
# 2Q14 AND 1H14

## EARNINGS RELEASE

## MESSAGE FROM MANAGEMENT

Dear investors,

We finished the first half of 2014 feeling that we had accomplished a lot, but with the impression that we are only at the beginning of our already announced strategy of increasing profitability and cash generation.

We began the year with several changes in our senior management team. Our objective was to simplify the decision-making process, increasing the Company's agility and reducing expenses. We made a commitment to our investors to be extremely careful with operating expenses and to analyze each position and process in order to maximize the Company's efficiency.

We believe that we are a little more than halfway through this challenge and are still working daily on reducing expenses every quarter. External consultants are helping us with several efficiency-centered projects in which our leading executives have both qualitative and quantitative individual responsibilities.

At the beginning of the quarter, we began two major short-term projects, both of which crucial for the Company.

The first was the construction of the largest number of stores in a single quarter in our history. Our deadlines for the airport stores were extremely tight, but our team was able to plan in order to deliver everything on time. Unfortunately, some stores were not ready because the terminals where they will be located were not delivered on time. Nevertheless, our team is prepared to deliver these stores as soon we are authorized to begin the works.

The second project marks our debut in the United States through the acquisition of the Margaritaville restaurant chain. On April 1, we took over a highly recognized brand, but whose management standards were very different from ours. We started our 100-day integration plan and are pleased to announce that we are close to completing the first phase of the project. There is substantial untapped synergy potential, especially with regard to the supply chain and sponsorships, but the most challenging integration processes (staff and IT) are already almost done.

As for 2Q14 results, April was extremely favorable to the Company, so we were really enthusiastic about the following two months. May was slightly weaker, but still with positive trend.

Unfortunately, we were surprised by low demand during the World Cup. We had very positive expectations for the event, which did not materialize. There was an abrupt decline in the number of customers, mainly during important games (especially when the Brazilian team played). Sales were also negatively impacted, albeit to a lesser extent, in Mexico and Colombia, whose teams advanced to the second phase of the competition.

Nevertheless, same-store sales (SSS) grew by almost two digits in our main segments and we are optimistic about the coming months.

Once again, our margins improved year-over-year, led by 200bps growth in the gross margin. If our sales had not decreased as a result of the World Cup, we are certain the EBITDA margin would have kept pace with the gross margin increase.

Anyway, even with the negative surprise, we were able to improve the EBITDA margin.

Excluding the acquisition of Margaritaville, our cash burn was small, even with the higher number of stores. We recorded good operating cash generation, working capital was positive and the EBITDA ratio that was effectively converted into cash increased once again. As a result, we believe that we are on the right track to reach the free cash flow break-even point in the coming quarters.

In the coming pages, we will comment on our results in more detail.

Once again, we would like to thank our shareholders, clients, suppliers and workers for standing solidly behind us in our pursuit of constant improvement.

Management

- **IMCH3 quote on 06.30.2014**
  R$20.50

- **Market cap on 06.30.2014**
  R$1.7 billion
  USD768 million

- **Earnings conference call**
  Tuesday, August 12, 2014

  **Portuguese**
  Time: 11:00 a.m. (Brasília)
  10:00 a.m. (US ET)
  Phone: +55 (11) 3728-5971 / 3127-4971
  Code: IMC

  **English**
  Time: 12:30 p.m. (Brasília)
  11:30 a.m. (US ET)
  Phone: +1 (412) 317-6776
  Code: IMC

- **The results presentation will be available at:**
  www.internationalmealcompany.com/ir

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# IMC ACQUIRES MARGARITAVILLE AND SALES GROW BY 30% IN THE QUARTER.

São Paulo, August 11, 2014. International Meal Company Holdings S.A. (BM&FBOVESPA: IMCH3), one of the largest multi-brand companies in the food service segment in Latin America, is disclosing its results for the second quarter (2Q14) and first half (1H14) of 2014. Unless otherwise indicated, the information herein is presented in million of Brazilian reais (R$) and in accordance with international financial reporting standards (IFRS) and the accounting principles adopted in Brazil. All comparisons refer to the same period in the previous year.

## HIGHLIGHTS

This quarter, the Company began operating in the United States through the Margaritaville brand, which accounted for 14% of sales in the period.

Total Net Revenue came to R$414.1 million in 2Q14, 29.7% more than in 2Q13. In 6M14, Net Revenue totaled R$781.1 million, 22.7% above 6M13.

The Gross Margin stood at 31.3%, 200 bps up on 2Q13.

General and Administrative Expenses (G&A) were diluted by 90 bps in the quarter and 100 bps in 6M14 in relation to the same periods in 2013.

