# 1Q16 RESULTS

**São Paulo, May 11, 2016** - International Meal Company Alimentação S.A. **(BM&FBOVESPA: MEAL3)**, one of the largest multi-brand companies in the Latin American food retail industry, announces its results for the **first quarter (1Q16).** Unless otherwise indicated, the information herein is presented in a consolidated manner and in millions of Brazilian reais (R$), and in accordance with the International Financial Reporting Standards (IFRS) and the accounting principles adopted in Brazil.


## IR CONTACTS

**Jose Agote (CFO, IRO)**

**Vitor Pini (IR Director)**
Phone number: +55 (11) 3041-9653
ri@internationalmealCompany.com


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## HIGHLIGHTS

**The information below does not include the operations in Mexico, Puerto Rico and the Dominican Republic, thus reflecting the Company's situation after the sale of those operations, completed in the early months of 2016**

**Zero Leverage:** **R$25.2mn Net Cash Position**

**Cash Flow:** **105% EBITDA-to-Operating Cash conversion (1,320bps up vs. 1Q15)**

**Net Revenue:** R$388.5 million in 1Q16 **(6.0% up vs. 1Q15)**

**Same-store sales (SSS):** **9.0% increase vs. 1Q15**

**Adjusted EBITDA:** R$18.6 million in 1Q16 **(32% down vs. 1Q15)**

## MESSAGE FROM MANAGEMENT

After delivering on our first strategy – i.e. to deleverage the Company – we turned our focus to our second one – Operational Excellence (Opex). It aims to achieve effectiveness and efficiency in execution, creating a delightful customer experience in each of our stores. It also involves the rationalization of our portfolio and corporate structures, leading to a more focused, simpler and healthier Company with positive productivity every year. Also, we continue to make progress towards process improvements with clear accountabilities and a reward system aligned with the best interest of customers and shareholders.

On the financial side, EBITDA was down R$8.8M vs 1Q15, R$13.4M of that coming from Brazil. The pressure on Brazilian results came from higher inflation which could not be fully offset by price, and reduced sales volumes which could not yet be fully offset by cost reductions. Volume decline seems to have come largely from the decline in the size of segments in which we operate, since our market share position is rather flat quarter on quarter.

We are taking strong actions to offset the adversities in Brazil, while building the foundation for when the market comes back. To offset inflation we are working on price and product mix. In 1Q16, these initiatives were able to offset only 31% of inflation. In March however, these initiatives already offset 72% of inflation (100% ex-catering and airport rents). Our progress is shown by the increase in average ticket (12-16% depending on the segment) in the last 9 months and the successful examples of menu engineering implemented. Having said that, it is still critical that we achieve an affordable and sustainable solution for the increase in airport rents.

To offset lower volumes, we are reducing cost reductions and improving Opex. Combined, these efforts offset 92% of the volume decline impact in 1Q16. In March/April we reduced the size and cost of Brazil´s operation and administrative areas (annualized savings ex-severance costs of ~R$28M vs our run rate). These actions should be more visible as of 3Q16. On the Opex front, by May we closed 7 loss-making stores (annualized -R$1.7M operating income in 2015). Another 32 loss-making stores are scheduled to close this year. We are starting to roll-out category management to all Frango Assado mini-markets and to implement a few role-model stores to test programs of improved efficiency. The results of some of these initiatives are evidenced by the rather stable market share despite store closures, the improvement in our ratio of drinks, and the flat Airport margin ex-rent in 1Q16 despite negative sales growth. The projects related to our strategies continue to be governed by the project management methodology and cadence.

Given the uncertainty of Brazil´s macro-economic environment in the near term, we will continue to focus on cost reduction and cash preservation. Having said that, we remain confident in our strategy and in building the right foundation to deliver our financial commitments over the long haul.

## New financial reporting model

IMC introduced a new earnings reporting model in 3Q15 to boost its visibility. The new format describes our earnings results broken down by segment and geographic region, as well as the effect of exchange rate changes on them clearly. Since the sale of IMC's assets in Mexico, Puerto Rico and the Dominican Republic has been completed, as mentioned above, the results of those operations have been reclassified to the discontinued operations account, thus leading to changes in the results reported in 1Q15, mainly in the Caribbean. The presentation of the Company's 2014 and 2015 results in the new format can be found on our investor relations website: ri.internationalmealcompany.com/

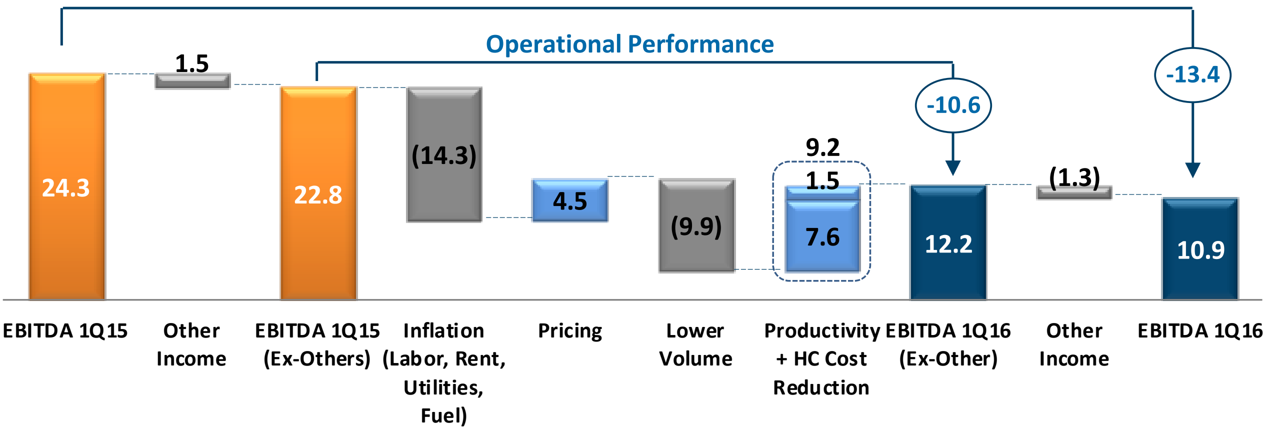
# COMMENTS ABOUT IMC'S PERFORMANCE

## OVERVIEW OF THE 1Q16

| (in R$ million) | 1Q15 | 1Q16 | Vs. 1Q15 |
|---|---|---|---|
| **Brazil** | **24.3** | **10.9** | **(13.4)** |
| *Airports* | 6.9 | 4.1 | (2.8) |
| *Roads* | 17.7 | 14.4 | (3.3) |
| *Malls* | 9.2 | 4.0 | (5.2) |
| *G&A* | (9.5) | (11.6) | (2.1) |
| **United States** | **1.4** | **0.2** | **(1.2)** |
| **Caribbean** | **7.9** | **12.4** | **4.5** |
| **Holding** | **(6.3)** | **(4.9)** | **1.4** |
| **Adj. EBITDA** | **27.4** | **18.6** | ***(8.8)*** |

In 1Q16, IMC's focus on operational excellence (headcount and costs reduction, as well as initiatives to improve average ticket) helped to partially mitigate the inflationary pressure on costs and expenses (labor, food, rent and utilities) and the Brazilian softer macroeconomic scenario that impacted sales volume and consequently operational leverage. Brazilian operations were responsible for more than 100% of the EBITDA reduction presented in 1Q16 compared to 1Q15 (R$13.4 million of a total of R$8.8 million decline YoY). The pressure on Brazilian results came from higher costs as a result of scaling inflation and reduced sales volumes as a consequence of lower consumer spending in general.

**EBITDA Brazil**




To offset inflation we are working on price and product mix, therefore improving our average ticket. In 1Q16 such initiatives (totaling R$4.5 million) offset 31% of inflation (R$14.3 million). In March the offset ramped up to 72%. Under stable conditions (i.e. without a further deterioration of consumer spending) we expect that the continued improvements in timing and pricing methodology will continue to improve the inflation offset, as attested by the increase in average ticket (12-16% depending on the segment) in Brazil (last 9 months) and the effectiveness of the menu engineering efforts presented so far (e.g. the substitution of French fries vs. onion rings at Carl's Jr's combos, which has an estimated 2,000 bps improvement in contribution margin for each item substituted, among others). Furthermore, we are still focusing on the renegotiation of Airport rent agreements.

To offset lower volumes we have made headcount adjustments (R$7.6 million) and implemented efforts to improved productivity (R$1.5 million), which offset 92% of the impact from volume reduction (R$9.9 million) in 1Q16. We expect continued progress as we: i) further reduced the operations and administrative headcount in April (annual savings of R$27.9 million versus our run rate); ii) closed 7 loss-making stores YTD (-R$1.7M operating income in 2015); iii) will roll-out the category management project to all Frango Assado mini-markets; and iv) are testing improved efficiency efforts at the store level with a differentiated organizational structure, incentives and operational levers. The results of some of these initiatives are evidenced by the fact that we had a rather stable market share (despite store closures) quarter on quarter, we have already improved our drinkability ratio and achieved flat Air margin excluding rents (a major focus of the Company) despite negative sales growth - all of our efforts have been executed based on a PMO (project management) methodology.

