



INTERNATIONAL MEAL COMPANY

# IMC

International Meal Company  
Institutional Presentation

September 2020

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INTERNATIONAL MEAL COMPANY

Section I

## Company Overview

# IMC at-a-Glance

Leading Company in the food service business, with presence in Brazil, the USA, Colombia and Panama

## Geographic Footprint

(as of June 30<sup>th</sup>, 2020)

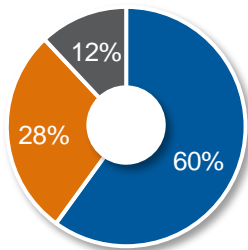


**492 (240) PoS<sup>(1)</sup>**

	Brazil	<b>425 (173)</b>
	USA	<b>22</b>
	Colombia	<b>25</b>
	Panama	<b>20</b>

## Net Revenues

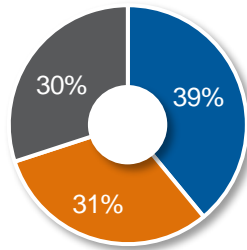
(2019A)



■ Brazil ■ US ■ Caribbean

## Adjusted EBITDA<sup>(2)</sup>




(2019A)



24% Roads  
10% Air Business  
3% Malls  
2% Pizza Hut + KFC

## Main Brands

(as of June 30<sup>th</sup>, 2020)

Brands	Countries	Stores <sup>(1)</sup>	Highlight
1 		232 (34)	• Largest world's pizza restaurant chain <sup>(3)</sup>
2 		93 (39)	• Largest world's chicken fast food chain
3 		25	• Pioneer roadside restaurant
4 		22	• Jimmy Buffett's Caribbean-inspired restaurant
5 Airports	   	36 (airports) <sup>(4)</sup> 13 (catering)	• Several brands in 4 countries • Catering in Colombia and Brazil
Others <sup>(5)</sup>	  	72	• Several traditional and premium brands

**Core Businesses**

Notes: (1) (x) denotes own points of sale; (2) Considers Pizza Hut and KFC November and December, 2019 EBITDA; Does not consider IFRS-16 effect (3) In terms of units; (4) Considers Viena, Batata Inglesa, Olive Garden, J&C Delicias, Carls Jr. and others inside airports; (5) Considers Viena, Batata Inglesa, Olive Garden, J&C Delicias, Carls Jr. and others outside airports

# Financial Highlights<sup>(1)</sup>



**492 stores**  
as of June 30<sup>th</sup>, 2020

**1.9% sss**  
2019A vs. 2018A



**R\$1.6bn Net Revenues**  
+4.9% 2019A vs. 2018A

**R\$150mm Adj. EBITDA<sup>(2)</sup>**  
9.4% EBITDA margin



**62% Operational Cash Flow Conversion<sup>(3)</sup>**  
in 2019A

**R\$270mm Net Debt**  
1.8x Net Debt / 2019A Adj. EBITDA



Notes: (1) Does not consider IFRS-16 effect; (2) Before special items (expenditure on incorporating MultiQSR, closing stores, stock option and M&A) and pre opening expenses; (3) Operational Cash Flow / Adjusted EBITDA

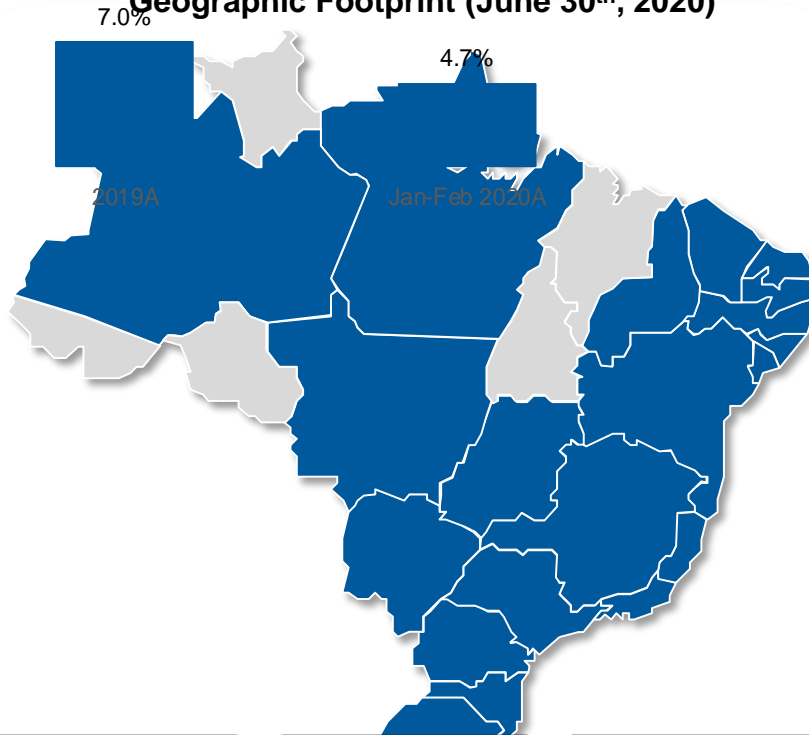


# 1 Pizza Hut Overview



The world's largest pizza chain in terms of locations, present in over 130 countries with almost 15,000 restaurants and kiosks

**Geographic Footprint (June 30<sup>th</sup>, 2020)**

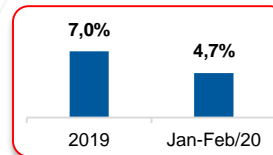


**21**  
States + FD

**232**  
Pizza Hut  
Stores

**34**  
Own Stores

**Pizza Hut's Same Store Sales - SSS (%)**



**KFC + Pizza Hut Financial Highlights<sup>(1)</sup>**

**R\$ 36mm**  
Net Sales  
(Nov. + Dec. 2019)

**R\$ 5mm**  
EBITDA  
13.2% margin  
(Nov. + Dec. 2019)

**Pizza Hut Overview**

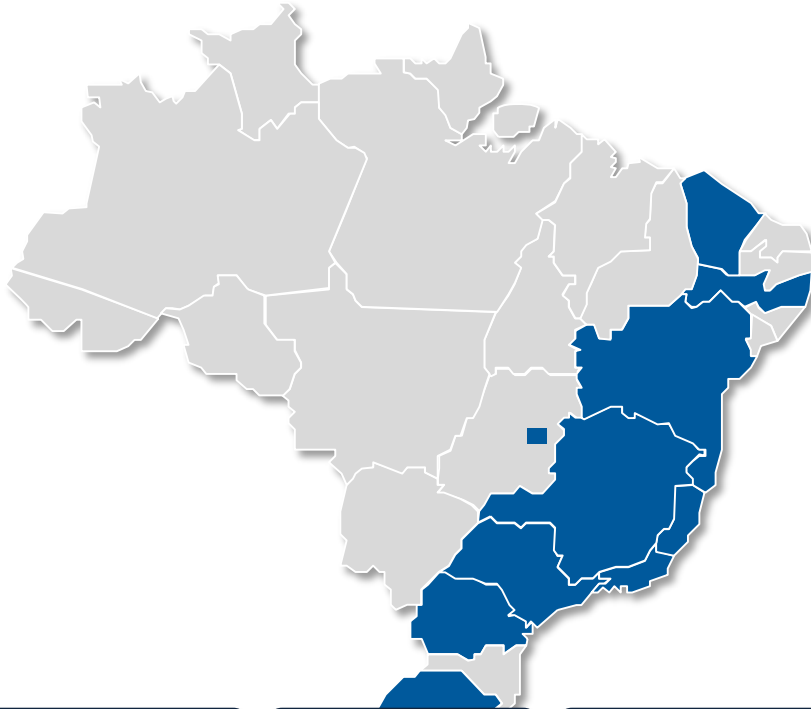


## 2 KFC Overview



KFC is the world's largest chicken fast food chain and the world's second largest restaurant chain