## SUMMARY OF RESULTS AND OPERATIONAL HIGHLIGHTS

| **SUMMARY** (R$ million) | **2Q14** | **2Q13** | **Var. (%) 2Q14/2Q13** | **6M14** | **6M13** | **Var. (%) 6M14/6M13** |
|---|---|---|---|---|---|---|
| NUMBER OF STORES (end of period) | 404 | 380 | 6.3% | 404 | 380 | 6.3% |
| SAME STORES SALES (SSS[1]) | 309.7 | 288.9 | 7.2% | 627.8 | 577.3 | 8.7% |
| NET REVENUES | 414.1 | 319.2 | 29.7% | 781.1 | 636.4 | 22.7% |
| GROSS PROFIT | 129.8 | 93.4 | 39.0% | 243.2 | 186.0 | 30.8% |
| *GROSS MARGIN (%)* | *31.3%* | *29.3%* | *2.1 p.p.* | *31.1%* | *29.2%* | *1.9 p.p.* |
| OPERATIONAL EXPENSES | (116.7) | (82.7) | 0.4 | (216.1) | (164.2) | 31.6% |
| Adjusted EBITDA[3] | 43.4 | 33.1 | 31.1% | 82.3 | 65.2 | 26.3% |
| *Adjusted EBITDA MARGIN (%)* | *10.5%* | *10.4%* | *0.1 p.p.* | *10.5%* | *10.2%* | *0.3 p.p.* |
| DEPRECIATION & AMORTIZATION[2] | 30.3 | 22.3 | 36.1% | 55.1 | 43.4 | 26.9% |
| SPECIAL ITEMS[4] | 0.0 | (4.9) | n/a | (9.3) | (16.1) | n/a |
| NET FINANCIAL EXPENSES | (10.0) | (6.2) | 61.9% | (18.6) | (11.2) | 65.5% |
| INCOME TAX | (2.7) | (1.7) | 58.8% | (6.9) | (6.2) | 11.3% |
| NET (LOSS) PROFIT | 0.3 | (2.0) | n/a | (7.6) | (11.8) | n/a |
| *NET MARGIN (%)* | *0.1%* | *-0.6%* | *0.7 p.p.* | *-1.0%* | *-1.9%* | *0.9 p.p.* |

(1) Same Store Sales (SSS): See definition in the glossary.

(2) Adjusted EBITDA: See definition in the glossary.

(3) This item includes R$13.9 million in depreciation and amortization booked under cost of goods (R$10.7 million in 2Q13) and R$16.4 million in depreciation and amortization booked under Operating Expenses (R$11.7 million in 2Q13).

(4) Non-recurring Items: expenses related to diligence for the acquisition of new businesses and reorganization projects.

## STORE EXPANSION

The Company closed the quarter with 404 stores, versus 380 in 2Q13 and 386 at the end of 4Q13. We opened 16 new stores in Brazilian airports in 2Q14, two of which were remodeled and 14 new. We closed four stores at Brasília airport, which will be reopened when renovation works are completed at the terminals. We also opened two stores in the shopping center segment, and closed one of our last remaining Viena street stores, in Vila Olimpia, in the city of São Paulo. In the United States, we added 12 new stores to the portfolio by acquiring the Margaretville restaurant chain.

In Puerto Rico, we closed one of our last stores in the old terminal of San Juan airport, which was reopened in the new terminal in July.

In Mexico, we closed two airport stores in the city of Mexico and one in Monterrey, and opened one store in the other segment

The overall store area increased by 800 sqm in the quarter and 4,300 sqm in the last 12 months.

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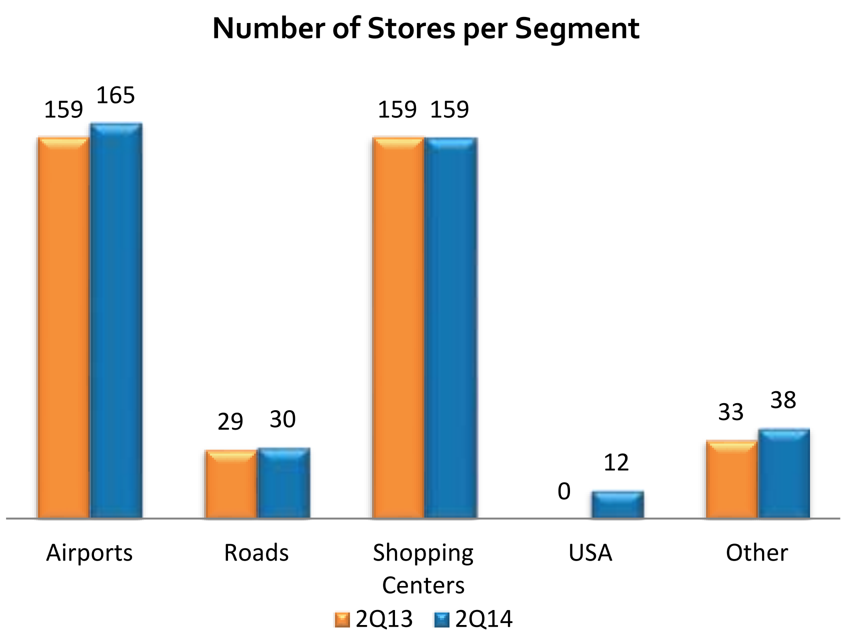


# NET REVENUE

| NET REVENUES (R$ million) | 2Q14 | 2Q13 | Var. (%) | 6M14 | 6M13 | Var. (%) |
|---|---|---|---|---|---|---|
| Airports | 150.8 | 129.5 | 16.4% | 300.1 | 250.7 | 19.7% |
| Roads | 103.5 | 92.4 | 12.0% | 218.0 | 194.8 | 11.9% |
| Shopping Centers | 80.4 | 79.1 | 1.6% | 161.3 | 157.8 | 2.2% |
| USA | 57.6 | 0.0 | 100.0% | 57.6 | 0.0 | 100.0% |
| Other | 21.8 | 18.2 | 19.8% | 44.1 | 33.1 | 33.2% |
| **Total Net Revenues** | **414.1** | **319.2** | **29.7%** | **781.1** | **636.4** | **22.7%** |

Net Revenue totaled R$414.1 million in 2Q14, 29.7% more than in 2Q13 (27.6% up excluding the impact of the exchange variation), mainly driven by our new operation in the USA, under the Margaritaville brand, and by our good same-store sales performance in the airport and road segments.