In the US, out of the R$1.2 million reduction year-on-year, R$0.8 million was related to the FX fluctuation within the months of the quarter and YoY. The operations were negatively affected by negative same store sales (SSS) in US$ and higher G&A expenses that were partially offset by lower labor and food cost. G&A increase was driven by the severance cost and the change in CEO in our US operations. It is important to note that the Company is already working on initiatives to revert the downward trend in the SSS, evidenced by the lower SSS decline month-on-month in the 1Q16. Most relevant initiatives are: i) suggestive selling focused on the spring and summer seasons (that represent most of the years' results), ii) menu engineering; iii) group sales; and iv) stricter control over produced food (theoretical vs. actual food cost).

In the Caribbean, IMC was able to sustain strong double digit SSS, combined with margin improvements, leading to a R$4.5 million increase in 1Q16 versus 1Q15. Having said that, Panama´s competitive environment is changing in both the airport and mall segments, challenging our SSS for the coming quarters.

The Company also posted a reduction of R$1.4 million in holding expenses or a 50bps improvement.

Overall results in 1Q16 show an adjusted EBITDA decrease of R$8.8 million (32% down vs. 1Q15). In April the Company concluded a headcount adjustment in the operations and headquarters that would represent estimated annual savings of R$27.9 million versus our run rate year to date (of which R$15.1 million will be captured in the last 8 months of 2016, net of a R$3.5 million negative impact from severance costs). It is important to note that besides that, IMC is still implementing several projects aiming to improve: i) same store sales (increasing the number of tickets and the average ticket); day parts offering; product innovation; improved drinkability ratio; combo/promo offering; menu engineering; category management; pricing; suggestive sales, among others; ii) sales growth through the launching of new concepts – such as the "Grab & Fly" kiosks in the Guarulhos airport; new locations (focusing on the right locations); and iii) efficiency through the improved labor productivity and reduced food costs. The Company is also negotiating its lease agreements in the Brazilian airport segment and closing loss making stores, seeking to improve its profitability and efficiency.

Our short term focus is to reduce cost and preserve cash, while implementing process improvements and the Operational Excellence and organic growth projects to establish the foundation for future growth when market conditions improve.

## CONSOLIDATED RESULTS

| (in R$ million) | 1Q16 | 1Q15 | %HA | 1Q16[3] | % HA[3] |
|---|---|---|---|---|---|
| **Net Revenue** | **388.5** | **366.6** | **6.0%** | **361.0** | **-1.5%** |
| Restaurants & Others | 334.0 | 313.3 | 6.6% | 306.5 | -2.2% |
| Gas Stations | 54.5 | 53.3 | 2.2% | 54.5 | 2.2% |
| **Cost of Sales and Services** | **(277.2)** | **(266.5)** | **4.0%** | **(259.4)** | **-2.7%** |
| Direct Labor | (102.4) | (99.0) | 3.5% | (93.9) | -5.1% |
| Food | (93.2) | (91.4) | 1.9% | (86.8) | -5.0% |
| Others | (22.1) | (18.7) | 18.2% | (20.8) | 11.2% |
| Fuel and Automotive Accessories | (44.1) | (43.1) | 2.3% | (44.1) | 2.3% |
| Depreciation & Amortization | (15.4) | (14.3) | 8.0% | (13.8) | -3.6% |
| **Gross Profit** | **111.2** | **100.1** | **11.1%** | **101.6** | **1.5%** |
| *Gross Margin (%)* | *28.6%* | *27.3%* | | *28.1%* | |
| **Operating Expenses[1]** | **(118.3)** | **(96.9)** | **22.1%** | **(107.7)** | **11.1%** |
| Selling and Operating | (43.5) | (33.0) | 31.9% | (38.0) | 15.3% |
| Rents of Stores | (41.3) | (37.3) | 10.9% | (38.5) | 3.2% |
| Store Pre-Openings | (0.9) | (0.4) | 104.4% | (0.7) | 67.2% |
| Depreciation & Amortization | (9.6) | (9.5) | 0.7% | (9.1) | -4.5% |
| J.V. Investment Amortization | (0.6) | (0.3) | 81.6% | (0.4) | 33.4% |
| Equity income result | 2.8 | 1.9 | 47.0% | 2.2 | 14.0% |
| Other revenues (expenses) | (1.2) | 1.9 | -165.5% | (1.2) | -166.0% |
| General & Administative | (19.0) | (13.8) | 37.5% | (17.3) | 25.7% |
| Corporate (Holding)[2] | (4.9) | (6.3) | -22.1% | (4.5) | -29.0% |
| Special Items - Write-offs | 0.0 | 0.0 | - | 0.0 | - |
| Special Items - Other | (1.5) | 0.0 | - | (1.5) | - |
| **EBIT** | **(8.5)** | **3.2** | **-364.8%** | **(7.5)** | **-333.9%** |
| (+) D&A and Write-offs | 25.6 | 24.2 | 6.1% | 23.3 | -3.4% |
| **EBITDA** | **17.1** | **27.4** | **-37.4%** | **15.8** | **-42.2%** |
| *EBITDA Margin (%)* | *4.4%* | *7.5%* | *-3.1p.p.* | *4.4%* | *-3.1p.p.* |
| (+) Special Items - Other | 1.5 | 0.0 | - | 1.5 | - |
| **Adjusted EBITDA** | **18.6** | **27.4** | **-32.0%** | **17.3** | **-36.8%** |
| *Adjusted EBITDA Margin (%)* | *4.8%* | *7.5%* | | *4.8%* | |

[1]Before special items; [2]Not allocated in segments and countries; [3] in constant currencies as of the prior year

Net revenue totaled R$388.5 million in 1Q16, up 6.0% vs. 1Q15 or down 1.5% excluding the impact from the exchange rate changes. Sales were negatively affected by 31 net store closures (29 of which in Brazil), shown in the section "Number of stores". Food cost was down by 5% (a 90bps improvement) in 1Q16 as a result of operational improvements (e.g. stricter controls, mix).

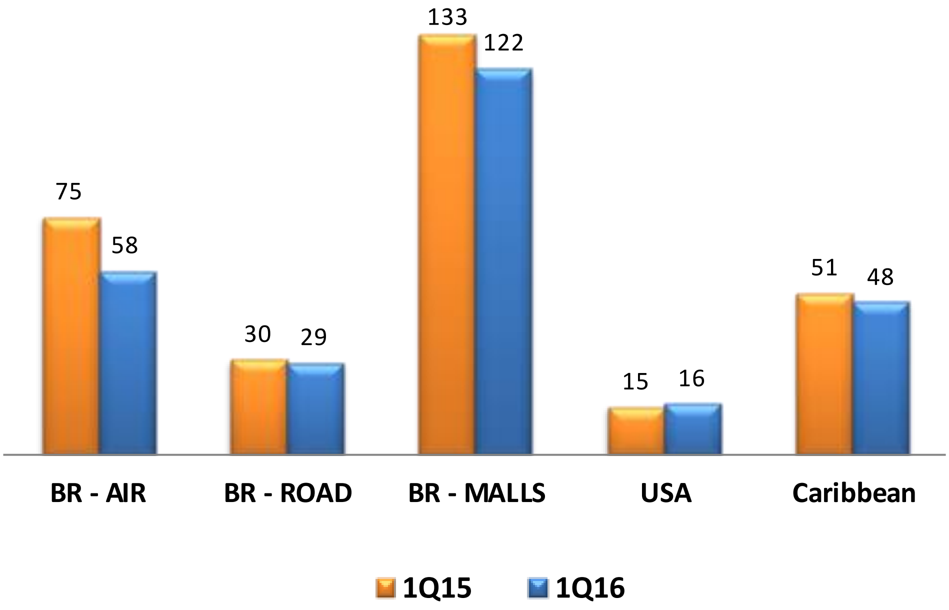
Worth noticing, in 3Q15 the Company improved its controls and since then is more accurately allocating personnel costs and expenses. As a result, indirect labor cost is now allocated in operating expenses. For that reason and a better comparison, labor costs should be combined with "sales and operating expenses". Labor cost and expenses, consequently totaled R$131.9 million, roughly stable in nominal terms (in constant currency), as headcount adjustments mitigated inflationary pressures on payroll.

In 1Q16, adjusted EBITDA was R$18.6 million, down 32.0% in Brazilian reais, or 36.8% in constant currencies. EBITDA margin was 4.8%, down from 7.5% in 1Q15. Main drivers of R$10M EBITDA reduction year-on-year in constant currencies are: a) reduction of R$5.7M in Gross Profit less other labor related expenses (S&OPex, G&A and Holding) largely due to inflation and lower volumes partially offset by Opex improvements (pricing, cost reduction and productivity), b) R$1.2M of higher rents, driven by Brazil airports, and c) R$3.1M in other expenses impacted by higher legal provisions (note: 2015 results included taxes recoveries and provisions reversion).

Worth noticing, G&A and Holding expenses combined are up 8% (Brazil inflation and higher USA expenses due to change of CEO) as we used savings at the holding level to build the Company's competences in areas such as in-store experience, pricing and PMO.

Finally, in 1Q16 the Company had R$1.5 million in special items, related to the Company's stock option plan.