Geographic Footprint (June 30<sup>th</sup>, 2020)

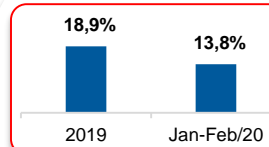


**9**  
States + FD

**93**  
KFC Stores

**39**  
Own Stores

KFC's Same Store Sales - SSS (%)



KFC + Pizza Hut Financial Highlights<sup>(1)</sup>

**R\$ 36mm**  
Net Sales  
(Nov. + Dec. 2019)

**R\$ 5mm**  
EBITDA  
13.2% margin  
(Nov. + Dec. 2019)

KFC Overview



### 3 Frango Assado Overview

Pioneer and well recognized roadside restaurant brand with a multiservice plaza: gas station, restaurant, snack bar, bakery and mini-market

#### Geographic Footprint (June 30th, 2020)



- Frango Assado Stores
- Gas Station
- Frango Assado + Gas Station

**2**  
States

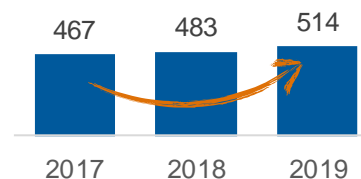
**25**  
Frango  
Assado Stores

**18<sup>(3)</sup>**  
Frango Assado  
+ Gas Stations

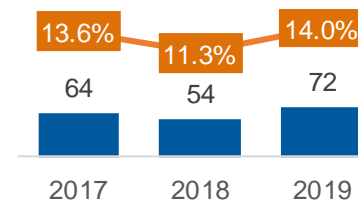
#### Financial Highlights<sup>(1)</sup>

Net Revenue (R\$m)

CAGR: 4.9%



EBITDA (R\$m) and Margin<sup>(2)</sup> (%)



Notes: (1) Does not consider IFRS-16 effect; (2) Does not consider administrative expenses; (3) IMC has 25 Frango Assado stores, which 18 are integrated with gas stations; In addition of 25 Frango Assado stores, IMC operates 1 gas station that is not integrated with the restaurant

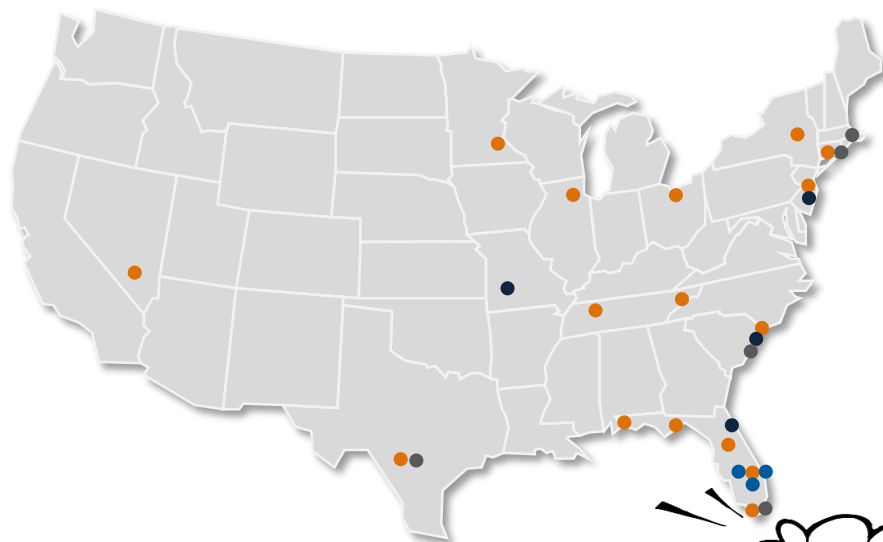


## 4 Margaritaville Overview

Caribbean style restaurant founded by Jimmy Buffett



### Geographic Footprint (June 30<sup>th</sup>, 2020)



**15**  
Margaritaville  
Venues

**4**  
Landshark  
Venues

**3**  
Other  
Venues

**5**  
Venues to be  
Opened<sup>(1)</sup>

### Operations Highlights



#### Brand Awareness

- Margaritaville has a strong brand, with 75% of recognition in US
- Positive association with Jimmy Buffett and highly engaged “fins up” club with 24M fans
- Landshark: Top-selling beer brand

#### Significant Elements

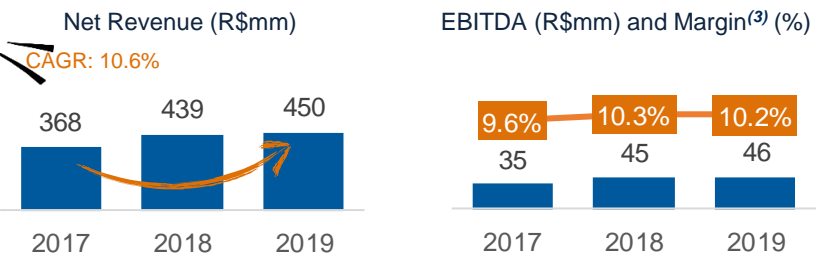
- Unique tropical décor and laid-back lifestyle
- “Feet in the sand, drink in your hand” and “it’s 5 o’clock somewhere”

#### Wide Demographic

- Attractiveness increased by customers highly engaged on digital platforms



### Financial Highlights<sup>(2)</sup>



Notes: (1) 2 Land Shark venues to be opened in 2020 and 1 in 2021; 2 Margaritaville to be opened in 2022; (2) Considers all US businesses as Margaritaville businesses; Does not consider IFRS-16 effect; (3) Does not consider administrative expenses

## 5 Airport Businesses Overview

Presence in the main airports in Brazil, Panama, Colombia and the USA through airport retail and flight catering concessions

### Airport's Geographic Footprint (June 30<sup>th</sup>, 2020)



#### US Airports (1):

Miami

#### Panama Airports (1):

Tocumén + **Ongoing Expansion**

#### Colombia Airports (8):

Barranquilla, Cartagena, Rionegro, Medellín, Bucaramanga, Bogotá, Pereira and Cali

#### Brazil Airports (6):

Guarulhos (SP), Confins (MG), Congonhas (SP), Salgado Filho (RS), Juscelino Kubitscheck (DF) and Viracopos (SP)