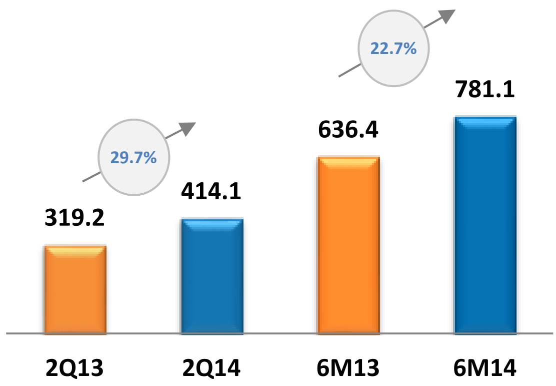
The airport segment, our major growth driver, grew by 16.4% in the quarter and 19.7% in 6M14. Specifically in 2Q14, this segment's share of total sales fell due to the Company's new operation in the United States, but we expect it to recover to its former 40% level within a few quarters. In 2Q14, our new stores were operating at a slow pace, mainly as a result of the small flow of passengers in Brazil's recently concessioned airports. We expect sales to increase in these stores in the coming quarters, as the passenger flow increases.

In the road segment, second-quarter food sales grew by 11.3%, while gasoline sales increased by 12.9% year-over-year, giving total growth of 12.0%. In 6M14, food and gasoline sales moved up by 11.4% and 12.6%, respectively, totaling 11.9%.

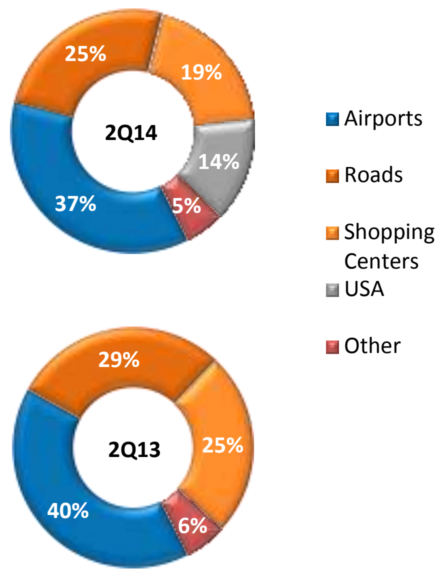
In the shopping center segment, total sales were virtually in line with same-store sales. Note that we do not expect substantial growth in the shopping center segment, which will probably account for not more than 15% of the Company's sales in a few quarters.

The airport and road segments jointly accounted for 61.4% of total 2Q14 sales, versus 69.5% in 2Q13. This downturn was due to the new segment introduced in 2Q14. Excluding Margaritaville's sales, these segments responded for 71.3% of total sales versus 69.5% in 2013, in line with our strategy of focusing primarily on airports.

**Net Revenue**
(R$ million)




**Net Revenue
by Segment**




| TOTAL SALES - ROADS | | | | | | |
|---|---|---|---|---|---|---|
| (R$ million) | 2Q14 | 2Q13 | Var. (%) | 6M14 | 6M13 | Var. (%) |
| Food | 56.3 | 50.6 | 11.3% | 120.3 | 108.0 | 11.4% |
| Fuel | 47.2 | 41.8 | 12.9% | 97.7 | 86.8 | 12.6% |
| **Total Sales** | **103.5** | **92.4** | **12.0%** | **218.0** | **194.8** | **11.9%** |

## SAME-STORE SALES (SSS)

| SAME STORE SALES (R$ million) | 2Q14 | 2Q13 | Var. (%) | 6M14 | 6M13 | Var. (%) |
|---|---|---|---|---|---|---|
| Airports | 120.4 | 109.8 | 9.7% | 237.9 | 211.1 | 12.7% |
| Roads | 101.3 | 92.3 | 9.8% | 213.6 | 194.7 | 9.7% |
| Shopping Centers | 72.7 | 71.6 | 1.5% | 145.6 | 142.0 | 2.5% |
| Other | 15.3 | 15.2 | 0.7% | 30.7 | 29.5 | 4.1% |
| **Total Same Stores Sales** | **309.7** | **288.9** | **7.2%** | **627.8** | **577.3** | **8.7%** |

*See the definition of same-store sales (SSS) in the glossary.*

Same-store sales (SSS) totaled R$309.7 million in 2Q14, 7.2% more than in the same period last year.

As mentioned in the message to shareholders, we were surprised by a negative effect in June related to the World Cup in Brazil, which impacted sales in the quarter. Nevertheless, sales grew by almost two digits in the airport and road segments.

In the airport segment, SSS moved up by 9.7% in 2Q14 and 12.7% in 6M14.

In the road segment, same-store sales grew by 9.8% in 2Q14 and 9.7% in 6M14, despite the negative impact mentioned above. The table below gives a breakdown of food and fuel sales.

SSS in the shopping center segment recorded year-over-year growth of 1.5% in 2Q14 and 2.5% 6M14. The shopping center segment was also severely affected by the World Cup, but we were able to sustain positive SSS growth even with 6 days less of sales.