## Number of stores




| NUMBER OF STORES (end of period) | 1Q16 | 4Q15 | 1Q15 | QoQ Var. (%) | QoQ Var. (#) | YoY Var. (%) | YoY Var. (#) |
|---|---|---|---|---|---|---|---|
| **Brazil** | **209** | **218** | **238** | **-4.1%** | **-9** | **-12.2%** | **-29** |
| *Airports* | *58* | *62* | *75* | *-6.5%* | *-4* | *-22.7%* | *-17* |
| *Roads* | *29* | *29* | *30* | *0.0%* | *0* | *-3.3%* | *-1* |
| *Shopping Malls* | *122* | *127* | *133* | *-3.9%* | *-5* | *-8.3%* | *-11* |
| **USA** | **16** | **16** | **15** | **0.0%** | **0** | **6.7%** | **1** |
| **Caribbean** | **48** | **47** | **51** | **2.1%** | **1** | **-5.9%** | **-3** |
| **Total Number of Stores** | **273** | **281** | **304** | **-2.8%** | **-8** | **-10.2%** | **-31** |

By March, 2016, the Company had 273 stores, a net reduction of 31 stores YoY. We opened 1 store in 2016 and closed 9 – 4 of which in Airports and 5 in Shopping Malls.

Most store closures in Brazil are connected with the loss-making store closure program. In the current economic situation, stores are opened only after the execution of strict feasibility studies and some to fulfill commitments signed in the past. Besides that, we are focusing our 2016 CAPEX in the refurbishment and rebranding of existing stores in order to create a better customer experience to further promote sales.

## Same-store sales (SSS)

| (in R$ million) | 1Q16 | 1Q15 | HA (%) |
|---|---|---|---|
| **Brazil** | **252.4** | **249.9** | **1.0%** |
| BR - Air | 68.2 | 69.7 | -2.2% |
| BR - Roads | 121.0 | 116.1 | 4.3% |
| *BR - Roads - Restaurants* | *66.6* | *63.9* | *4.3%* |
| *BR - Roads - Gas Station* | *54.4* | *52.2* | *4.3%* |
| BR - Malls | 63.3 | 64.2 | -1.5% |
| **USA** | **71.2** | **56.2** | **26.6%** |
| **Caribbean** | **52.2** | **38.7** | **35.2%** |
| **Total Same Store Sales** | **375.9** | **344.8** | **9.0%** |

| In constant currencies (in R$ million) | 1Q16 | 1Q15 | HA (%) |
|---|---|---|---|
| Brazil | 252.4 | 249.9 | 1.0% |
| USA | 54.2 | 56.2 | -3.6% |
| Caribbean | 43.5 | 38.7 | 12.7% |
| **Total Same Store Sales** | **350.2** | **344.8** | **1.5%** |

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

Same store sales totaled R$375.9 million in 1Q16, up 9.0% YoY in Brazilian reais or 1.5% in constant currencies.

In Brazil, the 1.0% increase in same store sales was led by the Road segment, which grew by 4.3% YoY, despite the 1.9% lower flow of toll-paying vehicles (heavy, light and motorcycles) YoY according to *Associação Brasileira de Concessionárias de Rodovias*, or the Brazilian Association of Highway Concessionaires (ABCR). Such improvement is a consequence of the sales initiatives implemented that helped increase the average ticket by 14%, including pricing, category management, new mix and planogram of products at our checkouts and ultimately improving consumers' experiences in our stores.

Same store sales at Brazilian airports fell by 2.2% in 1Q16 following a sharp drop in the flow of passengers throughout Brazilian airports in late 2015 and early 2016 (-5%, Jan-Feb YoY), that was partially mitigated by the Company's sales efforts that led to a higher average ticket compensating the lower costumer volume. Those efforts included menu engineering initiatives, as well as a new pricing policy and pricing initiatives. In addition, we revamped our operations and their respective menus to meet different demands at different day parts.

Same stores sales in the Malls segment fell by 1.5% in 1Q16. Industry sales continues to suffer from the softer macroeconomic scenario (market SSS -3.3% in 1Q16 vs. 1Q15 – source: IFB), however IMC was able to partially offset this negative impact through the new pricing policy, the new menu launched at Viena Express stores and initiatives designed to boost sales of beverages and desserts. We are working on a few role-model Viena stores to test, learn and scale more efficient and effective operating models.

US SSS in local currency was -3.6%. However, the negative trend in both F&B and Retail (excluding Syracuse which benefited from its opening in 2015) is showing improvements every month, giving us confidence that the new retail assortment and new operational excellence initiatives are on the right track. Short-term initiatives to revert this trend include changing the product assortment in retail, pricing and suggestive sales. Also, US´s management team is working on mid to long-term initiatives (such as menu engineering, group sales, among others).

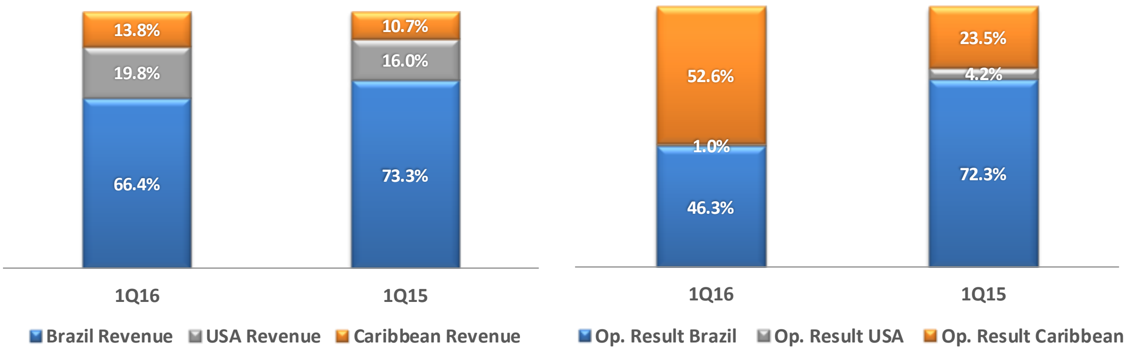
In the Caribbean, mature operations combined with a more favorable macroeconomic scenario lead to a strong 12.7% SSS growth. However, the change in the competitive environment in Panama´s Air and Mall operations are challenging our SSS going forward.

## RESULTS BY BUSINESS SEGMENT AND GEOGRAPHIC REGION

| (in R$ million) | Brazil 2016 | USA 2016 | Caribbean 2016 | Consolidado 2016 | % AV | Brasil 2015 | EUA 2015 | Caribbean 2015 | Consolidated 2015 | % AV | % AH |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Net Revenue** | **257.9** | **77.1** | **53.5** | **388.5** | **100.0%** | **268.6** | **58.7** | **39.3** | **366.6** | **100.0%** | **6.0%** |
| Restaurants & Others | 203.4 | 77.1 | 53.5 | 334.0 | 86.0% | 215.3 | 58.7 | 39.3 | 313.3 | 85.5% | 6.6% |
| Gas Stations | 54.5 | 0.0 | 0.0 | 54.5 | 14.0% | 53.3 | 0.0 | 0.0 | 53.30 | 14.5% | 2.2% |
| **Cost of Sales and Services** | **(195.9)** | **(54.5)** | **(26.8)** | **(277.2)** | **-71.4%** | **(203.7)** | **(41.5)** | **(21.3)** | **(266.5)** | **-72.7%** | **4.0%** |
| Direct Labor | (64.5) | (28.5) | (9.5) | (102.4) | -26.4% | (69.4) | (21.9) | (7.7) | (99.0) | -27.0% | 3.5% |
| Food | (61.8) | (15.2) | (16.1) | (93.2) | -24.0% | (66.8) | (12.0) | (12.6) | (91.4) | -24.9% | 1.9% |
| Others | (16.5) | (5.2) | (0.4) | (22.1) | -5.7% | (14.7) | (3.7) | (0.3) | (18.7) | -5.1% | 18.2% |
| Fuel and Automotive Accessories | (44.1) | 0.0 | 0.0 | (44.1) | -11.4% | (43.1) | 0.0 | 0.0 | (43.1) | -11.8% | 2.3% |
| Depreciation & Amortization | (9.0) | (5.6) | (0.8) | (15.4) | -4.0% | (9.7) | (3.9) | (0.6) | (14.3) | -3.9% | 8.0% |
| **Gross Profit** | **62.0** | **22.6** | **26.7** | **111.2** | **28.6%** | **64.9** | **17.2** | **18.0** | **100.1** | **27.3%** | **11.1%** |
| **Operating Expenses[1]** | **(66.7)** | **(28.9)** | **(17.8)** | **(113.4)** | **-29.2%** | **(57.6)** | **(20.2)** | **(12.7)** | **(90.6)** | **-24.7%** | **25.1%** |
| Selling and Operating | (18.6) | (17.9) | (7.1) | (43.5) | -11.2% | (14.2) | (13.5) | (5.3) | (33.0) | -9.0% | 31.9% |
| Rents of Stores | (28.3) | (7.4) | (5.6) | (41.3) | -10.6% | (27.9) | (5.2) | (4.1) | (37.3) | -10.2% | 10.9% |
| Store Pre-Openings | (0.3) | (0.0) | (0.5) | (0.9) | -0.2% | (0.3) | (0.1) | (0.0) | (0.4) | -0.1% | 104.4% |
| Depreciation & Amortization | (6.6) | (0.4) | (2.7) | (9.6) | -2.5% | (7.3) | (0.2) | (2.0) | (9.5) | -2.6% | 0.7% |
| J.V. Investment Amortization | 0.0 | (0.6) | 0.0 | (0.6) | -0.2% | 0.0 | (0.3) | 0.0 | (0.3) | -0.1% | 81.6% |
| Equity income result | 0.0 | 2.8 | 0.0 | 2.8 | 0.7% | 0.0 | 1.9 | 0.0 | 1.9 | 0.5% | 47.0% |
| Other revenues (expenses) | (1.3) | (0.1) | 0.2 | (1.2) | -0.3% | 1.5 | 0.0 | 0.3 | 1.9 | 0.5% | n/a |
| General & Administative | (11.6) | (5.3) | (2.1) | (19.0) | -4.9% | (9.5) | (2.8) | (1.5) | (13.8) | -3.8% | 37.5% |
| (+) Depreciation & Amortization | 15.6 | 6.6 | 3.5 | 25.6 | 6.6% | 17.1 | 4.4 | 2.6 | 24.2 | 6.6% | 6.1% |
| **Operating Income** | **10.9** | **0.2** | **12.4** | **23.5** | **6.1%** | **24.3** | **1.4** | **7.9** | **33.7** | **9.2%** | **-30.2%** |
| Corporate (Holding)[2] | | | | (4.9) | -1.3% | | | | (6.3) | -1.7% | -22.1% |
| Special Items - Wright-offs | | | | 0.0 | 0.0% | | | | | | |
| Special Items - Other | | | | (1.5) | -0.4% | | | | 0.0 | 0.0% | - |
| **EBIT** | **(4.7)** | **(6.3)** | **8.9** | **(8.5)** | **-2.2%** | **7.3** | **(3.0)** | **5.3** | **3.2** | **0.9%** | |
| (+) D&A and Write-offs | | | | 25.6 | 6.6% | | | | 24.2 | | 6.1% |
| **EBITDA** | | | | **17.1** | **4.4%** | | | | **27.4** | **7.5%** | **-37.4%** |
| (+) Special Items | | | | 1.5 | 0.4% | | | | 0.0 | 0.0% | - |
| **Adjusted EBITDA** | | | | **18.6** | **4.8%** | | | | **27.4** | **7.5%** | **-32.0%** |