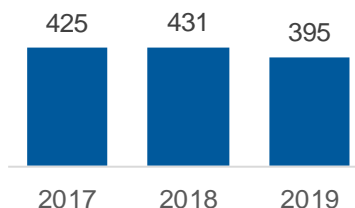
**4**  
Countries

**36**  
Restaurants in  
Airports

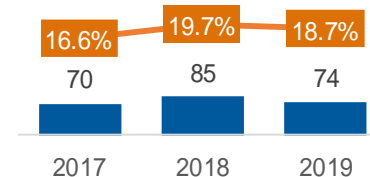
**13**  
RA Catering  
Venues

### Airports and Caribbean's Financial Highlights<sup>(1)</sup>

Net Revenue (R\$m)



EBITDA (R\$m) and Margin<sup>(2)</sup> (%)



Notes: (1) Brazilian air businesses + Caribbean business numbers (Includes 12 J&C stores and 8 Carls Jr. stores); Does not consider IFRS-16 effect; (2) Does not consider administrative expenses



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## Section II

# IMC Strategic Pillars



# IMC Strategic Pillars

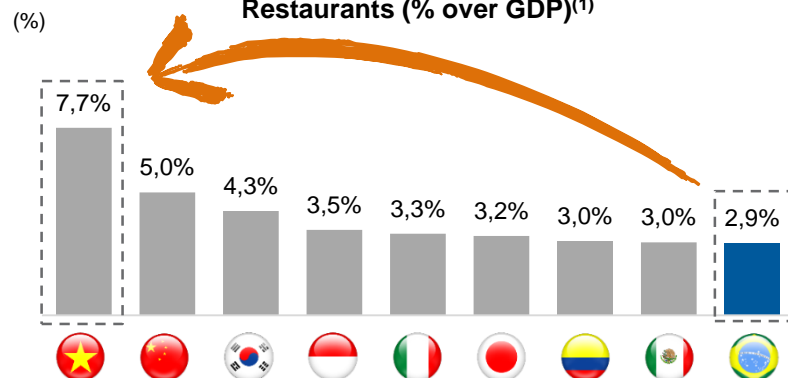


# 1 Strong Sector Fundamentals

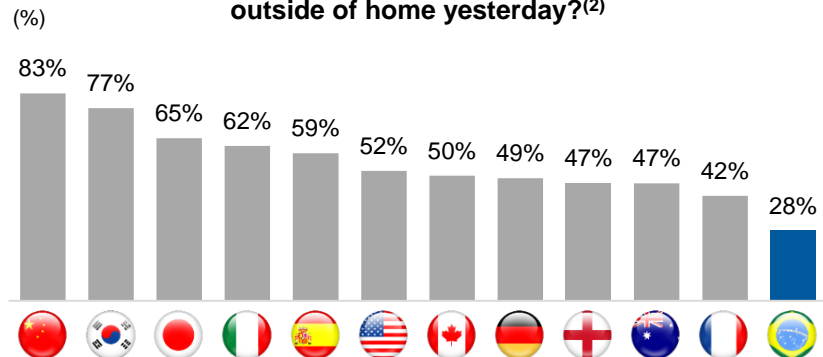
The Brazilian external dinner market has plenty of room for growth

## Underpenetrated market

Consumption with Full-Service and Limited-Service Restaurants (% over GDP)<sup>(1)</sup>

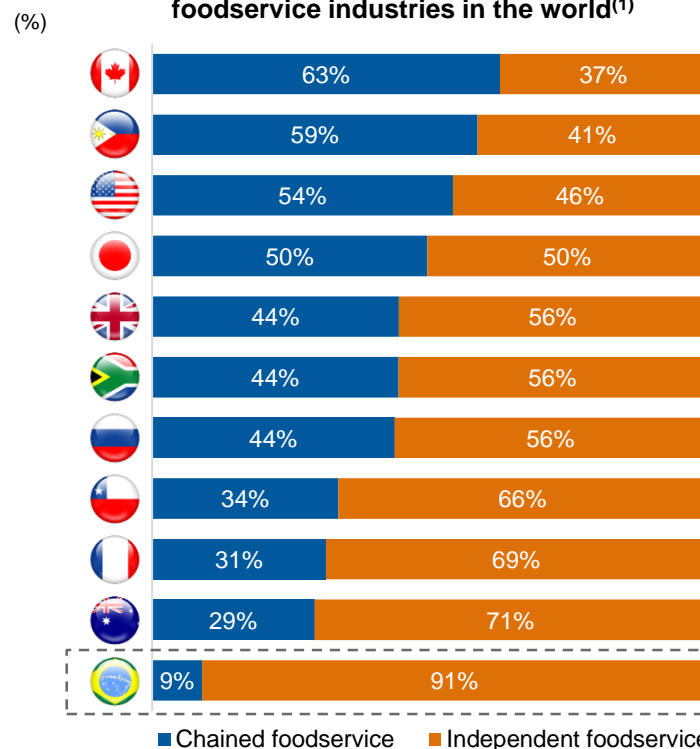


Foodservice penetration: Did you have a meal outside of home yesterday?<sup>(2)</sup>



## Fragmented

Brazil has one of the most fragmented foodservice industries in the world<sup>(1)</sup>



Up to 20-30% of independent outlets could **close permanently** if shutdowns endure for two months or more<sup>(1)</sup>

# Solid Portfolio With Well Positioned Brands in the Market

Brands that reach different population income levels



A/B



A/B



B/C



B

Valuable brands in their respective segments



Top 3 valuable brands globally



Top 7 valuable brand globally



Top of mind for travelers



74% brand awareness in USA

Leading brands in their respective segments (# of stores)



#1



#2



#2

Franchise model with attractive returns

CAPEX made by the franchisees



Royalties % of sales



Large addressable market served by a broad portfolio of brands (diversified store models)



Food Court (Shopping Malls)



Delivery/ Carry-out



Free Standing



# Clear Growth Avenues

Follow-on focused on growth

On July, we issued of 90.4 million shares in an offer of approximately R\$ 384 million, in which we added R\$ 372 million to IMC's balance sheet

## Use of Proceeds

**50%** Stores' expansion



**30%** franchisees acquisition



**20%** working capital

## Opportunities Brands



Relevant in the road segment in Brazil



Top 3



Top 7

Valuable brands globally

Fragmented Market in Brazil

~1,100 gas stations only in SP state<sup>1</sup>

Chicken Fast Food still incipient

Top 2 with ~1% market share<sup>1</sup>

Brands with solid pre-covid performance (SSS Jan-Feb)

+8.9%

+13.8%

+4.7%

## Pandemic Opportunities

- Reduction in the number of competitors
- Availability of well located real estate

# Clear Growth Avenues

## KFC

Clear growth avenues for IMC with KFC Brand



## Relevant potential of **expansion**

### KFC



**Chicken is the main protein consumed** in Latin America  
More than 50% of the protein consumed in Brazil is chicken<sup>(1)</sup>



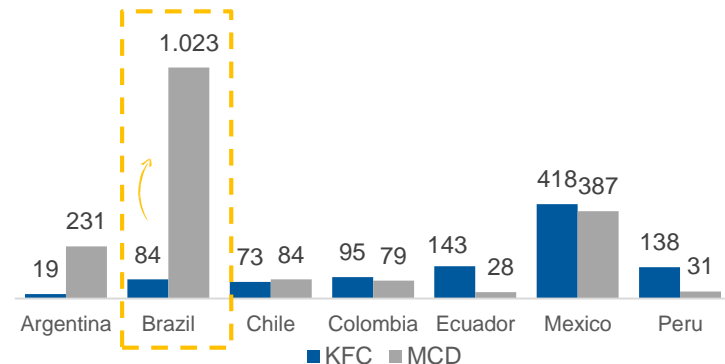
**KFC with incipient presence in Brazil**  
Largest gap among KFC and McDonald's stores between LatAm countries

