Operator:

Good afternoon, ladies and gentlemen. Thank you for standing by, and welcome to IMC's conference call to discuss the 2Q12 results.

The presentation is available for download at the Company's website: http://www.internationalmealcompany.com/ir.

We would like to inform that during the Company's presentation all participants will only be able to listen to the call. We will then begin the Q&A session, when further instructions will be given. In case you need any assistance during the conference, please request the operator's help by pressing *0.

Forward-looking statements are subject to known and unknown risks and uncertainties that could cause the Company's actual results to differ from those in the forward-looking statements. Such statements speak only as of the date they are made, and the Company is under no obligation to update them in light of future developments.

I will now turn the conference over to Mr. Javier Gavilán, CEO. Please, Mr. Javier, you may proceed, sir.

Javier Gavilán:

Good morning, everyone, and welcome to IMC's results conference call for the second quarter of 2012.

First, we would like to thank you all for participating in the call. During the presentation, we will talk about our main quarter and semester highlights and then we will open the Q&A session, when we can go into more detail on any questions you may have.

We closed the first half of 2012 with many achievements and even more plans for the future. We are confident in the markets where we operate; demand remains strong at the beginning of the third quarter and our team is fully prepared to exceed the expectations of our investors and clients.

On slide 2, we present our main operating and financial results.

We finished the quarter with 308 stores, having opened 22 in 2Q12 and 72 in the last 12 months, slightly exceeding our initial projections.

Of the new opened stores, 20 are in shopping centers and two are in airports. The strong increase in the shopping center segment came mostly from acquisitions. We believe the acquired brands have excellent growth potential and will generate important synergies with our Viena brand as soon as we completely integrate them.

We would also like to mention that our new brand in Colombia, J&C Delicias, which was acquired with only six stores and now has nine. We believe Colombia will generate excellent results in the future and J&C Delicias will prove to be the right brand to expand in this country.

Net revenue totaled R$280.7 million in 2Q12, 34.3% up on the same period last year. Excluding the exchange rate impact, growth came to 30.4%, showing that our revenue increase came from our operational growth.

Same-store sales grew by a record 13.1%, led by the airport segment, with substantial growth of 22.8%. In the road segment, excluding gasoline and analyzing food and beverage sales only, same-store sales moved up by 11.1%.

The gross margin came to 29.4% in 2Q12, 120bps higher than 1Q12 and a just 60bps lower than in the same period last year. In an inflationary environment, both for raw materials and labor, we once again demonstrated our great negotiation skills and ability to change the mix in order to control our food cost. According to the official Brazilian institute, Dieese, quarterly food inflation stood at 2.48% in the quarter, while our internal inflation was minus 1.45%.

We acquired two new food chains in the quarter, as well a central kitchen in Colombia which came in the deal with J&C Delicias. This transaction marked our entry into the Colombian shopping center segment and, we already begun the expansion of the chain, as I mentioned a little earlier. In the case of Wrap's and Go Fresh, we are still integrating processes and improving operations. Health food is one of the most promising segments in Brazil and we believe we have acquired the best brand in the market.

After the end of the quarter, we announced the acquisition of Batata Inglesa, a market leader in the state of Rio de Janeiro, increasing our presence in this important market to 44 stores. Currently, in eight shopping centers, we have at least two stores, in line with our declared strategy. We are also negotiating our first food court, with five or six proprietary stores, but unfortunately we cannot go into more detail on this project at this moment.

As we mentioned on the previous slide, we closed the quarter with 308 stores, 72 more than in 2Q11 and 22 more than in the previous quarter.

This year on year expansion was concentrated in the airport segment, where we opened 40 stores, mainly in international airports.

The shopping center segment also did well, contributing 25 stores, mostly from recent acquisitions, while the road segment received six new Frango Assado stores and the other segments grew by one store.

And now I am taking this opportunity to share some excellent news with you. We have won the bid for four new contracts at Galeão International Airport, in Rio de Janeiro, thereby consolidating our presence in the main airport hosting major global events in the coming years, especially the World Cup and the 2016 Olympic games.

As mentioned before, net revenue grew by 34.3% to R$280.7 million in 2Q12. Excluding exchange effects, the increase was 30.4%. In the first half, sales increased 29.4% year-on-year, achieving R$ 543 million.

Same-store sales growth was led by the airport segment, with 22.8%. But the road segment also did well, with growth of 11%, if considered only food and beverage sales.