**SAME STORE SALES - ROADS**

| (em milhões de R$) | 2Q14 | 2Q13 | Var. (%) | 6M14 | 6M13 | Var. (%) |
|---|---|---|---|---|---|---|
| Food | 55.0 | 50.5 | 8.9% | 117.7 | 107.9 | 9.1% |
| Fuel | 46.3 | 41.8 | 10.8% | 95.9 | 86.8 | 10.4% |
| **Total Sale** | **101.3** | **92.3** | **9.8%** | **213.6** | **194.7** | **9.7%** |

## GROSS PROFIT

| GROSS PROFIT (R$ million) | 2Q14 | 2Q13 | Var. (%) | 6M14 | 6M13 | Var. (%) |
|---|---|---|---|---|---|---|
| Net Revenues | 414.1 | 319.2 | 29.7% | 781.1 | 636.4 | 22.7% |
| Labor costs | (108.9) | (82.4) | -32.2% | (198.7) | (163.0) | -21.9% |
| Food, fuel and other | (161.5) | (132.7) | -21.7% | (314.4) | (266.5) | -18.0% |
| Depreciation and amortization | (13.9) | (10.7) | -29.9% | (24.8) | (20.9) | -18.7% |
| **Costs of sales and services** | **(284.3)** | **(225.8)** | **-25.9%** | **(537.9)** | **(450.4)** | **-19.4%** |
| **Gross Profit** | **129.8** | **93.4** | **39.0%** | **243.2** | **186.0** | **30.8%** |
| Gross Margin (%) | 31.3% | 29.3% | | 31.1% | 29.2% | |

The Company closed 2Q14 with gross profit of R$129.8 million, 39.0% more than the R$93.4 million recorded in 2Q13.

The Gross Margin stood at 31.3% in 2Q14, 200 bps more than in 2Q13, and 31.1% in 6M14, 190 bps above 6M13.

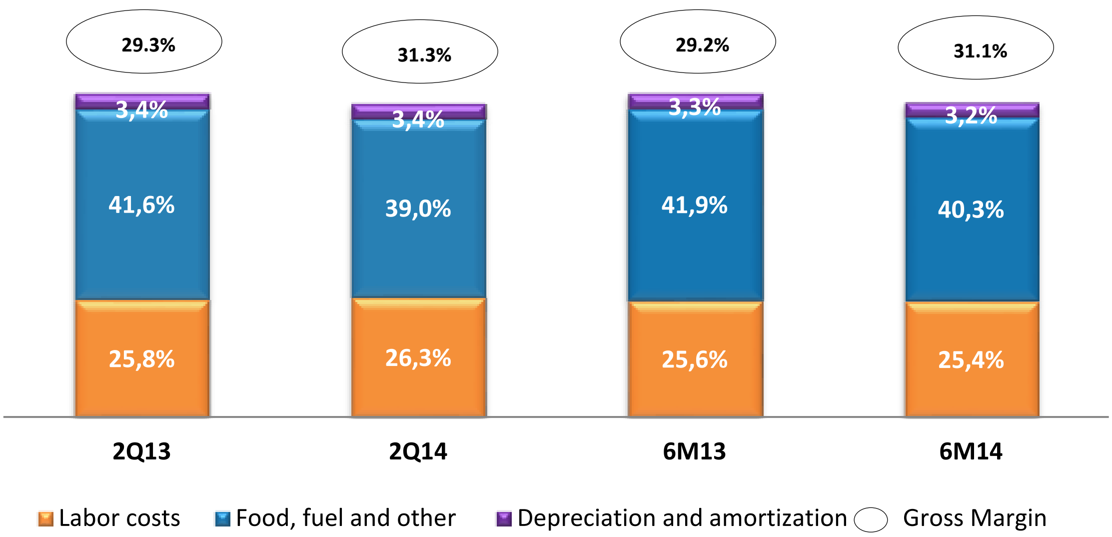
In 2Q14, we began recording part of the credits of commercial agreements with suppliers as reducers of raw material costs, given that, after reassessing the criterion, we believe that in essence they constitute purchase discounts (rebates). Previously, these credits were recorded in the other revenue line under gross profit and represented 0.7% of revenue in 2014 and 1.2% in 2013. .

It is worth noting that some collective bargaining agreements brought forward from August to May, due to changes in the unions representing part of our workforce, with a slight negative impact on our labor costs, which should return to normal in the coming quarter.

Our gross margin increased both in the quarter and year to date.

It is also worth drawing attention once again to our effective management of the food, fuel and other line, which recorded its 13th consecutive quarterly year-over-year improvement.

COGS Breakdown
(% of Net Revenue)




## OPERATING INCOME (EXPENSES)

| OPERATING EXPENSES (R$ million) | 2Q14 | 2Q13 | Var. (%) | 6M14 | 6M13 | Var. (%) | 2Q14 | 2Q13 |
|---|---|---|---|---|---|---|---|---|
| Selling and operating expenses | (37.4) | (24.3) | -53.9% | (65.7) | (46.8) | -40.4% | -9.0% | -7.6% |
| General and administrative expenses | (24.9) | (22.1) | -12.7% | (47.1) | (44.7) | -5.4% | -6.0% | -6.9% |
| Rents of Stores | (40.5) | (27.1) | -49.4% | (74.7) | (53.3) | -40.2% | -9.8% | -8.5% |
| Pre-operating expenses | (1.4) | (2.3) | -39.1% | (4.3) | (4.0) | -7.5% | -0.3% | -0.7% |
| Depreciation and amortization | (16.4) | (11.7) | -40.2% | (30.4) | (22.5) | -35.1% | -4.0% | -3.7% |
| Equity income result | 1.4 | 0.0 | 100.0% | 1.4 | 0.0 | 100.0% | 0.3% | 0.0% |
| Other income (expenses) | 2.5 | 4.8 | -47.9% | 4.7 | 7.1 | -33.8% | 0.6% | 1.5% |
| **Total operating expenses before special items** | **(116.7)** | **(82.7)** | **-41.1%** | **(216.1)** | **(164.2)** | **-31.6%** | **-28.2%** | **-25.9%** |
| % Net Revenues | -28.2% | -25.9% | **-2.3%** | -27.7% | -25.8% | | -1.9% | 0 |
| Special items | 0.0 | (4.9) | n/a | (9.3) | (16.1) | n/a | n/a | n/a |
| **Total operating expenses** | **(116.7)** | **(87.6)** | **-33.2%** | **(225.4)** | **(180.3)** | **-25.0%** | **-28.2%** | **-27.4%** |
| % Net Revenues | -28.2% | -27.4% | | -28.9% | -28.3% | | | |

Operating expenses totaled R$116.7 million in 2Q14, equivalent to 28.2% of net revenue, versus 27.4% in 2Q13, or 25.9% excluding non-recurring items.