[1]Before special items; [2]Not allocated in segments and countries

Brazilian operations accounted for 66.4% of sales in 1Q16, vs. 73.3% in 1Q15. The lower share of Brazilian operations in total sales is mainly due to the sales growth in the Caribbean and the positive impact of the FX rate on both Caribbean and US sales, as well as the lower revenues in Brazil due to the closure of loss-making stores, and the pressure of the macroeconomic scenario on SSS.




The geographic breakdown of operating income was also impacted by the exchange rate changes, as well as the lower margins of Brazilian operations, which accounted for 46.3% of the 1Q16 operating income, vs. 72.3% in 1Q15.

## Results of the Brazilian Operations

| | 1Q16 | | 1Q15 | | |
|---|---|---|---|---|---|
| (in R$ million) | 1Q16 | % VA | 1Q15 | % VA | % HA |
| **Net Revenue** | **257.9** | **100.0%** | **268.6** | **100.0%** | **-4.0%** |
| Restaurants & Others | 203.4 | 78.9% | 215.3 | 80.2% | -5.5% |
| Gas Stations | 54.5 | 21.1% | 53.3 | 19.8% | 2.2% |
| **Cost of Sales and Services** | **(195.9)** | **-76.0%** | **(203.7)** | **-75.8%** | **-3.8%** |
| Direct Labor | (64.5) | -25.0% | (69.4) | -25.8% | -7.1% |
| Food | (61.8) | -24.0% | (66.8) | -24.9% | -7.4% |
| Others | (16.5) | -6.4% | (14.7) | -5.5% | 12.0% |
| Fuel and Automotive Accessories | (44.1) | -17.1% | (43.1) | -16.1% | 2.3% |
| Depreciation & Amortization | (9.0) | -3.5% | (9.7) | -3.6% | -7.0% |
| **Gross Profit** | **62.0** | **24.0%** | **64.9** | **24.2%** | **-4.5%** |
| **Operating Expenses[1]** | **(66.7)** | **-25.9%** | **(57.6)** | **-21.5%** | **15.7%** |
| Selling and Operating | (18.6) | -7.2% | (14.2) | -5.3% | 31.2% |
| Rents of Stores | (28.3) | -11.0% | (27.9) | -10.4% | 1.4% |
| Store Pre-Openings | (0.3) | -0.1% | (0.3) | -0.1% | 17.2% |
| Depreciation & Amortization | (6.6) | -2.5% | (7.3) | -2.7% | -10.5% |
| J.V. Investment Amortization | 0.0 | 0.0% | 0.0 | 0.0% | 0.0% |
| Equity income result | 0.0 | 0.0% | 0.0 | 0.0% | 0.0% |
| Other revenues (expenses) | (1.3) | -0.5% | 1.5 | 0.6% | -186.6% |
| General & Administative[2] | (11.6) | -4.5% | (9.5) | -3.5% | 22.6% |
| (+) Depreciation & Amortization | 15.6 | 6.1% | 17.1 | 6.4% | -8.5% |
| **Operating Income** | **10.9** | **4.2%** | **24.3** | **9.1%** | **-55.2%** |
| Expansion Capex | 3.7 | 1.4% | 6.2 | 2.3% | -40.6% |
| Maintenance Capex | 2.1 | 0.8% | 3.7 | 1.4% | -43.4% |
| **Total Capex** | **5.8** | **2.2%** | **9.9** | **3.7%** | **-41.7%** |
| **Operating Inc. - Capex[3]** | **5.1** | **46.8%** | **14.4** | **59.1%** | **-64.6%** |

[1]Before special items; [2]Not allocated in segments; [3] AV vs. Op. Inc.

Brazilian operations top line was mainly impacted by the softer macroeconomic scenario, that impacted consumer's confidence leading to a lower flow of passengers in Airports (-5%, Jan-Feb YoY), lower spending on shopping malls (market SSS -3.3% in 1Q16 YoY) and also a lower flow of vehicles in roads (-1.9% in 1Q16 YoY), all of which impacted same store sales. It is also important to note that compared to 1Q15, there was a 29 stores reduction in the Brazilian operations (-17 in airports, -1 in roads and -11 in shopping malls) in 1Q16. Those effects were partially mitigated by IMC's sales initiatives that included: i) pricing: separating the stores in regional-brand clusters setting specific prices for each specific product; ii) menu engineering: focusing on higher margin products and suggestive sales; iii) product assortment and mix; iv) up selling; v) improved drinkability ratio; vi) product quality and product innovation; among others.

All in all, the revenues of Brazilian operations fell by 4.0% in 1Q16. The Road segment was the most resilient in 1Q16 and recorded a 3.1% increase in revenues despite the net reduction of 1 store.

In terms of costs and expenses it is important to highlight the 90 bps reduction on food cost, despite the high inflation on food items. Regarding labor cost and expenses, as mentioned before, for a fair comparison "direct labor cost" and "sales and operating expenses" should be combined, which resulted in R$83.0 million in 1Q16, roughly stable in nominal terms compared to 1Q15, as a consequence of headcount reduction that compensated for the inflation pressure on payroll. It is important to note that the operating margin in Brazilian operations was largely impacted the reduction on sales that reduced the Company's operating leverage, overall cost inflation, higher other expenses (mainly impacted by legal provisions – important to note that the positive result in 2015 included taxes recoveries and provisions reversion) and higher rent expenses, mainly impacted by the Airport segment.

Consequently, Brazilian operations posted an operating income of R$10.9 million in 1Q16, down 55.2% YoY, with a nearly 500 bps reduction in operating margin. However, it is important to bear in mind that: i) the initiatives that the Company has implemented to improve sales and reduce costs are still being implemented and will be even more meaningful when fully matured; ii) there are several other initiatives to be implemented that shall also improve sales and efficiency; and iii) when the Brazilian economy starts to recover, the impact on margins will be even more significant due to higher sales and consequent higher operating leverage.

## Results of the Brazilian Operations – AIR

| (in R$ million) | 1Q16 | % VA | 1Q15 | % VA | % HA |
|---|---|---|---|---|---|
| **Net Revenue** | **71.5** | **100.0%** | **79.9** | **100.0%** | **-10.5%** |
| Restaurants & Others | 71.5 | 100.0% | 79.9 | 100.0% | -10.5% |
| Gas Stations | 0.0 | 0.0% | 0.0 | 0.0% | 0.0% |
| **Cost of Sales and Services** | **(48.9)** | **-68.4%** | **(58.4)** | **-73.1%** | **-16.2%** |
| Direct Labor | (21.7) | -30.3% | (26.4) | -33.1% | -18.1% |
| Food | (19.6) | -27.5% | (24.2) | -30.3% | -18.9% |
| Others | (4.7) | -6.6% | (4.7) | -5.9% | 1.1% |
| Fuel and Automotive Accessories | 0.0 | 0.0% | 0.0 | 0.0% | 0.0% |
| Depreciation & Amortization | (2.9) | -4.0% | (3.0) | -3.8% | -5.7% |
| **Gross Profit** | **22.6** | **31.6%** | **21.5** | **26.9%** | **5.1%** |
| **Operating Expenses[1]** | **(26.3)** | **-36.7%** | **(22.2)** | **-27.8%** | **18.3%** |
| Selling and Operating | (7.5) | -10.5% | (4.4) | -5.5% | 71.5% |
| Rents of Stores | (13.8) | -19.3% | (13.3) | -16.7% | 3.6% |
| Store Pre-Openings | (0.2) | -0.3% | (0.3) | -0.3% | -29.7% |
| Depreciation & Amortization | (4.8) | -6.8% | (4.5) | -5.7% | 6.6% |
| J.V. Investment Amortization | 0.0 | 0.0% | 0.0 | 0.0% | 0.0% |
| Equity income result | 0.0 | 0.0% | 0.0 | 0.0% | 0.0% |
| Other revenues (expenses) | 0.1 | 0.1% | 0.3 | 0.4% | -79% |
| General & Administative[2] | 0.0 | 0.0% | 0.0 | 0.0% | 0.0% |
| (+) Depreciation & Amortization | 7.7 | 10.8% | 7.6 | 9.5% | 1.7% |
| **Operating Income** | **4.1** | **5.7%** | **6.9** | **8.6%** | **-41.0%** |
| Expansion Capex | 2.8 | 3.9% | 6.2 | 7.7% | -54.3% |
| Maintenance Capex | 0.8 | 1.2% | 2.8 | 3.5% | -70.3% |
| **Total Capex** | **3.6** | **5.1%** | **8.9** | **11.2%** | **-59.2%** |
| **Operating Inc. - Capex[3]** | **0.4** | **10.1%** | **(2.1)** | **-30.0%** | **n/a** |

[1]Before special items; [2]Not allocated in segments; [3] AV vs. Op. Inc.