As of Dec-2019



**Chicken fast food market still unexplored in Brazil**

230 fast food restaurants with a menu focused on chicken, 28% of which are KFC restaurants (Oct-2019)<sup>(2)</sup>



# Clear Growth Avenues

## Pizza Hut

Clear growth avenues for IMC with Pizza Hut brand



### Relevant potential of **expansion**

#### Pizza Hut



#### **Pizza market is bigger than the hamburger market in Brazil**

2019 pizza market was R\$16.4bn vs. R\$13.8bn hamburger market<sup>(1)</sup>



**Pizza Hut with 1% market share among more than 21 thousand pizzerias in Brazil<sup>(2)</sup>**



#### **Three main pizzerias chains in Brazil with less than 3% of the market<sup>(2)</sup>**

Pizza hut is in second place<sup>(2)</sup>



# Clear Growth Avenues

## Frango Assado

Clear growth avenues for IMC within its core brands

### Frango Assado



#### Solid same-stores sales performance in a challenging macro environment

Frango Assado reported positive quarterly SSS since 1Q17<sup>(1)</sup>



#### Huge and fragmented existing market

Currently there are 1,100 road restaurants only in São Paulo state



#### Search for high ROIC brownfield opportunities

Main focus in the Brazilian Southeastern region 4 – 5 years of payback

### Margaritaville



#### Strong cash flow generation

>80% of EBITDA is converted in cash



#### Expansion supported by property owner is generating high ROIC

IMC contributes with 50% of the Capex and charge 3-4% management fee over sales



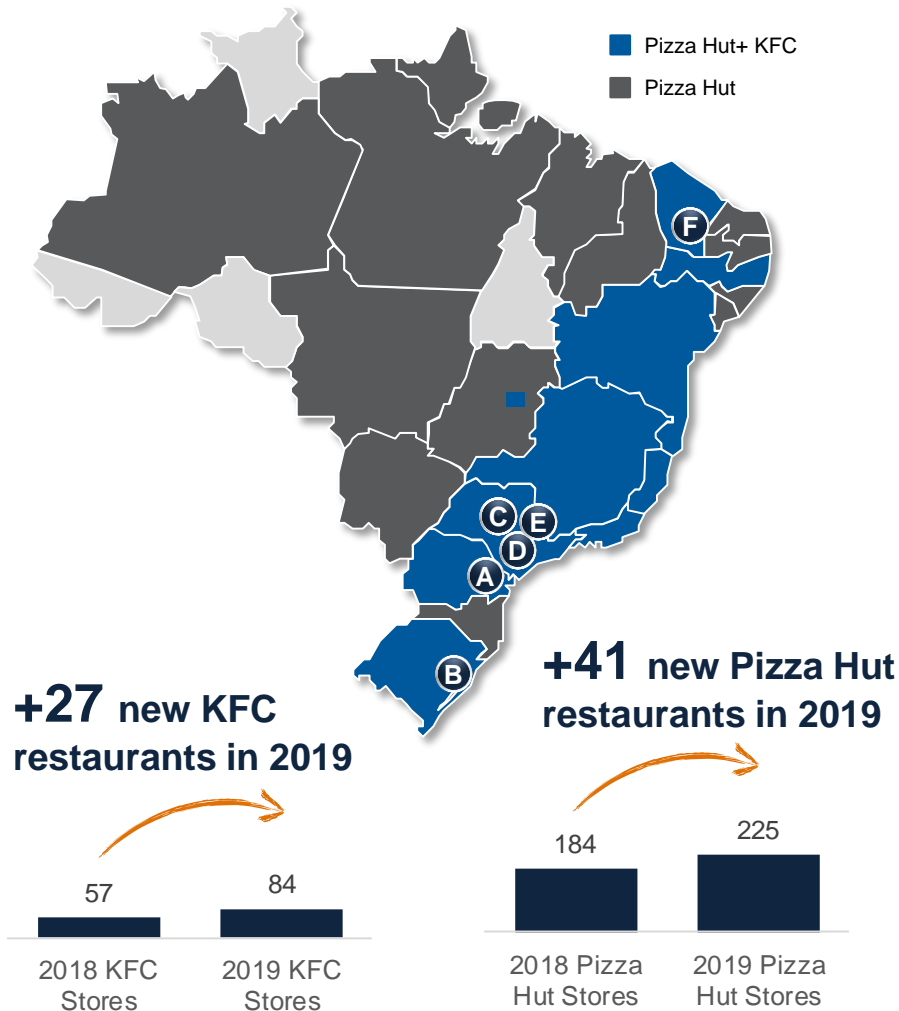
#### Expansion in iconic locations in the U.S.

# Execution Capability

## KFC and Pizza Hut Expansion Case Study



New stores opening record in a short time, with 20 Pizza Hut units and 15 KFC units opened in December/2019



### Solid Expertise in Opening New Stores



A Shopping Palladium Curitiba  
(3 stores in Curitiba)



B Shopping Bourbon Wallig  
(1<sup>st</sup> Store in Porto Alegre)



C Lago Azul in Bandeirantes  
Road



D Shopping Patio Ciané  
(1<sup>st</sup> store in Sorocaba)