As we have mentioned in recent quarters, the Company is no longer involved in any M&A processes and it therefore makes no sense to include the non-recurring line in the future.

In 2Q14, G&A expenses recorded a 80 bps dilution thanks to our recent efforts, and we believe this will increase further in the coming quarters, given that the 2Q14 results would have been better had it not been for the negative impact of World Cup on sales.

Rent expenses moved up by 130 bps due to the altered mix and the consequent increase in Mexican stores under the Gino's brand and in airport stores. In Mexico, street stores have a fixed and relatively higher rent. In the coming quarters, with Gino's already forming part of the previous year's base, we expect more equality.

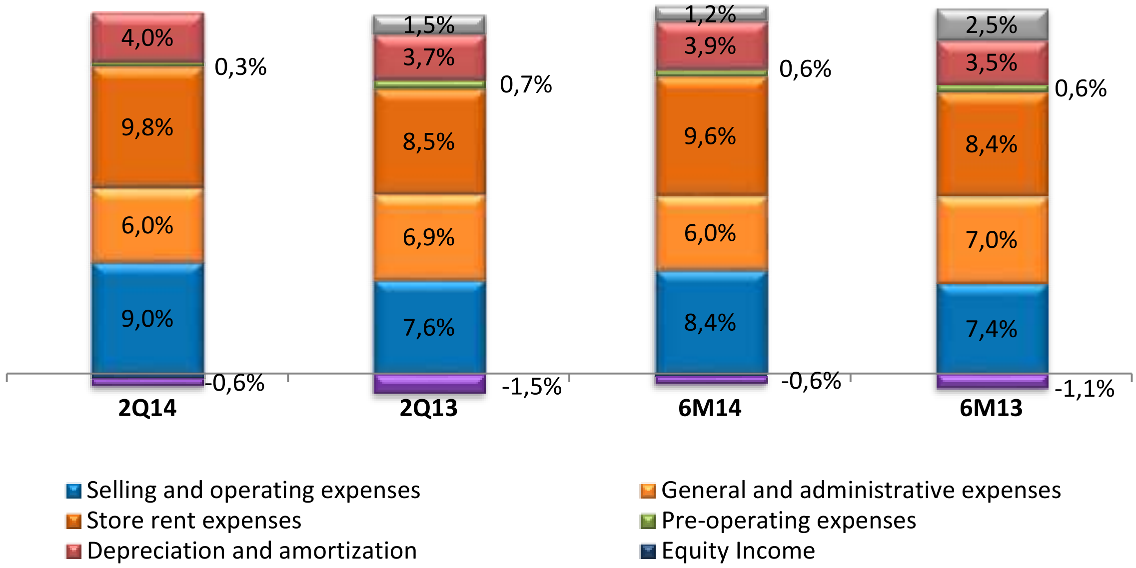
Pre-operating expenses stood at R$1.4 million in 2Q14. In 2H14, we will have fewer store openings and, consequently, lower expenses in this line. It is also worth noting that, in the 2013 comparative base, these expenses are no longer classified under non-recurring expenses but under special itens.

In 2Q14, we included a line named equity equivalence, which refers to the results of the Margaritaville store located at Universal Studios, in the city of Orlando, as we share its control and receive 50% of its results.

Other operating income (expenses) fell by 90 bps in relation to 2Q13 and 50bps from 6M13, respectively. As mentioned above, we began recording part of the credits of commercial agreements as reducers of raw material costs, given that, after reassessing the criterion, we believe that in essence they constitute purchase discounts (rebates). Previously, these credits were recorded in the other revenue line under gross profit and represented 0.7% of revenue in 2014 and 1.2% in 2013. The reclassification does not impact our EBITDA margin.

We have not yet concluded the agreements related to Margaritaville, which will lead to good opportunities.

We are still trying to reduce selling and operating expenses (S&OPEX), where we lost 100 bps in 6M14 and our efforts, with the help of external consultants, should generate benefits as of the third quarter.




## ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

| **EBITDA RECONCILIATION** (R$ million) | **2Q14** | **2Q13** | **Var. (%)** | **6M14** | **6M13** | **Var. (%)** |
|---|---|---|---|---|---|---|
| **NET INCOME (LOSS) FOR THE PERIOD** | 0.3 | (2.0) | -115.0% | (7.6) | (11.8) | -35.6% |
| (-) Income taxes | 2.7 | 1.7 | 58.8% | 6.9 | 6.2 | 11.3% |
| (-) Net financial expenses | 10.0 | 6.2 | 61.9% | 18.6 | 11.2 | 65.5% |
| (-) Depreciation and amortization | 30.3 | 22.3 | 36.1% | 55.1 | 43.4 | 26.9% |
| EBITDA | 43.4 | 28.2 | 53.8% | 73.0 | 49.1 | 48.8% |
| (+) Special items | 0.0 | 4.9 | -100.0% | 9.3 | 16.1 | -42.2% |
| Adjusted EBITDA | **43.4** | **33.1** | **31.1%** | **82.3** | **65.2** | **26.3%** |
| EBITDA / Net Revenues | 10.5% | 8.8% | | 9.4% | 7.7% | |
| Adjusted EBITDA / Net Revenues | 10.5% | 10.4% | | 10.5% | 10.2% | |

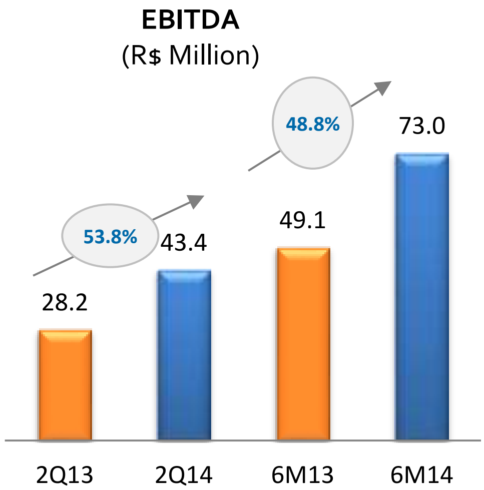
** See the definitions of EBITDA and Adjusted EBITDA in the glossary.*

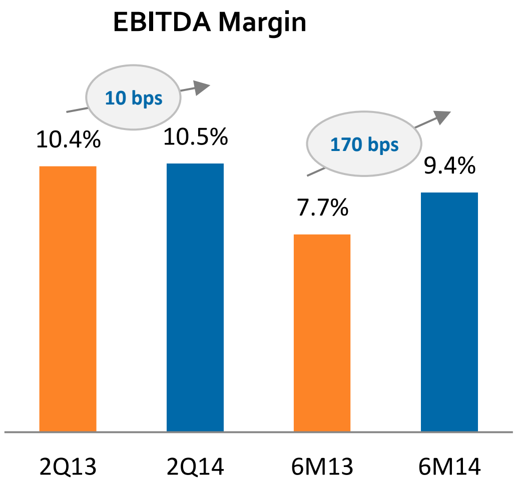
Given the future non-existence of the non-recurring expenses line, as mentioned above, as of this quarter we will be concentrating our efforts on EBITDA without adjustments. Following several discussions with the Company's main investors and analysts, we could see that the non-recurring (special) items line was generating a certain amount of discomfort and we therefore believe that eliminating it and simultaneously increasing our disclosure is the right thing to do at this time.

EBITDA totaled R$43.4 million in 2Q14, 53.8% more than in the same period last year, while the EBITDA margin stood at 10.5%, versus 8.8% in 2Q13. In 6M14, it came to R$73 million, 48.8% up on 6M13.

Adjusted EBITDA, net of non-recurring items, came to R$43.4 million, 31.1% more than the R$33.1 million recorded in 2Q13, accompanied by an adjusted EBITDA margin of 10.5%, versus 10.4% in 2Q13. In 6M14, the adjusted EBITDA margin came to 10.5%, versus 10.2% in 6M13.

Second-quarter 2013, non-recurring items were adjusted for pre-operating expenses and expenses with store closings, which have been included in EBITDA since 1Q14.




## FINANCIAL RESULT, INCOME TAX AND NET INCOME

The net financial result was an expense of R$10.0 million in 2Q14 and R$18.6 million in 6M14, versus an expense of R$6.2 million in 2Q13 and R$11.2 million in 6M13.The increase from 1.9% to 2.4 % of net revenue in 2Q14 was primarily due to an increase in net debt as a result of the reduction in the Company's cash position, in turn due to investments in new stores, acquisitions and renovations.

Additionally, as previously emphasized, lower sales volume during the World Cup contributed to reducing the dilution of expenses.

Our income taxes line came to R$2.7 million in 2Q14, versus R$1.7 million in 2Q13. In 6M14, this line came to R$6.9 million, versus R$6.2 million in 6M13.

The Company closed 2Q14 with net income of R$0.3 million, versus a loss of R$2.0 million in 2Q13.

## SELECTED CASH FLOW INFORMATION

### INVESTING ACTIVITIES

In line with its expansion plan, the Company invested R$114.0 million in 2Q14, most of which was used to pay for the acquisition Margaritaville, totaling R$77.3 million. Expansion capex came to R$27.5 million and the addition of intangible assets totaled R$9.2 million. Intangible assets are mainly related to the second key money installment paid to concessioned airports.

Capex totaled R$144.0 million in 6M14, versus R$76.4 million in 6M13.

| **INVESTMENT ACTIVITIES** (R$ million) | **2Q14** | **2Q13** | **6M14** | **6M13** |
|---|---|---|---|---|
| Property and equipment | (27.5) | (17.4) | (48.7) | (35.4) |
| Acquisitions of controlling interest, net of cash | (77.3) | (35.9) | (77.3) | (35.9) |
| Additions to intangible assets | (9.2) | (1.8) | (18.0) | (5.1) |
| **Total Capex investments** | **(114.0)** | **(55.1)** | **(144.0)** | **(76.4)** |
| **Total Investments in the period** | **(114.0)** | **(55.1)** | **(144.0)** | **(76.4)** |

### FINANCING ACTIVITIES

In 2Q14, the highlight of our financing cash flow was new debt totaling R$136.2 million, which was used to pay the first installment of Margaritaville and the second installment, totaling US$12 million, in 3Q14. This amount includes new debt to fund growth in Brazil. We also paid R$5 million related to an installment of one of our past acquisitions.