The Brazilian Airport segment operating income decreased by R$2.8 million in the 1Q16, with a 290bps reduction on margins mainly due to:

i) Increase in rents – excluding rent expense, operating margin was stable (25.0% versus 25.3% a year ago).

ii) Decrease in sales, as a consequence of the net closure of 17 stores combined with a reduction of 2.2% on SSS, as a result of the decrease in passenger flow in the airports that the Company operates (-5%, Jan-Feb YoY), which was partially offset by the efforts to increase average ticket such as pricing, improved day parts offering mix, menu engineering, among others.

iii) Inflation pressure on payroll that was mitigated by the headcount adjustments on the operations (an estimated improvement of roughly R$4.7 million), leading to a total labor cost and expenses ("direct labor cost" combined with "selling and operating expenses") of R$29.1 million from R$30.8 million in 1Q15.

iv) Inflation pressure on utilities and rent that increased by 3.6% in 1Q16, or 260bps compared to 1Q15.

v) Lower operational leverage as a result of lower volume.

In order to improve sales, combined with the aforementioned initiatives, IMC has so far in 2Q16 opened three new stores in the Guarulhos Airport in Sao Paulo (a Sports' Bar and two Grab & Fly kiosks) and one new store in the Confins Airport in Minas Gerais.

The Company is also negotiating with the airport operators adjustments to its lease agreements together with new sites for new stores. All these initiatives combined should help the segment to recover its top line growth as well as its profitability in the mid-term.

## Results of the Brazilian Operations – ROADS

| (in R$ million) | 1Q16 | % VA | 1Q15 | % VA | % HA |
|---|---|---|---|---|---|
| **Net Revenue** | **121.1** | **100.0%** | **117.4** | **100.0%** | **3.1%** |
| Restaurants & Others | 66.6 | 55.0% | 64.1 | 54.6% | 3.8% |
| Gas Stations | 54.5 | 45.0% | 53.3 | 45.4% | 2.2% |
| **Cost of Sales and Services** | **(99.3)** | **-82.0%** | **(94.6)** | **-80.5%** | **5.0%** |
| Direct Labor | (23.6) | -19.5% | (22.1) | -18.8% | 6.8% |
| Food | (21.9) | -18.1% | (20.9) | -17.8% | 5.2% |
| Others | (6.4) | -5.3% | (5.1) | -4.4% | 25.4% |
| Fuel and Automotive Accessories | (44.1) | -36.4% | (43.1) | -36.7% | 2.3% |
| Depreciation & Amortization | (3.2) | -2.6% | (3.4) | -2.9% | -5.9% |
| **Gross Profit** | **21.8** | **18.0%** | **22.9** | **19.5%** | **-4.6%** |
| **Operating Expenses[1]** | **(11.5)** | **-9.5%** | **(9.8)** | **-8.4%** | **16.4%** |
| Selling and Operating | (5.4) | -4.4% | (4.4) | -3.8% | 21.5% |
| Rents of Stores | (4.7) | -3.9% | (4.7) | -4.0% | -0.1% |
| Store Pre-Openings | 0.0 | 0.0% | 0.0 | 0.0% | 0.0% |
| Depreciation & Amortization | (0.9) | -0.7% | (1.3) | -1.1% | -32.9% |
| J.V. Investment Amortization | 0.0 | 0.0% | 0.0 | 0.0% | 0.0% |
| Equity income result | 0.0 | 0.0% | 0.0 | 0.0% | 0.0% |
| Other revenues (expenses) | (0.5) | -0.4% | 0.6 | 0.5% | -197.4% |
| General & Administative[2] | 0.0 | 0.0% | 0.0 | 0.0% | 0.0% |
| (+) Depreciation & Amortization | 4.1 | 3.4% | 4.7 | 4.0% | -13.4% |
| **Operating Income** | **14.4** | **11.9%** | **17.7** | **15.1%** | **-18.5%** |
| Expansion Capex | 0.0 | 0.0% | 0.0 | 0.0% | 0.0% |
| Maintenance Capex | 0.8 | 0.6% | 0.4 | 0.3% | 94.2% |
| **Total Capex** | **0.8** | **0.6%** | **0.4** | **0.3%** | **94.2%** |
| **Operating Inc. - Capex[3]** | **13.7** | **94.8%** | **17.3** | **97.8%** | **n/a** |

[1]Before special items; [2]Not allocated in segments; [3] AV vs. Op. Inc.

In 1Q16, the Roads segment proved to be more resilient as it kept posting revenue growth (+3.1% YoY), despite the macroeconomic scenario that had a negative impact of 1.9% on traffic in the roads in which the Company operates. This revenue improvement was due to the increase on average ticket as a consequence of pricing, category management, new mix and planogram of products at our checkouts and ultimately improving consumers' experiences in our stores. Average ticket in the Roads segment increased by 14% in the last 9 months.

However, inflation on: i) payroll, impacted by collective bargaining agreements; ii) food; iii) utilities, mainly electricity; mitigated the benefits from higher sales and costs reduction (mainly on labor and food costs), leading to 18.5% reduction on operating income, and a 320bps reduction on operating margin in 1Q16 compared to 1Q15.

The Road segment is still a substantial cash generator for the Company; in addition, it has good prospects of achieving high operating margins by making the most of existing stores with initiatives to increase sales, mainly in the retail division. In 2016, IMC is also investing in refurbishing the stores to further improve the customer experience.

## Results of the Brazilian Operations – Malls

| (in R$ million) | 1Q16 | % VA | 1Q15 | % VA | % HA |
|---|---|---|---|---|---|
| **Net Revenue** | **65.3** | **100.0%** | **71.3** | **100.0%** | **-8.4%** |
| Restaurants & Others | 65.3 | 100.0% | 71.3 | 100.0% | -8.4% |
| Gas Stations | 0.0 | 0.0% | 0.0 | 0.0% | 0.0% |
| **Cost of Sales and Services** | **(47.8)** | **-73.2%** | **(50.8)** | **-71.2%** | **-5.9%** |
| Direct Labor | (19.2) | -29.4% | (20.9) | -29.3% | -7.8% |
| Food | (20.2) | -31.0% | (21.7) | -30.4% | -6.7% |
| Others | (5.3) | -8.1% | (4.9) | -6.9% | 8.5% |
| Fuel and Automotive Accessories | 0.0 | 0.0% | 0.0 | 0.0% | 0.0% |
| Depreciation & Amortization | (3.0) | -4.6% | (3.3) | -4.6% | -9.3% |
| **Gross Profit** | **17.5** | **26.8%** | **20.5** | **28.8%** | **-14.7%** |
| **Operating Expenses[1]** | **(17.4)** | **-26.6%** | **(16.1)** | **-22.6%** | **7.7%** |
| Selling and Operating | (5.7) | -8.8% | (5.4) | -7.6% | 6.6% |
| Rents of Stores | (9.8) | -15.0% | (9.9) | -13.9% | -1.0% |
| Store Pre-Openings | (0.1) | -0.2% | 0.0 | 0.0% | 0.0% |
| Depreciation & Amortization | (0.9) | -1.3% | (1.5) | -2.1% | -43.0% |
| J.V. Investment Amortization | 0.0 | 0.0% | 0.0 | 0.0% | 0.0% |
| Equity income result | 0.0 | 0.0% | 0.0 | 0.0% | 0.0% |
| Other revenues (expenses) | (0.8) | -1.3% | 0.7 | 0.9% | -225.1% |
| General & Administative[2] | 0.0 | 0.0% | 0.0 | 0.0% | 0.0% |
| (+) Depreciation & Amortization | 3.9 | 5.9% | 4.8 | 6.8% | -19.8% |
| **Operating Income** | **4.0** | **6.1%** | **9.2** | **12.9%** | **-56.5%** |
| Expansion Capex | 0.9 | 1.3% | 0.0 | 0.1% | 1889.5% |
| Maintenance Capex | 0.5 | 0.8% | 0.6 | 0.8% | -6.3% |
| **Total Capex** | **1.4** | **2.1%** | **0.6** | **0.9%** | **128.4%** |
| **Operating Inc. - Capex[3]** | **2.6** | **65.1%** | **8.6** | **93.3%** | **n/a** |

[1]Before special items; [2]Not allocated in segments; [3] AV vs. Op. Inc.