E Delco Vila Nova Conceição



F Juazeiro do Norte

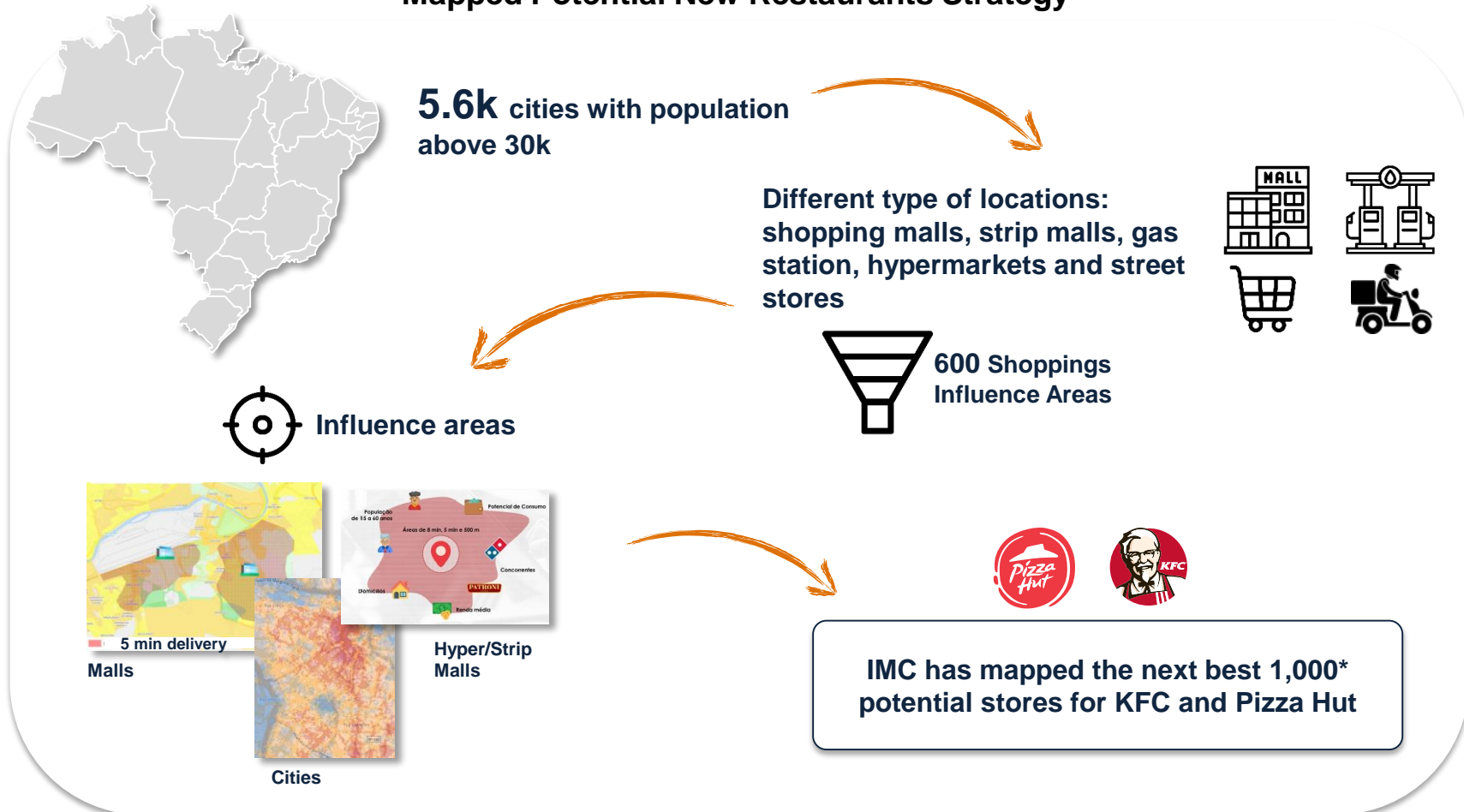
# Execution Capability

## Mapped Potential New Restaurants



IMC has mapped all potential new restaurants in Brazil

### Mapped Potential New Restaurants Strategy





# Efficiency and Technology

## Central Kitchen Overview

Strong potential for margin expansion with the implementation of Central Kitchen for the restaurant chains



### More modern and improved kitchen

- Located in Louveira / SP, 60 km from São Paulo
- 67% fewer employees
- 2.3x higher production capacity

### Operational since December/2019

- New kitchen started in December
- Old Viena kitchen closed in December

### Gradual implementation in restaurants with strong synergies

- Beginning in January 2020
- High cost savings due to synergies



# Efficiency and Technology

## Central Kitchen Main Products

Centralized and scalable production of a wide variety of products for IMC businesses



**Tomato Sauce**



**VIENA**



**Cheese bread**



**VIENA**



**Coxinha Production Line**



**VIENA**

**Deep-frozen Products**



**VIENA**



**Deep-frozen Semolina Bread**



**Baked Semolina Bread**



# Efficiency and Technology

## In-Store Technology

Technology helping to regenerate central kitchen's production at the store level

**Rational Combi-Steam Oven –  
Digital and Small**



**Central Kitchen  
production regeneration**

**Ramalhós Oven – Substitutes a  
whole bakery**



**Ultra-frozen Semolina  
Bread Baking**

# Efficiency and Technology

## Central Kitchen Opportunities

Gradual implementation of Central Kitchen in the restaurant chains, capturing important synergies

### First Wave

- Initial implementation in Brazilian IMC operation: Viena and Frango Assado

VIENA



- Initial food retail production: "Biscoito de Polvilho"

### Second Wave

- Implementation of Central Kitchen in own stores and franchise stores: Pizza Hut



- Pizza doughs production with strong cost reduction for Pizza Hut stores
- Food retail production: Semolina bread



## 5 Efficiency and Digital Apps

Own app being updated at Pizza Hut and developed at KFC and Frango Assado



**Existing app being update** using YUM! Brands' platform



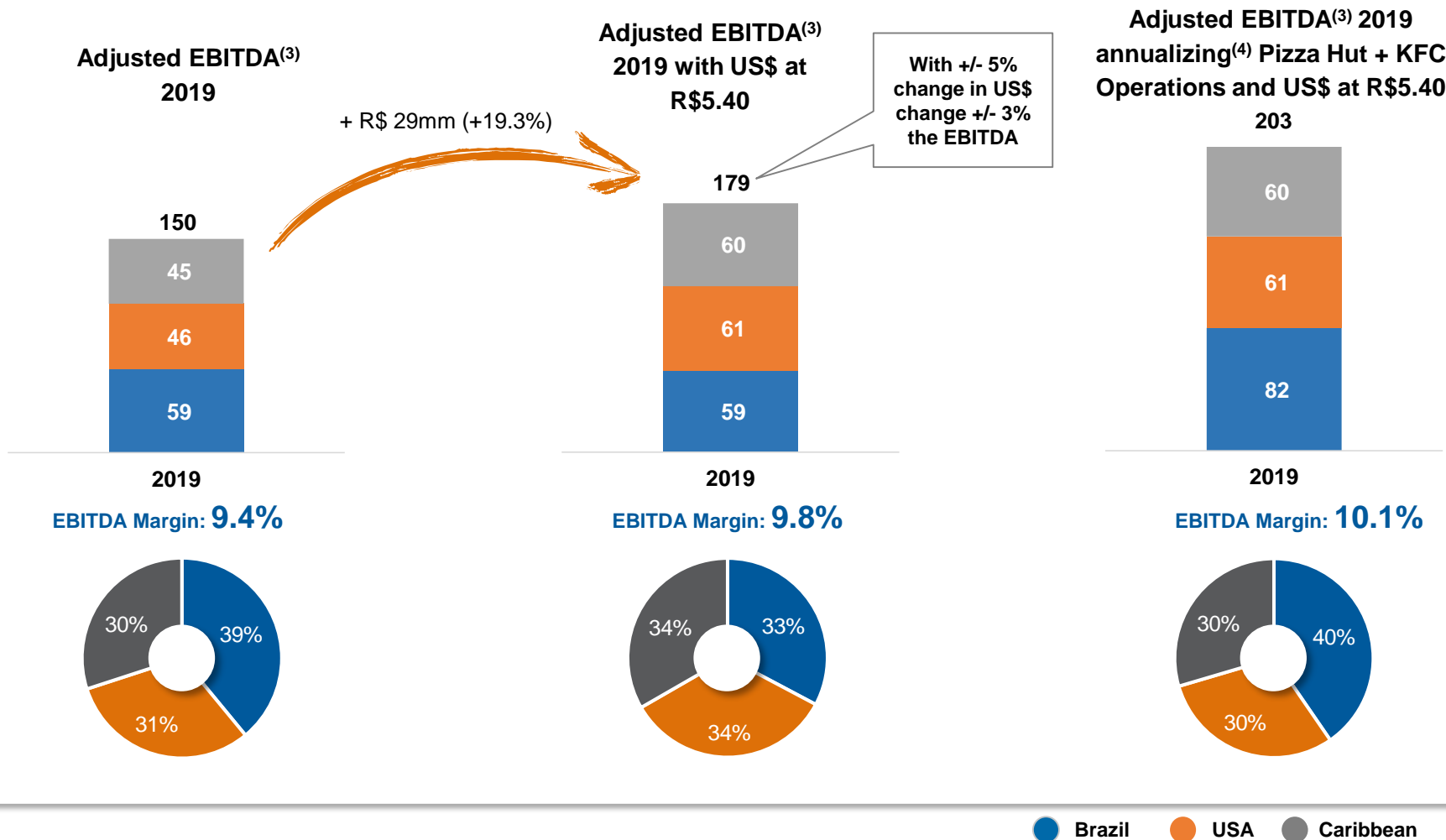
**Own App** should be **launched soon**, also backed by YUM! Brands' platform