| **FINANCING ACTIVITIES** (R$ million) | **2Q14** | **2Q13** | **6M14** | **6M13** |
|---|---|---|---|---|
| Capital contribuitions | 0.0 | 0.0 | 0.0 | 0.0 |
| Treasury shares | 0.0 | 0.0 | (1.4) | 0.0 |
| Others | 136.2 | 49.6 | 139.5 | 50.0 |
| Payment of loans | (5.1) | (5.9) | (11.0) | (10.7) |
| **Net cash generated by financing activities** | **131.1** | **43.7** | **127.1** | **39.3** |

Considering cash, cash equivalents and temporary investments, the Company closed June 2014 with net debt of R$452.1 million, including amounts financed by the ex-owners of some of the acquired companies, giving a net debt/adjusted EBITDA ratio of 2.4x in the last 12 months. If receivables are considered as cash, net debt came to R$374.1 million, with a net debt/adjusted EBITDA ratio of 2.0x.

## CONDENSED INCOME STATEMENT

| CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (R$ thousand) | 2Q14 | 2Q13 | 6M14 | 6M13 |
|---|---|---|---|---|
| NET REVENUE | 414,071 | 319,178 | 781,115 | 636,423 |
| COST OF SALES AND SERVICES | (284,306) | (225,773) | (537,884) | (450,448) |
| GROSS PROFIT | 129,765 | 93,405 | 243,231 | 185,975 |
| OPERATING INCOME (EXPENSES) | | | | |
| Commercial and operating expenses | (77,917) | (51,400) | (140,371) | (100,105) |
| General and administrative expenses | (26,255) | (29,266) | (60,728) | (64,768) |
| Depreciation and amortization | (16,394) | (11,750) | (30,351) | (22,510) |
| Net financial expenses | (10,035) | (6,204) | (18,636) | (11,203) |
| Equity income result | 1,441 | 0 | 1,441 | 0 |
| Other income (expenses) | 2,476 | 4,806 | 4,687 | 7,078 |
| INCOME (LOSS) BEFORE INCOME TAXES | 3,081 | (349) | (727) | (5,533) |
| Income Taxes | (2,749) | (1,655) | (6,899) | (6,237) |
| NET INCOME (LOSS) FOR THE QUARTER | 332 | (2,004) | (7,626) | (11,770) |

## CONDENSED BALANCE SHEET

| CONDENSED STATEMENTS OF FINANCIAL POSITION (R$ thousand) | 06/30/2014 | 12/31/2013 |
|---|---|---|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 111,545 | 81,575 |
| Accounts receivable | 77,954 | 75,209 |
| Inventories | 42,803 | 38,026 |
| Other current assets | 53,257 | 45,988 |
| Total current assets | 285,559 | 240,798 |
| NONCURRENT ASSETS | | |
| Deferred income taxes | 11,783 | 13,630 |
| Other noncurrent assets | 58,535 | 31,095 |
| Property and equipment | 377,734 | 329,787 |
| Intangible assets | 1,068,855 | 1,022,704 |
| Total noncurrent assets | 1,516,907 | 1,397,216 |
| TOTAL ASSETS | 1,802,466 | 1,638,014 |
| LIABILITIES AND EQUITY | | |
| CURRENT LIABILITIES | | |
| Trade accounts payable | 76,586 | 75,022 |
| Loans and financing | 58,682 | 69,379 |
| Salaries and payroll charges | 53,356 | 42,470 |
| Other current liabilities | 116,286 | 77,808 |
| Total current liabilities | 304,910 | 264,679 |
| NONCURRENT LIABILITIES | | |
| Loans and financing | 384,450 | 256,642 |
| Provision for labor, civil and tax disputes | 14,617 | 16,584 |
| Deferred income tax liability | 84,625 | 85,321 |
| Other noncurrent liabilities | 117,126 | 92,487 |
| Total noncurrent liabilities | 600,818 | 451,034 |
| EQUITY | | |
| Capital and reserves | 846,264 | 847,702 |
| Retained earnings and other adjustments | 50,474 | 74,599 |
| Total equity | 896,738 | 922,301 |
| TOTAL LIABILITIES AND EQUITY | 1,802,466 | 1,638,014 |