The Malls segment operating income decreased by R$5.2 million in the 1Q16, with a 680bps reduction on margins mainly due to:

i) Reduction on sales (-8.4% YoY), as a consequence of the net closure of 11 stores combined with a reduction of 1.5% on SSS, as a result of the macroeconomic headwinds, which were partially offset by IMC's efforts to increase average ticket such as pricing, menu engineering, product assortment and mix, improved drinkability and desserts ratios, among others.

ii) Inflation pressure on payroll that was partially mitigated by the headcount adjustments in the operations (an estimated improvement of roughly R$3.9 million), leading to a total labor cost and expenses ("direct labor cost" combined with "selling and operating expenses") of R$25.0 million from R$26.3 million in 1Q15.

iii) Inflation pressure on utilities and rent presented a combined negative impact of 240bps on operating margin.

iv) Higher other expenses, mainly impacted by legal provisions and the fact that in 1Q15 this line was impacted by a positive result from taxes recoveries and provisions' reversion.

v) Lower operational leverage as a result of lower sales.

IMC continues to be focused on the strategy of streamlining the Shopping Mall portfolio in Brazil. The Company is working mainly on closing loss-making stores - of a total of 11 stores net reduction YoY, 5 were closed in 2016. Furthermore, IMC continues to seek to improve customers' experience at Viena locations, refurbishing and rebranding some of the stores throughout 2016 in order to increase our sales and operating income.

## Results of U.S. Operations

| (in US$ Million) | 1Q16 | % VA | 1Q15 | % VA | % HA |
|---|---|---|---|---|---|
| **Net Revenue** | **20.0** | **100.0%** | **20.1** | **100.0%** | **-0.4%** |
| Restaurants & Others | 20.0 | 100.0% | 20.1 | 100.0% | -0.4% |
| Gas Stations | 0.0 | 0.0% | 0.0 | 0.0% | 0.0% |
| **Cost of Sales and Services** | **(14.1)** | **-70.4%** | **(14.3)** | **-71.4%** | **-1.8%** |
| Direct Labor | (7.3) | -36.8% | (7.6) | -37.7% | -3.0% |
| Food | (3.9) | -19.7% | (4.1) | -20.6% | -4.5% |
| Others | (1.3) | -6.7% | (1.3) | -6.3% | 6.6% |
| Fuel and Automotive Accessories | 0.0 | 0.0% | 0.0 | 0.0% | 0.0% |
| Depreciation & Amortization | (1.4) | -7.2% | (1.4) | -6.8% | 5.3% |
| **Gross Profit** | **5.9** | **29.6%** | **5.7** | **28.6%** | **3.1%** |
| **Operating Expenses[1]** | **(7.5)** | **-37.3%** | **(7.0)** | **-34.7%** | **7.0%** |
| Selling and Operating | (4.6) | -23.1% | (4.7) | -23.2% | -1.2% |
| Rents of Stores | (1.9) | -9.6% | (1.7) | -8.7% | 10.2% |
| Store Pre-Openings | (0.0) | -0.1% | (0.0) | -0.2% | -79.3% |
| Depreciation & Amortization | (0.1) | -0.5% | (0.1) | -0.4% | 34.0% |
| J.V. Investment Amortization | (0.2) | -0.8% | (0.1) | -0.6% | 33.4% |
| Equity income result | 0.7 | 3.7% | 0.6 | 3.2% | 14.3% |
| Other revenues (expenses) | (0.0) | -0.1% | 0.0 | 0.1% | -333.5% |
| General & Administative | (1.4) | -6.8% | (1.0) | -4.9% | 39.8% |
| (+) Depreciation & Amortization | 1.7 | 8.4% | 1.5 | 7.7% | 8.8% |
| **Operating Income** | **0.2** | **0.8%** | **0.3** | **1.6%** | **-53.3%** |
| Expansion Capex | 1.4 | 7.2% | 0.3 | 1.3% | 450.3% |
| Maintenance Capex | 0.2 | 1.1% | 0.1 | 0.6% | 78.2% |
| **Total Capex** | **1.7** | **8.3%** | **0.4** | **1.9%** | **334.2%** |
| **Operating Inc. - Capex[2]** | **(1.5)** | **n/a** | **(0.1)** | **-17.9%** | **n/a** |

[1]Before special items; [2]AV vs. Op. Inc.

The operations in the United States consist basically of Margaritaville, which currently comprises 16 restaurants. The comments below (as well as the table above) are in local currency (US$) to provide a better understanding of the region's results eliminating the impact of FX.

US operations net revenues came in at US$20.0 million (R$77.1 million) in 1Q16, roughly stable YoY. The 0.4% decrease (up 31.3% in Brazilian reais) was due to lower same store sales (-3.6%), partially mitigated by the net opening of 1 restaurant.

Regarding gross profit, the Company's focus on operating excellence led to a 100bps improvement in margins due to costs reductions in Labor (-90bps) and Food (-90bps), partially mitigated by the increase on "others" – mainly utilities costs.

Improved labor and food costs were offset by higher rent and G&A expenses. Part of the G&A increase was due to severance cost and the change in CEO in our US operations.

All in all, operating income reached US$0.2 million in 1Q16 compared to US$0.3 million in 1Q15. It is important to note that the Company is already working on initiatives to revert the downward trend in the SSS, such as changing the retail product assortment, suggestive selling that shall help the spring and summer seasons (that represent most of the years' results) as well as establishing transformational projects to improve efficiency and SSS: i) menu engineering; ii) group sales; iii) stricter control over produced food (theoretical vs. actual food cost), among others.

## Results of the Caribbean Operations

| (in R$ million) | 1Q16 | % VA | 1Q15 | % VA | % HA | 1Q16² | % VA² | % HA² |
|---|---|---|---|---|---|---|---|---|
| **Net Revenue** | **53.5** | **100.0%** | **39.3** | **100.0%** | **36.2%** | **44.6** | **100.0%** | **13.6%** |
| Restaurants & Others | 53.5 | 100.0% | 39.3 | 100.0% | 36.2% | 44.6 | 100.0% | 13.6% |
| Gas Stations | 0.0 | 0.0% | 0.0 | 0.0% | 0.0% | 0.0 | 0.0% | 0.0% |
| **Cost of Sales and Services** | **(26.8)** | **-50.1%** | **(21.3)** | **-54.2%** | **26.0%** | **(22.7)** | **-50.8%** | **6.6%** |
| Direct Labor | (9.5) | -17.7% | (7.7) | -19.6% | 23.2% | (8.2) | -18.3% | 6.1% |
| Food | (16.1) | -30.2% | (12.6) | -32.1% | 28.1% | (13.5) | -30.3% | 7.2% |
| Others | (0.4) | -0.8% | (0.3) | -0.9% | 20.4% | (0.4) | -0.9% | 16.4% |
| Fuel and Automotive Accessories | 0.0 | 0.0% | 0.0 | 0.0% | 0.0% | 0.0 | 0.0% | 0.0% |
| Depreciation & Amortization | (0.8) | -1.5% | (0.6) | -1.7% | 21.2% | (0.6) | -1.4% | -5.7% |
| **Gross Profit** | **26.7** | **49.9%** | **18.0** | **45.8%** | **48.4%** | **22.0** | **49.2%** | **22.0%** |
| **Operating Expenses¹** | **(17.8)** | **-33.2%** | **(12.7)** | **-32.4%** | **39.7%** | **(14.9)** | **-33.3%** | **17.0%** |
| Selling and Operating | (7.1) | -13.3% | (5.3) | -13.6% | 32.6% | (6.1) | -13.7% | 14.7% |
| Rents of Stores | (5.6) | -10.5% | (4.1) | -10.6% | 35.6% | (4.5) | -10.0% | 7.3% |
| Store Pre-Openings | (0.5) | -1.0% | (0.0) | -0.1% | 2492.1% | (0.4) | -0.8% | 1799.8% |
| Depreciation & Amortization | (2.7) | -5.0% | (2.0) | -5.1% | 33.1% | (2.3) | -5.1% | 13.3% |
| J.V. Investment Amortization | 0.0 | 0.0% | 0.0 | 0.0% | 0.0% | 0.0 | 0.0% | 0.0% |
| Equity income result | 0.0 | 0.0% | 0.0 | 0.0% | 0.0% | 0.0 | 0.0% | 0.0% |
| Other revenues (expenses) | 0.2 | 0.4% | 0.3 | 0.8% | -36.3% | 0.2 | 0.4% | -51.3% |
| General & Administative | (2.1) | -3.9% | (1.5) | -3.9% | 36.1% | (1.8) | -4.0% | 18.2% |
| (+) Depreciation & Amortization | 3.5 | 6.4% | 2.6 | 6.7% | 30.2% | 2.9 | 6.5% | 8.7% |
| **Operating Income** | **12.4** | **23.1%** | **7.9** | **20.2%** | **56.3%** | **10.0** | **22.3%** | **25.6%** |
| Expansion Capex | 0.9 | 1.7% | 2.9 | 7.3% | -68.2% | 0.8 | 1.7% | -73.5% |
| Maintenance Capex | 1.1 | 2.1% | 0.3 | 0.8% | 262.5% | 0.9 | 2.1% | 202.4% |
| **Total Capex** | **2.0** | **3.8%** | **3.2** | **8.1%** | **-35.9%** | **1.7** | **3.8%** | **-46.6%** |
| **Operating Inc. - Capex³** | **10.4** | **83.6%** | **4.8** | **60.0%** | **117.7%** | **8.3** | **83.0%** | **73.7%** |

¹Before special items; ²in constant currencies as of the prior year; ³ AV vs. Op. Inc.