**Own app** focused on **bus drivers** with a **CRM** functionality

# 6 Strong Cash Generation in USD

## FX Impact (Theoretical Exercise)<sup>(1,2)</sup>



Notes: (1) Colombian Peso updated to: R\$ 0,001435 = COP 1; (2) Does not consider IFRS-16 effect; (3) Adjusted EBITDA excluding special items (impairment due to closures and stock option program) and pre-opening expenses; (4) Annualized by multiplying by six the two months (Nov + Dec / 19) of Pizza Hut and KFC operation

# Seasoned Management Team and Board of Directors

Experienced management team supported by strong shareholders

## Board of Directors

**Flavio Benício Jansen Ferreira**  
Chairman of the Board



**Marcel Fleischmann**  
Independent Member



**Rodrigo Neiva Furtado**  
Independent Member



**Joseph B. Call**  
Member



**José Agote**  
Member



**Charles Pimentel Martins**  
Member



**Lincoln Pimentel Martins**  
Member



## Management Team

**Newton Maia Salomão Alves** CEO IMC



**Sergio Cardona** Head of Caribe



**David Crabtree** Head of US



**Jerônimo de Souza** Head of KFC and Olive Garden



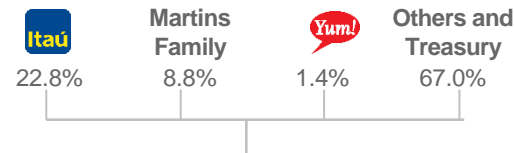
**Fabiano Strelow** Head of Frango Assado and Pizza Hut



**Andrea Piccinato** Head of RA Catering, Viena and Batata Inglesa



## Shareholders Structure



## 8 Simplification of IMC

IMC has been simplifying its portfolio in recent years, selling unprofitable brands and focusing on businesses with attractive returns

### Discontinued brands and countries since 2016

2016



Mexico



Puerto Rico



Dominican  
Republic

2017



2019



In Brazil

In the past 4 years, IMC has left 3 countries and sold/discontinued at least 4 brands, simplifying its portfolio and focusing on brands with attractive returns

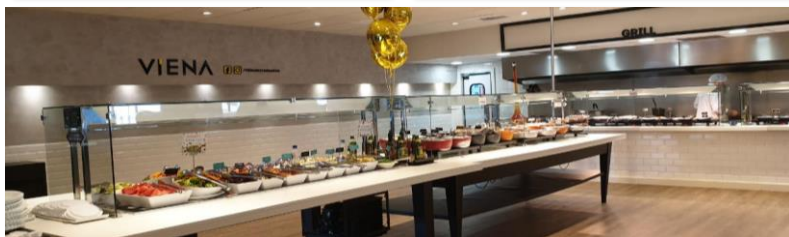


## 8 Simplification of IMC

IMC has a wide variety of brands that complement its portfolio in more specific segments such as shopping malls and airports

### Other Businesses Highlights

- IMC has a diversified portfolio, operating restaurants inside and outside shopping malls and airports
- IMC's other businesses are present in Brazil, Colombia and Panama



### Brands Overview

VIENA

31

- Buffet style restaurant

Olive Garden<sup>(1)</sup>  
ITALIAN KITCHEN

6

- Brand focused in Italian food

BATATA INGLESA

15

- Restaurant focused on stuffed potatoes

J&C delicias

12

- Colombian Arepas Specialist

Carls Jr.

8

- The best of hamburger on the grill

# Restaurants



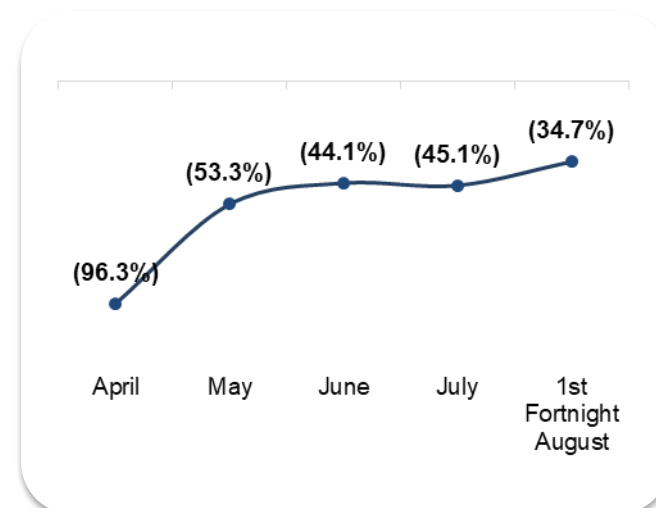
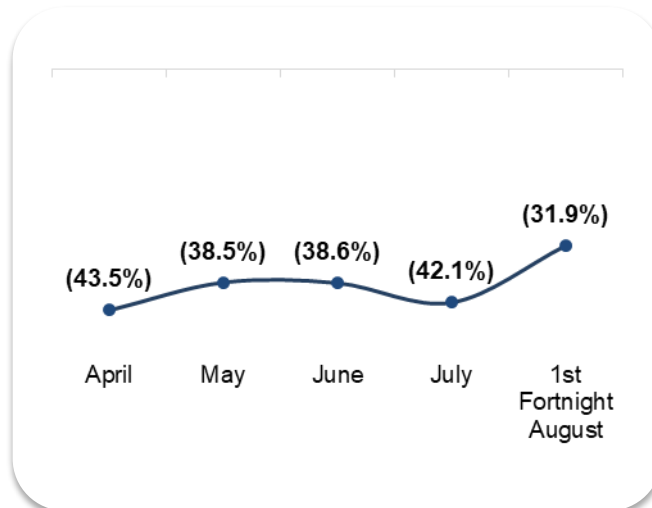
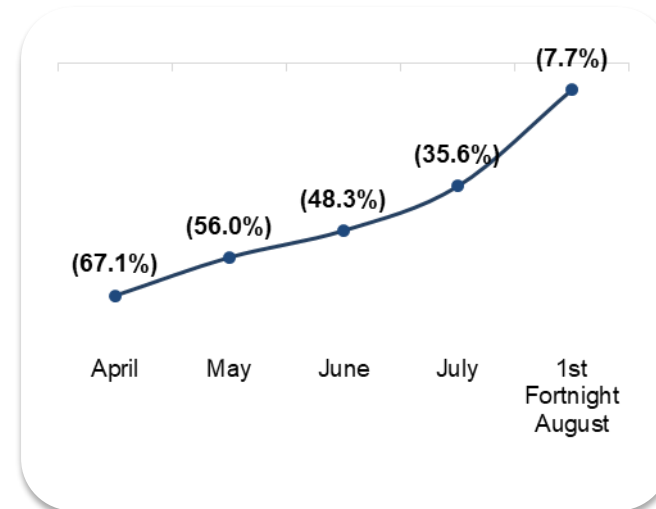
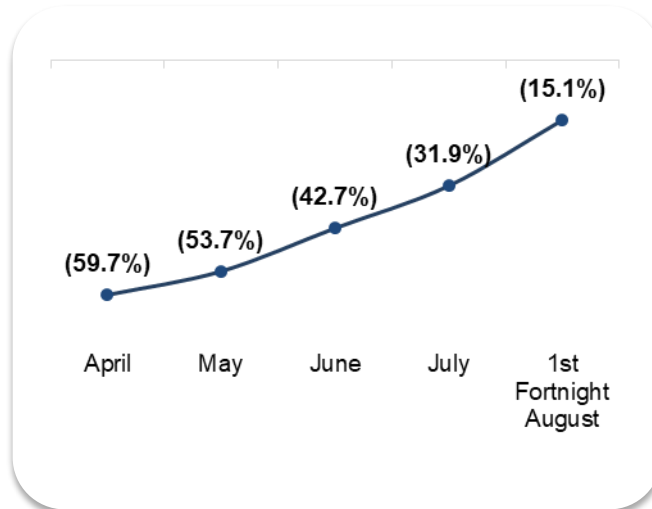
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Section III