## CONDENSED CASH FLOW STATEMENT

| **CONDENSED STATEMENTS OF CASH FLOWS** (R$ thousand) | **2Q14** | **2Q13** | **6M14** | **6M13** |
|---|---|---|---|---|
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Net income (loss) for the quarter | 332 | (2,004) | (7,626) | (11,770) |
| Depreciation and amortization | 30,317 | 22,343 | 55,147 | 43,422 |
| Provision for labor, civil and tax disputes | (364) | (1,572) | (874) | (3,216) |
| Income taxes | 2,749 | 1,655 | 6,899 | 6,237 |
| Interest expenses | 8,507 | 4,067 | 16,057 | 7,881 |
| Disposal of property and equipment | 343 | 143 | 1,350 | 595 |
| Deferred Revenue, Rebates | (2,022) | (2,732) | (3,522) | (4,860) |
| Expenses in payments to employees based in stock plan | 0 | 0 | 0 | 10,022 |
| Equity income result | (1,441) | 0 | (1,441) | 0 |
| Other | 6,178 | 2,743 | 11,296 | 7,910 |
| Changes in operating assets and liabilities | 4,509 | 106 | 1,190 | (8,924) |
| Cash generated from operations | 49,108 | 24,749 | 78,476 | 47,297 |
| Income tax paid | (4,296) | (4,659) | (11,119) | (9,558) |
| Interest paid | (7,468) | (1,854) | (14,916) | (7,323) |
| Net cash generated by (used in) operating activities | 37,344 | 18,236 | 52,441 | 30,416 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Acquisitions of controlling interest, net of cash | (77,345) | (35,930) | (77,345) | (35,930) |
| Additions to intangible assets | (9,161) | (1,829) | (18,014) | (5,097) |
| Additions to property and equipment | (27,536) | (17,410) | (48,742) | (35,413) |
| Net cash used in investing activities | (114,042) | (55,169) | (144,101) | (76,440) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Capital contribuitions | 0 | 0 | 10 | 0 |
| Treasury shares | 0 | 0 | (1,448) | 0 |
| New loans | 136,221 | 49,628 | 139,486 | 49,993 |
| Payment of loans | (5,047) | (5,911) | (10,986) | (10,691) |
| Net cash used in financing activities | 131,174 | 43,717 | 127,062 | 39,302 |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | (5,162) | 1,207 | (5,432) | 1,445 |
| NET INCREASE (DECREASE) FOR THE PERIOD | 49,314 | 7,991 | 29,970 | (5,277) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD | 62,231 | 38,895 | 81,575 | 52,163 |
| CASH AND CASH EQUIVALENTS AT THE END OF PERIOD | 111,545 | 46,886 | 111,545 | 46,886 |

**Management Note:**
The financial information presented in the tables and graphs of this release may present minor differences in relation to the Audited Financial Statements due to rounding.
Any and all non-accounting information or information arising from non-accounting figures, in addition to comparable historical information, has not been revised by the independent auditors.

# GLOSSARY

**Adjusted EBITDA:** Adjusted EBITDA reflects EBITDA, adjusted to exclude the effects of transactions deemed by management as being unrepresentative of the normal course of business and/or do not impact cash generation. Adjusted EBITDA is used as a tool to measure and evaluate the Company's performance, focusing on the continuity of its operations and is believed that adjusted EBITDA is a useful tool for investors, by enabling a more comprehensive and standardized comparative analysis of the information on the past and current results of the Company's management. According to the accounting practices adopted in Brazil (BR GAAP) or IFRS, adjusted EBITDA is not a measure of financial performance and should not be considered as an alternative to net income as an indicator of operating performance, as an alternative to operating cash flow, or as an indicator of liquidity. Adjusted EBITDA does not have a standard meaning and the Company's definition of adjusted EBITDA may not be comparable with the definition of the adjusted EBITDA used by other companies. However, because adjusted EBITDA does not consider certain costs inherent in its business, which could, in turn, significantly affect earnings, such as interest, taxes, depreciation, capital expenditures and other related charges, adjusted EBITDA has limitations that affect its use as an indicator of the Company's profitability.

**Company:** International Meal Company Holdings S.A. or IMC.

**EBITDA:** The Company calculates EBITDA as net income, before income tax and social contribution tax, financial income (expenses) and depreciation and amortization. According to the accounting practices adopted in Brazil (BR GAAP) or IFRS, EBITDA is not a measure of financial performance and should not be considered as an alternative to net income as an indicator of operating performance, as an alternative to operating cash flow, or as an indicator of liquidity. EBITDA does not have a standard meaning and the Company's definition of EBITDA may not be comparable with the definition of EBITDA used by other companies. Due to the fact that the calculation of EBITDA does not consider the income tax and social contribution tax, financial income (expense), depreciation and amortization, EBITDA is an indicator of the Company's overall financial performance, which is unaffected by changes in income tax and social contribution tax rates, fluctuations in interest rates or levels of depreciation and amortization. Therefore, the Company believes that EBITDA serves as a significant comparative tool to measure, periodically, its operating performance and to base certain decisions of an administrative nature. The Company believes that EBITDA provides a better understanding of not only of its financial performance, but also its ability to pay interest and principal on its debt and to incur more debt to finance its capital expenditures and working capital. However, because EBITDA does not consider certain costs inherent in its business, which could, in turn, significantly affect earnings, such as interest, taxes, depreciation, capital expenditures and other related charges, EBITDA has limitations that affect its use as an indicator of the Company's profitability.

**Net store openings:** References to "net store openings", "net store closures" or similar expressions correspond to the sum of stores opened or reopened in a given period less the sum of the stores closed in the same period.

**Same-store sales (SSS):** corresponds to the sales of stores that have maintained operations in comparable periods, including stores that were temporarily closed. If a store is included in the calculation of comparable store sales for only a part of one of the periods compared, then this store will be included in the calculation of the corresponding portion of another period. Some of the reasons for the temporary closure of the Company's stores include renovation or remodeling, rebuilding, road construction and natural disasters. When there is a variation in the area of a store included in comparable store sales, said store is excluded from the comparable store sales. The variations in same-store sales is a measure used in the retail market as an indicator of the performance of the implemented business strategies and initiatives, and also represent the trends of the local economy and consumers. The Company's sales are recorded and analyzed based on the functional currency of each country where the Company operates. Therefore, as the Company's financial information is converted and demonstrated in reais (R$), Brazilian currency, using average exchange rates of the periods compared, the values of same-store sales may present gains or losses resulting from the exchange rate of the currency of the country where that same store is located. According to the accounting practices adopted in Brazil (BR GAAP) or IFRS. Same-store sales do not have a standardized meaning in the market, and the Company's definition may not be the same definition of same-store sales in used by other companies.