The comments regarding the Caribbean operations (Panama and Colombia), are in constant currencies (using the 1Q15 FX rate to convert the results in 1Q15 and 1Q16) to eliminate the effect of exchange rate changes. They do not consider the results from discontinued operations (Mexico, the Dominican Republic and Puerto Rico) so that continuing operations results can be compared accurately.

Net revenues reached R$44.6 million, up 13.6% YoY as a result of strong SSS growth of 12.7% driven by Company's effort to improve average ticket that mitigated the impact from the net closing of 3 stores.

The focus on operational excellence combined with higher operating leverage, due to higher sales, lead to a 340bps improvement in gross margins, with a 130bps reduction on labor costs and 180bps reduction on food costs. As a result gross profit reached R$22.0 million in 1Q16, up 22.0% compared to 1Q15.

Regarding operating expenses in 1Q16, the main lines remained flat as a percentage of net revenues, namely: selling and operating, rent and G&A expenses. However, there was an increase in store pre-opening expenses, due to new stores in Panama, and a reduction on other revenues.

All in all, operating income came at R$10.0 million in 1Q16, up 25.6% compared to 1Q15, with an operating margin of 22.3% up from 20.2% in 1Q15.

## ADJUSTED EBITDA AND ADJUSTED MARGIN

| EBITDA RECONCILIATION (R$ million) | 1Q16 | 1Q15 | HA (%) |
|---|---|---|---|
| **NET INCOME (LOSS) FROM CONTINUED OPERATIONS** | **(27.4)** | **(6.2)** | **338.6%** |
| (+) Income Taxes | (2.7) | (4.2) | -33.9% |
| (+) Net Financial Result | 21.6 | 13.6 | 59.1% |
| (+) D&A and Write-offs | 25.0 | 23.8 | 5.1% |
| (+) Amortization of Investments in Joint Venture | 0.6 | 0.3 | n.a. |
| **EBITDA** | **17.1** | **27.4** | **-37.4%** |
| (+) Special Items | 1.5 | 0.0 | n.a. |
| **Adjusted EBITDA** | **18.6** | **27.4** | **-31.9%** |
| *EBITDA / Net Revenues* | *4.4%* | *7.5%* | |
| *Adjusted EBITDA / Net Revenues* | *4.8%* | *7.5%* | |

* See EBITDA and Adjusted EBITDA definitions in the Glossary.

The Company's EBITDA, considering non-recurring items, reached R$18.6 million in 1Q16, with an adjusted EBITDA margin of 4.8% vs. 7.5% in 1Q15. The special items refer to the Company's stock option plan.

## FINANCIAL RESULT, INCOME TAX AND NET INCOME

The Company recorded a negative non-cash impact on financial results of R$24.6 million due to the FX fluctuation related to the proceeds received from the asset sales abroad that are held is in US dollars. These resources are held in US dollars and will be mostly used to pay the US dollar denominated debt in the US operations. The net financial result was also impacted positively by a face value discount on the prepayment of the Margaritaville seller finance of R$6.9 million (US$1.8 million) and negatively impacted by the prepayment penalty of R$1.2 million of a loan in Brazil. All in all, for a fair comparison – excluding the combined non-recurring impact on financial result -R$18.9 million reais impact – IMC would have posted a net financial expense of R$2.7 million in 1Q16, compared to a net financial expense of R$13.6 million in 1Q15 already reflecting the positive impact from deleveraging process.

Income taxes totaled a credit of R$2.7 million.

The Company recorded a net loss from continuing operations of R$27.4 million in 1Q16, or R$8.5 million excluding the non-recurring impacts on financial results.

## SELECTED CASH FLOW INFORMATION

### OPERATING ACTIVITIES

| EBITDA Reconcilation to Operating Cash Flow (R$ Million) | 1Q16 | 1Q15 | Var. (%) |
|---|---|---|---|
| **EBITDA** | **17.1** | **27.4** | **-37.4%** |
| (+/-) Other Non-Cash Impact on IS | 9.5 | 4.0 | |
| (+/-) Working Capital | (6.9) | (4.6) | |
| (-) Paid Taxes | (1.7) | (1.7) | |
| **Operating Cashflow** | **17.9** | **25.0** | **-28.3%** |
| **Operating Cashflow / EBITDA** | **104.7%** | **91.6%** | |

Operating cash flow totaled R$18 million in 1Q16, compared to R$25 million in 1Q15. However it is important to note that the EBITDA-to-Cash conversion rate increase from 91.6% to 104.7%.

### INVESTING ACTIVITIES

| Investing Activities (in R$ million) | 1Q16 | 1Q15 | HA (%) |
|---|---|---|---|
| Fixed Assets Addition | (12.7) | (10.3) | 23.0% |
| Intangible Assests Addition | (3.0) | (4.1) | -25.6% |
| (=) TOTAL CAPEX Investment | (15.7) | (14.4) | 9.2% |
| Payment from previous acquisitions | (78.2) | (12.1) | 548.1% |
| Proceeds from Assets Sale | 169.1 | 0.0 | |
| **Total investments in the period** | **75.2** | **(26.4)** | **-384.5%** |
| | | | |
| Operating Cashflow | 17.9 | 25.0 | -28.3% |
| **Operating Cashflow - CAPEX** | **2.3** | **10.7** | **-78.8%** |

| CAPEX (in R$ million) | 1Q16 | 1Q15 | HA (%) |
|---|---|---|---|
| Expansion | | | |
| **Brazilian Operations** | **3.7** | **6.2** | **-40.6%** |
| *Brazil - Air* | *2.8* | *6.2* | *-54.3%* |
| *Brazil - Roads* | *0.0* | *0.0* | *-* |
| *Brazil - Malls* | *0.9* | *0.0* | *1889.5%* |
| **USA Operations** | **5.6** | **0.8** | **625.3%** |
| **Caribbean Operations** | **0.9** | **2.9** | **-68.2%** |
| **Holding** | **1.5** | **0.2** | **731.6%** |
| **Total Expansion Investments** | **11.6** | **10.0** | **16.2%** |
| Maintenance | | | |
| **Brazilian Operations** | **2.1** | **3.7** | **-43.4%** |
| *Brazil - Air* | *0.8* | *2.8* | *-70.3%* |
| *Brazil - Roads* | *0.8* | *0.4* | *94.2%* |
| *Brazil - Malls* | *0.5* | *0.6* | *-6.3%* |
| **USA Operations** | **0.8** | **0.3** | **134.8%** |
| **Caribbean Operations** | **1.1** | **0.3** | **262.5%** |
| **Total Maintenance Investments** | **4.0** | **4.4** | **-7.7%** |
| **Total CAPEX Investments** | **15.7** | **14.4** | **8.9%** |

Total CAPEX increased by 8.9% in 1Q16, mainly due to a 16.2% increase in expansion investments due to higher expansion CAPEX in the US, higher expenditures in the Holding (that include the new office - to be offset by lower rents going forward – and systems), mitigating lower CAPEX in Brazil (expansion and maintenance).

Concerning growth CAPEX in 2016, IMC invested mainly in the new stores opened at the Brazilian airports; Miami airport and Jackson Memorial Hospital, in the US; and in malls in Colombia and new stores at the Panama airport. Regarding Holding Capex; we enhanced our information, planning and decision-making systems and in the new corporate headquarter in Sao Paulo.

Maintenance CAPEX in 1Q16 is mainly related to the replacement of machinery and utensils of stores and related to the Catering operations in Brazil, stores in the Caribbean and restaurants and IT systems in the US.

## FINANCING ACTIVITIES

The Company's financing cash flow in 1Q16 was mainly affected by the receipt of funds from the second phase of the capital increase and loan amortizations.

| FINANCING ACTIVITIES (R$ million) | 1Q16 | 1Q15 |
|---|---|---|
| Capital Contribuitions | 46.4 | 0.0 |
| Capital Contribuitions - minority interest | 0.0 | 0.0 |
| Treasury Shares | 0.0 | 0.0 |
| New Loans | 0.0 | 2.5 |
| Payment of Loans | (61.9) | (1.5) |
| **Net Cash Generated by Financing Activities** | **(15.5)** | **1.0** |

Considering payments to former owners of certain companies acquired in the past (seller finance) as debt, as well as goodwill payments, debt amortization totaled R$140.1 million in 1Q16.

| Total debt amortization (R$ million) | 1Q16 | 1Q15 |
|---|---|---|
| Acquisitions, net of cash (Sellers Financing) | (78.2) | (12.1) |
| New Loans | 0.0 | 2.5 |
| Loan Amortization | (61.9) | (1.5) |
| **Total debt amortization** | **(140.1)** | **(11.1)** |

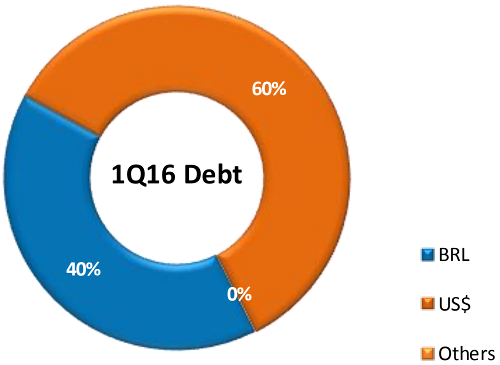
## DEBT

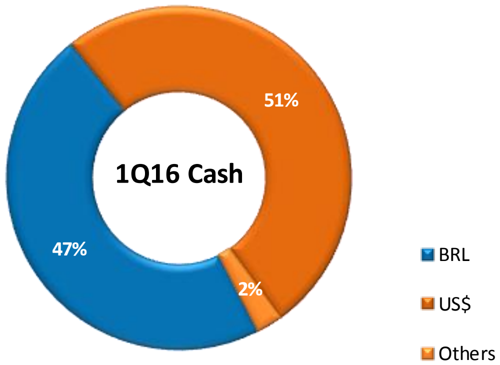
### Net Debt

As a consequence of the successful implementation of the deleveraging strategy, the Company ended the first quarter with a net cash position of R$25.2 million, including cash, cash equivalents and short-term investments, as well as sellers finance and agreements entered into with the current operators of concessions at private airports. The table below shows the debts of continuing operations. Consequently, the Company has a negative Net Debt–to–EBITDA ratio.

| *R$ million* | 1Q16 | 4Q15 |
|---|---|---|
| Debt | 248.3 | 329.2 |
| Financing of past acquisitions | 10.7 | 100.2 |
| Point of Sales rights | 51.9 | 52.6 |
| **Total Debt** | **310.9** | **482.0** |
| (-) Cash | -336.1 | -289.4 |
| **Net Debt** | **(25.2)** | **192.6** |

Below is the breakdown of our total debt and cash by currency in 1Q16, not considering the discontinued operations.