**Covid-19 Update**

# IMC SSS - Performance in the last months (April to 1<sup>st</sup> Fortnight of August)

Recovery of Same Store Sales in our main brands in recent months



# IMC SSS - Performance in the last months (2Q20 to 1st Fortnight of August)



Exchange rate contributing positively to the same store sales indicator in Brazilian Reais (R\$)

## Same Store Sales in Constant Currency

Constant Currency	2Q20	July	1st Fortnight August
Frango Assado	(52.1%)	(31.9%)	(15.1%)
Airports	(91.7%)	(83.3%)	(78.6%)
PH, KFC and Others	(59.8%)	(47.7%)	(43.0%)
Pizza Hut	(40.2%)	(42.1%)	(31.9%)
KFC	(58.6%)	(35.6%)	(7.7%)
<b>Brazil Pro Forma</b>	<b>(59.8%)</b>	<b>(43.2%)</b>	<b>(33.4%)</b>
USA	(61.9%)	(45.1%)	(34.7%)
Caribbean	(94.5%)	(90.7%)	(85.2%)
<b>IMC Pro Forma</b>	<b>(66.7%)</b>	<b>(46.6%)</b>	<b>(37.2%)</b>

## Same Store Sales in R\$

R\$	2Q20	July	1st Fortnight August
Frango Assado	(52.1%)	(31.9%)	(15.1%)
Airports	(91.7%)	(83.3%)	(78.6%)
PH, KFC and Others	(59.8%)	(47.7%)	(43.0%)
Pizza Hut	(40.2%)	(42.1%)	(31.9%)
KFC	(58.6%)	(35.6%)	(7.7%)
<b>Brazil Pro Forma</b>	<b>(59.8%)</b>	<b>(43.2%)</b>	<b>(33.4%)</b>
USA	(47.8%)	(23.2%)	(12.8%)
Caribbean	(92.9%)	(86.6%)	(80.7%)
<b>IMC Pro Forma</b>	<b>(63.0%)</b>	<b>(39.6%)</b>	<b>(28.0%)</b>



# Update on Covid-19

## Adopted measures related to Covid-19 impacts<sup>(1)</sup>

### Delivery

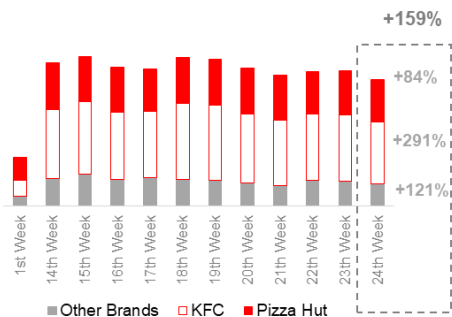
#### Delivery channel kept high level of sales

- 24th week<sup>1</sup> multiplied by 2.6x vs the 1st week of March
- +291% in KFC
- +84% in Pizza Hut
- +121% Other Brands\*



<sup>1</sup>24th Week (9th to 15th August)

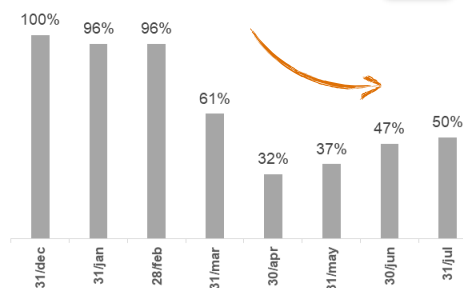
\*Viena, Olive Garden, Batata Inglesa and Frango Assado



### Continuous focus on mitigating expense

#### Team reduction

Active IMC employees (Dec-19 base)



#### Simplification of IMC's structure

35 stores permanently closed (20 in malls, 12 in airports, 1 catering and 2 in the Caribbean)

