3	31.8
<b>CHANGES IN ASSETS AND LIABILITIES</b>		
TRADE RECEIVABLES, NET	0.2	(12.8)
INVENTORIES	(22.0)	(7.3)
RECOVERABLE TAXES	(15.9)	0.2
ADVANCES PAID	(17.7)	(0.9)
TRADE AND RENTAL PAYABLES	18.0	(6.8)
PAYROLL AND SOCIAL CHARGES	(0.2)	(2.0)
PAYMENT OF INTEREST ON LOANS AND FINANCINGS	(27.8)	(51.1)
OTHERS CHANGES IN ASSETS AND LIABILITIES	(48.4)	(28.4)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>1.0</b>	<b>(147.3)</b>
PURCHASES OF PROPERTY AND EQUIPMENT	(178.2)	(120.1)
PURCHASES OF INTANGIBLE ASSETS	(14.5)	(8.5)
COMBINATION PAYMENT AND NET CASH BUSINESS ACQUIRED	(360.9)	-
INVESTMENT IN MARKETABLE SECURITIES	(499.8)	(402.7)
REDEMPTION OF MARKETABLE SECURITIES	1,054.4	383.9
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(103.0)</b>	<b>51.4</b>
CAPITAL CONTRIBUTED IN THE PERIOD	2.4	-
SHARE PREMIUM INCREASE, NET OF ISSUANCE COSTS	-	150.0
ISSUANCE EXPENSES	(4.6)	-
PAYMENT OF LOANS AND FINANCINGS (PRINCIPAL)	(100.7)	(88.0)
INVESTMENTS PAYABLE	-	(10.6)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(24.2)</b>	<b>(49.2)</b>
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	102.3	256.9
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	78.1	207.7

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