## CONDENSED INCOME STATEMENT

| **CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)** (R$ thousand) | **1Q16** | **1Q15** |
|---|---|---|
| NET REVENUE | 388,483 | 366,580 |
| COST OF SALES AND SERVICES | (277,235) | (266,470) |
| GROSS PROFIT | 111,248 | 100,110 |
| OPERATING INCOME (EXPENSES) | | |
| Commercial and operating expenses | (84,873) | (70,267) |
| General and administrative expenses | (26,222) | (20,536) |
| Depreciation and amortization | (9,615) | (9,550) |
| Impairment | 0 | 0 |
| Other income (expenses) | (1,228) | 1,877 |
| Equity income result | 2,197 | 1,574 |
| Net financial expenses | (21,643) | (13,607) |
| INCOME (LOSS) BEFORE INCOME TAXES | (30,136) | (10,399) |
| Income Taxes | 2,747 | 4,154 |
| NET INCOME (LOSS) FOR THE QUARTER FROM CONTINUED OPERATIONS | (27,389) | (6,245) |
| RESULT FROM DISCONTINUED OPERATIONS | 3,972 | 6,703 |
| NET INCOME (LOSS) FOR THE QUARTER | (23,417) | 458 |

# CONDENSED BALANCE SHEET

| CONDENSED STATEMENTS OF FINANCIAL POSITION | | |
|---|---|---|
| (R$ thousand) | 3/31/2016 | 12/31/2015 |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 336,104 | 289,390 |
| Accounts receivable | 64,904 | 70,586 |
| Inventories | 39,543 | 41,917 |
| Derivatives | 10,279 | 12,857 |
| Other current assets | 42,780 | 38,419 |
| Assets from discontinued operations | 0 | 511,492 |
| Total current assets | 493,610 | 964,661 |
| NONCURRENT ASSETS | | |
| Deferred income taxes | 699 | 720 |
| Derivatives | 12,523 | 18,256 |
| Other noncurrent assets | 74,094 | 64,266 |
| Property and equipment | 265,041 | 281,654 |
| Intangible assets | 873,743 | 896,466 |
| Total noncurrent assets | 1,226,100 | 1,261,362 |
| TOTAL ASSETS | 1,719,710 | 2,226,023 |
| LIABILITIES AND EQUITY | | |
| CURRENT LIABILITIES | | |
| Trade accounts payable | 77,192 | 78,723 |
| Loans and financing | 108,380 | 144,656 |
| Salaries and payroll charges | 45,051 | 47,543 |
| Other current liabilities | 42,833 | 43,226 |
| Liabilities from Discontinued operations | 0 | 260,105 |
| Total current liabilities | 273,456 | 574,253 |
| NONCURRENT LIABILITIES | | |
| Loans and financing | 225,323 | 368,469 |
| Provision for labor, civil and tax disputes | 14,342 | 13,596 |
| Deferred income tax liability | 50,383 | 47,858 |
| Other noncurrent liabilities | 16,029 | 17,719 |
| Total noncurrent liabilities | 306,077 | 447,642 |
| EQUITY | | |
| Capital and reserves | 1,170,502 | 1,122,662 |
| Accumulated losses | (51,084) | (27,667) |
| Other comprehensive income | 9,823 | 24,697 |
| Amounts recognized in other comprehensive income a | 0 | 72,437 |
| Total equity | 1,129,241 | 1,192,129 |
| Non-Controlling Interest | 10,936 | 11,999 |
| TOTAL LIABILITIES AND EQUITY | 1,719,710 | 2,226,023 |

# CASH FLOW STATEMENT

| CONDENSED STATEMENTS OF CASH FLOWS (R$ thousand) | 1Q16 | 1Q15 |
|---|---|---|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net income (loss) for the quarter | (27,389) | (6,245) |
| Depreciation and amortization | 25,022 | 23,816 |
| Impairment of intangible assets | (3,552) | - |
| Investiment amortization | 609 | 335 |
| Equity income result | (2,806) | (1,909) |
| Provision for labor, civil and tax disputes | 1,589 | 1,761 |
| Income taxes | (2,747) | (4,154) |
| Interest expenses | 10,377 | 11,776 |
| Effect of exchange rate changes | 24,616 | 2,366 |
| Disposal of property and equipment | 3,788 | 161 |
| Deferred Revenue, Rebates | (952) | (938) |
| Expenses in payments to employees based in stock plan | 1,457 | - |
| Others | (3,407) | 4,359 |
| Changes in operating assets and liabilities | (6,914) | (4,608) |
| Cash generated from operations | 19,691 | 26,720 |
| Income tax paid | (1,742) | (1,673) |
| Interest paid | (9,586) | (11,388) |
| Net cash generated by (used in) operating activities | 8,363 | 13,659 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Capital increase in subsidiaries | - | (6,416) |
| Acquisitions of controlling interest, net of cash | (78,191) | (12,065) |
| Adições de investimentos em controladas | 0 | 0 |
| Dividends received | 2,067 | 1,279 |
| Sale of controlling interest in discontinued operations, net of cash | 169,080 | - |
| Additions to intangible assets | (3,029) | (4,073) |
| Additions to property and equipment | (12,661) | (10,296) |
| Net cash used in investing activities from continued operations | 77,266 | (31,571) |
| Net cash used in investing activities from discontinued operations | - | 12,033 |
| Net cash used in investing activities | 77,266 | (19,538) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Capital contribuitions | 46,383 | - |
| Capital contribuitions from minority interest | - | - |
| Treasury shares | - | - |
| New loans | - | 2,502 |
| Payment of loans | (61,902) | (1,510) |
| Net cash used in financing activities | (15,519) | 992 |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | (23,396) | 3,860 |
| NET INCREASE (DECREASE) FOR THE PERIOD | 46,714 | (1,027) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD | 289,390 | 84,820 |
| CASH AND CASH EQUIVALENTS AT THE END OF PERIOD | 336,104 | 83,793 |

# APPENDIX - CURRENCY CONVERSION TABLE

| | US$ | | COP | |
|---|---|---|---|---|
| | EoP | Average | EoP | Average |
| 1Q13 | 2,019 | 1,995 | 0,0011 | 0,0011 |
| 2Q13 | 2,226 | 2,062 | 0,0012 | 0,0011 |
| 3Q13 | 2,235 | 2,285 | 0,0012 | 0,0012 |
| 4Q13 | 2,348 | 2,272 | 0,0012 | 0,0012 |
| 1Q14 | 2,266 | 2,369 | 0,0012 | 0,0012 |
| 2Q14 | 2,205 | 2,234 | 0,0012 | 0,0012 |
| 3Q14 | 2,438 | 2,276 | 0,0012 | 0,0012 |
| 4Q14 | 2,687 | 2,548 | 0,0011 | 0,0012 |
| 1Q15 | 3,208 | 2,865 | 0,0012 | 0,0012 |
| 2Q15 | 3,103 | 3,073 | 0,0012 | 0,0012 |
| 3Q15 | 3,973 | 3,540 | 0,0013 | 0,0013 |
| 4Q15 | 3,905 | 3,841 | 0,0012 | 0,0013 |
| 1Q16 | 3,559 | 3,857 | 0,0012 | 0,0012 |

## Management Note:

There may some minor differences between the financial information presented in the charts and graphs in this release and that in the Audited Condensed 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 reviewed by the independent auditors.

# GLOSSARY

**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.

**Company:** International Meal Company Alimentação S.A. or IMCASA.

**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.

**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.

**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. Same-store sales are not a measure of financial performance 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.

# DISCLAIMER

This report contains forward-looking information. Such information does not refer to historical facts only, but reflect IMC's management's wishes and expectations. The words "anticipates", "wants", "expects", "forecasts", "intends", "plans", "predicts", "projects", "aims" and the like are intended to identify statements that necessarily involve known and unknown risks. Known risks include uncertainties not limited to the impact of price and product competitiveness, acceptance of products on the market, product transitions from the Company and its competitors, regulatory approval, currency, currency fluctuations, supply and production hurdles and changes in product sales, among other risks. This report also contains information prepared by the Company only for information and reference purposes; therefore, it has not been audited. This report is up-to-date, and IMC has no obligation to update it with new information and/or future events.  There may some minor differences between the financial information presented in the charts and graphs in this release and that in 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 reviewed by the independent auditors.