### Update on the Strategy to Resume Businesses Operations

August, 17<sup>th</sup> 2020



**Frango Assado**  
25 stores opened



**KFC + PH + Others**  
346 stores opened (133 owned)

+1 PH and +1 KFC new store



**Margaritaville**  
23 stores opened  
+1 new store



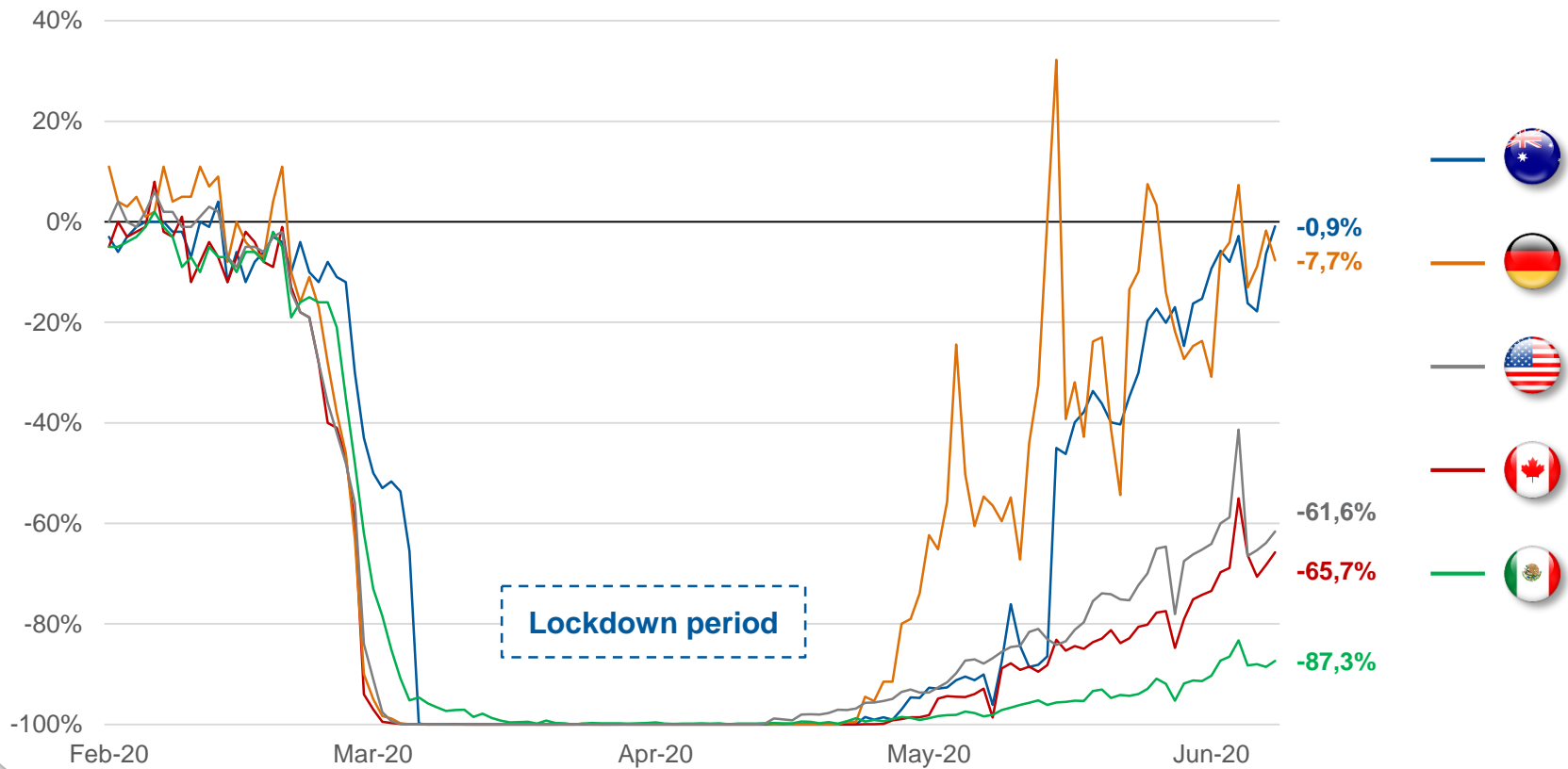
**Airports Brazil**  
7 stores opened and 5 caterings operating

# Positive Perspectives for IMC's Businesses After Covid-19

Restaurants market has shown fast recovery in countries where economic activity has been resuming from Covid-19 lockdowns

**The restaurant industry of several countries across the globe has already shown sights of recovery from the Covid-19 impact, with an increase in the YoY<sup>(1)</sup> OpenTable seated diners since April**

YoY<sup>(1)</sup> OpenTable seated diners by Country

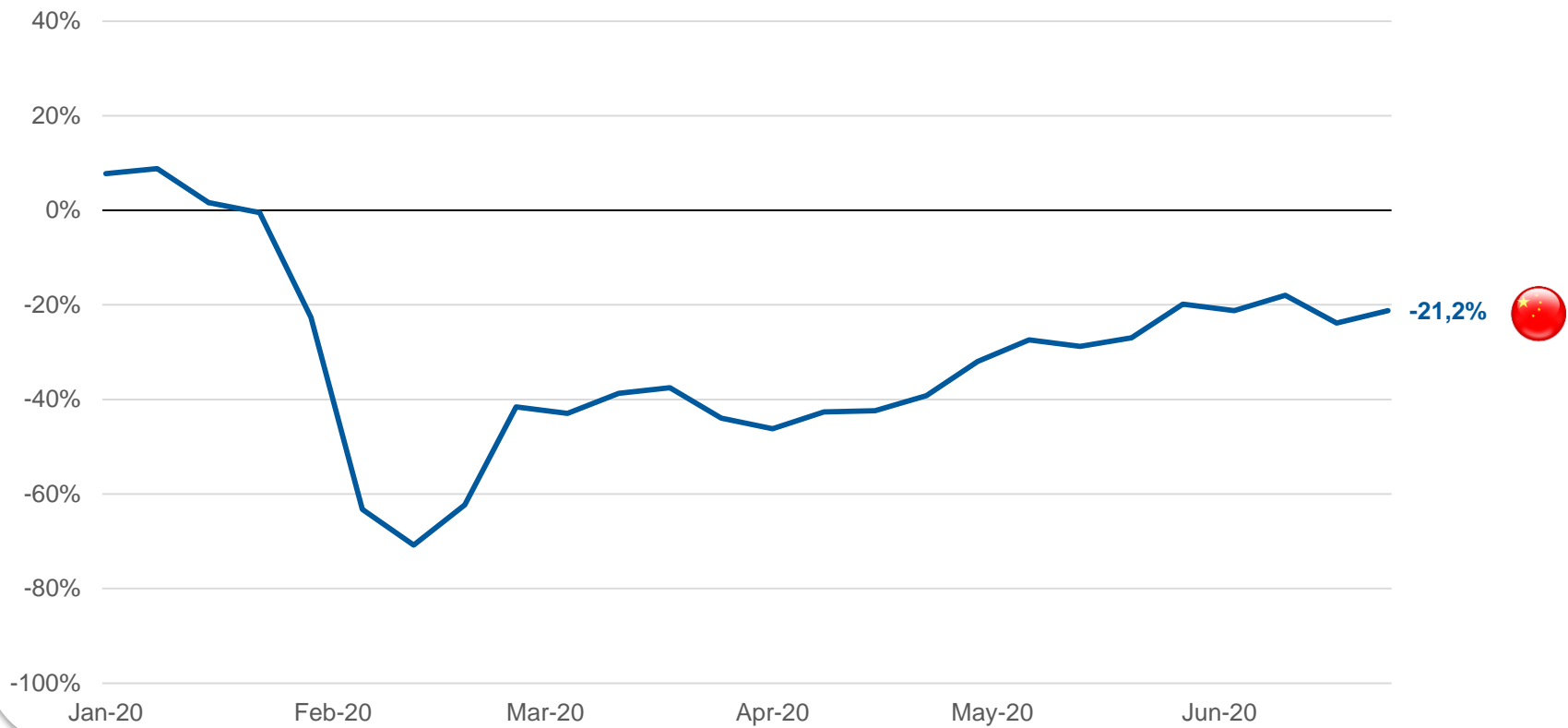


# Positive Perspectives for IMC's Businesses After Covid-19

Airlines traffic in China had significant recovery and the number of regular flights in the country is already at -21.2% when compared to 2019

**After a strong drop in the number of flights in China at the beginning of 2020, the airlines industry in the country has shown strong recovery in the YoY<sup>(1)</sup> number of regular flights in the country**

YoY<sup>(1)</sup> number of regular flights in China



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# Speakers



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