Joint airport and road revenue increased from 69.8% of the Company's total revenue, in 2Q11, to 71.1% in this quarter.

Gross profit totaled R$82.5 million in 2Q12, 31.7% above 2Q11. In the first half, gross profit increased 27.2% year-on-year.

The gross margin came to 29.4%, versus 30.0% in the same quarter last year, as mentioned on Slide 2. In comparison with 1Q12, our margin increased 120bps.

Excluding depreciation and amortization, however, our 2Q12 margin recorded a year-on-year improvement.

Although we believe this result to be highly satisfactory, we are sure we can do even better in the second half, especially when the changes we are making to the new operations start to be reflected in our figures.

Once again we would like to highlight the versatility of our business model, which maintained profitability despite the inflationary environment over the last 12 months We are beginning to build up a better database from our SAP system and will be able to improve even more our product mix.

Operating expenses excluding non-recurring items increased from 23.6% of net revenue in 2Q11 to 24.1% in 2Q12

One of the main drivers for this increase was the 41% year-on-year increase in rents. Although we expected rents to increase more than sales, we are confident that a good part of this impact will be diluted when the percentage of stores in the ramp up period fall.

A second driver was the increase in salaries of 49% over 2Q11. In June, we began an expense reduction program which should push this figure down starting in this third quarter. Note that we are not cutting employees engaged in the Company's core business, so operations will not be affected in any way.

Talking more about this program, we are also focusing on cutting other important expenses, which should result in a substantial reduction in overall operating expenses by year-end. We are reviewing all our outsourced processes and advisory services, looking for opportunities to reduce expenses. In addition, we have replaced our phone system for VoIP technology and are concluding a revised cell phone and travel policy, just to mention a few examples.

Non-recurring items totaled R$9 million, R$6.5 million of which related to the stock option plan for the Company's founding executives. Note that this was a non-cash item, as it was paid with an issuance of approximately 398,000 shares, according to the Material Fact published in May. The other R$2.5 million refers to acquisitions. We are maintaining our policy of recognizing M&A expenses as non-recurring items only when the negotiations are concluded.

In 2Q12, adjusted EBITDA grew by 28.2% to R$33.6 million, with a margin of 12%. In the semester our EBITDA increased 9,9% reaching R$62.8 million.

On slide 7, you can see the reconciliation of adjusted EBITDA and net income in.

Non-recurring items totaled R$9.0 million in 2Q12, versus R$4.3 million in 2Q11, as explained on the previous slide. In the semester, these expenses stood at R$9.8 million, versus R$27.5 million in the same period of last year.

The financial result was a net expense of R$4.5 million in 2Q12, versus a net expense of R$1.9 million in 2Q11, primarily due to the reduction in the cash position, as a result of our investments in expansion. In the first half, IMC posted a net financial expense of R$ 8 million, very close to the R$8.5 million recorded in 1H11.

Income tax and social contribution on net income came to R$4.0 million in 2Q11, versus R$5.3 million in the same period last year.

However, the cash tax paid was R$3.5 million.

As a result, we closed 2Q12 with a net loss of R$2.8 million, versus net income of R$1.8 million in 2Q11. However, if we exclude the non-recurring stock options, which had no cash impact, our adjusted net income came to positive R$4.3 million in 2Q12, with an adjusted net margin of 1.5%.

Operating cash flow totaled R$24.6 million in 2Q12 and R$37.6 million in 1H12. The main disbursements in the period were investments in expansion.

Debt service consumed R$2.3 million in interest payments in the quarter. The pace of these payments felt substantially after the improvement of our financial structure.

During 2Q12 we invested R$49.0 million in CAPEX, allocated inthe opening of new stores and, mainly, in the acquisitions mentioned during this presentation.

These investments were financed by the Company's own resources and operating cash flow. Net debt at the end of the quarter was R$167.2 million, or 1.1 times EBITDA in the last twelve months. If receivables are considered as cash, this ratio fell to 0.8 times.

We will now be happy to answer any questions you may have.

Operator:

We thank you, sir, for your time and to the rest of management. This concludes IMC's conference call. We thank you all for attending. You may disconnect, and have a good day.

Javier Gavilán:

Thank you all very much. I would just like to reiterate our enthusiasm for the project in hand and our continuing commitment to building the leading company in its sector in Latin America. I would also like to thank all those who have shared our enthusiasm by investing in our Company. You can find our IR team's contact details at the end of this presentation and please do not hesitate to get in touch if you have any questions. Thank you.